



SMOORE INTERNATIONAL HOLDINGS LIMITED

思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6969)



# ANNUAL REPORT 2024



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# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Chen Zhiping (*Chairman and Chief executive officer*)  
Mr. Xiong Shaoming  
Mr. Wang Guisheng  
Ms. Wang Xin

### Non-Executive Director

Ms. Jiang Min

### Independent Non-Executive Directors

Mr. Zhong Shan  
Mr. Yim Siu Wing, Simon  
Dr. Wang Gao

## Audit Committee

Mr. Zhong Shan (*Chairman*)  
Mr. Yim Siu Wing, Simon  
Dr. Wang Gao

## Nomination Committee

Mr. Chen Zhiping (*Chairman*)  
Mr. Zhong Shan  
Dr. Wang Gao

## Remuneration Committee

Mr. Yim Siu Wing, Simon (*Chairman*)  
Dr. Wang Gao  
Mr. Chen Zhiping

## Environmental, Social and Governance Committee

Mr. Chen Zhiping (*Chairman*)  
Mr. Wang Guisheng  
Mr. Zhong Shan

## Joint Company Secretaries

Mr. Wang Guisheng (*CICPA, HKICPA, FCCA*)  
Ms. Cheng Choi Ha (*ACG, HKACG*)

## Authorized Representatives

Mr. Wang Guisheng  
Ms. Cheng Choi Ha

## Registered Office

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

## Principal Place of Business in Hong Kong

Office B, 28/F, EGL Tower  
No. 83 Hung To Road  
Kowloon  
Hong Kong

## Head Office in the PRC

No. 16, Dongcai Industrial Zone  
Gushu Community, Xixiang Street  
Bao'an District, Shenzhen, Guangdong  
China

## CORPORATE INFORMATION

### Legal Advisers

Reed Smith Richards Butler LLP  
DeHeng Law Offices (Shenzhen)  
Conyers Dill & Pearman

### Auditor

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

35/F, One Pacific Place  
88 Queensway  
Hong Kong

### The Cayman Islands Principal Share Registrar and Transfer Office

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

### Hong Kong Branch Share Registrar

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### Principal Banks

Bank of China Limited  
China Construction Bank Corporation  
Industrial and Commercial Bank of China Limited  
Agricultural Bank of China Limited  
China Merchants Bank  
CMB Wing Lung Bank Limited  
Bank of Ningbo Company Limited  
Bank of Shanghai Company Limited  
China Everbright Bank Company Limited  
Ping An Bank Co., Ltd.  
Citibank (China) Company Limited  
China CITIC Bank International Limited  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited

### Stock Short Name

Smooore Intl

### Stock Code

6969

### Company's Website

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

### Investor Relations Consultant

Christensen China Limited

# FINANCIAL HIGHLIGHTS

## Key Financial Information

	For the year ended/as at 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue*	10,025,675	13,764,907	12,161,417	11,203,250	<b>11,798,662</b>
Gross profit	5,306,875	7,380,584	5,275,050	4,340,911	<b>4,411,969</b>
Gross profit margin	52.9%	53.6%	43.4%	38.7%	<b>37.4%</b>
Profit before tax	3,117,766	6,209,342	2,954,326	1,936,539	<b>1,655,043</b>
Profit for the year	2,399,921	5,286,967	2,510,316	1,645,090	<b>1,303,255</b>
Total comprehensive income for the year	2,399,921	5,286,991	2,494,934	1,566,470	<b>1,416,913</b>
Non-current assets	2,333,221	4,885,534	5,160,544	5,937,532	<b>10,807,950</b>
Current assets	12,440,588	17,985,772	19,198,773	19,570,752	<b>16,846,428</b>
Current liabilities	2,108,440	3,394,240	3,588,957	3,566,333	<b>5,259,365</b>
Net current assets	10,332,148	14,591,532	15,609,816	16,004,419	<b>11,587,063</b>
Total assets	14,773,809	22,871,306	24,359,317	25,508,284	<b>27,654,378</b>
Total assets less current liabilities	12,665,369	19,477,066	20,770,360	21,941,951	<b>22,395,013</b>
Total equity/net assets	12,399,721	19,246,359	20,377,208	21,409,609	<b>21,904,711</b>
Cash and cash equivalents**	9,557,802	11,426,758	9,762,933	5,332,076	<b>5,170,700</b>

\* During the reporting period, in view of the significant increase in technical service revenue obtained by the Group from the provision of research and development design services to customers, the relevant revenue has been included in the revenue of 2024, and the comparable financial data for the years from 2020 to 2023 have been reclassified for presentation in order to ensure the comparability of financial data.

\*\* Cash and cash equivalents = demand deposits + time deposits with maturities of three months or less as at the end of the year

The Board proposed to declare a final dividend of HK5 cents per ordinary share for the year ended 31 December 2024.

# FINANCIAL HIGHLIGHTS

## Key Financial Ratios

	For the year ended/as at 31 December				2024
	2020	2021	2022	2023	
Gross profit margin (%)	52.9	53.6	43.4	38.7	<b>37.4</b>
Net profit margin (%)	23.9	38.4	20.6	14.7	<b>11.0</b>
Asset-liability ratio (%)	16.1	15.8	16.3	16.1	<b>20.8</b>
Current ratio (%)	590.0	529.9	534.9	548.8	<b>320.3</b>
Trade and bills receivables turnover days (Day)	52.4	61.3	70.7	68.3	<b>61.5</b>
Inventory turnover days (Day)	38.2	28.6	37.1	43.1	<b>41.8</b>
Trade and bills payables turnover days (Day)	44.2	43.7	52.4	64.4	<b>65.2</b>

Notes:

1. Gross profit margin = gross profit/revenue
2. Net profit margin = profit for the year/revenue
3. Asset-liability ratio = total liabilities/total assets
4. Current ratio = current assets/current liabilities
5. Trade and bills receivables turnover days = average balance of trade and bills receivables/revenue\*365
6. Inventory turnover days = average balance of inventory/cost of revenue\*365
7. Trade and bills payables turnover days = average balance of trade and bills payables/cost of revenue\*365
8. Average balance = (beginning balance for the year + ending balance for the year)/2

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Directors**”) (the “**Board**”) of Smoore International Holdings Limited (“**Smoore**” or the “**Company**”), I am pleased to present the annual report of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2024 (“**Review Period**”).

## Business Review

2024 marks a transitional and foundational year for Smoore. On the one hand, our core business, the electronic vaping business, achieved a robust performance. On the other hand, our “second horizon”, the heat-not-burn business, was successfully launched, and new businesses such as inhalation therapy and beauty atomization also made satisfactory breakthroughs respectively.

Our current business segments include electronic vaping products, heat-not-burn products, components for special purpose atomization products, inhalation therapy, and beauty atomization products. During the Review Period, each business segment achieved different results. In the electronic vaping business, global regulation of non-compliant products has further intensified. The United States has enhanced enforcement against non-compliant electronic vaping products, and several European countries are planning to ban disposable electronic vaping products. The intensified regulatory and enforcement efforts have led to a notable shift in consumer demand from non-compliant to compliant products, which began to have a positive impact on our electronic vaping business during the Review Period. The Group's self-branded electronic vaping business achieved healthy growth once again by continuously deepening localized operations, strengthening channel-based presence and launching popular products. Leveraging the Group's precise insights into customer and user needs, strong compliance management, and leading R&D capabilities, the Group's electronic vaping segment achieved year-on-year growth in overall revenue.

In the heat-not-burn business, we are able to provide competitive heat-not-burn product solutions for our customers based on years of R&D accumulation. During the Review Period, we supported the international trial marketing of a heat-not-burn product launched by one of our strategic customers. The new product showed significant improvements in user pain points, such as preheating time and flavor reproduction, compared to mainstream market products, thus receiving positive feedback from both customers and consumers.

In the components for special purpose atomization products business, we continued to optimize our business cooperation model and improve efficiency during the Review Period. Meanwhile, by adjusting our organizational structure, we strengthened the localization of our products in international markets to achieve precise consumer insights and enhance sales.

In the inhalation therapy business, our wholly-owned subsidiary in the United States continued to advance the development and production layout of drug-device combination products targeting diseases such as asthma and chronic obstructive pulmonary disease (“**COPD**”). Currently, in addition to the research and development of drug-device combination products for future sales (“**in-house development**”), we also provide R&D services to other pharmaceutical companies based on our R&D capabilities. Each in-house development project has been well progressed, with key technologies and key clinical stages advancing as planned; and in respect of collaborative R&D projects with industrial customers, the development of drug delivery devices by us has progressed well and received recognition from our customers, laying a foundation for further commercialization in the future.

## CHAIRMAN'S STATEMENT

In the beauty atomization business, we successfully launched the MOYAL (嵐至) brand products during the Review Period. Using the TPS (atomization, non-invasiveness and permeation) technology to bring efficient and non-invasive beauty and skincare experiences to end consumers. The MOYAL beauty device and its official serums targeting the C-end market gradually gained recognition among more users and achieved remarkable sales performance during major marketing festivals through online promotion on Mainland China's leading social media platforms, along with offline presence in business and travelling channels. The professional beauty devices targeting the B-end beauty institutions smoothly entered key institutions in the second half of the year.

We firmly believe that science and technology are the driving forces behind corporate development. In terms of technology research and product development, we selectively increased R&D investment during the Review Period, with a product-driven approach to clarify R&D priorities and further enhance R&D efficiency. The increased R&D investment during the Review Period was mainly used for inhalation therapy and heat-not-burn products. Both business segments achieved satisfactory breakthroughs during the Review Period, indirectly proving that our R&D investment has effectively been transformed into commercializable technological barriers, and are expected to bring greater opportunities for business growth in the foreseeable future.

Each of our business segments have different consumer preferences and compliance requirements in different regions around the world. This requires the Company to fundamentally understand the users' needs and know users better than themselves. We continuously strengthen market insights at the terminal end and actively carry out localization and brand promotion in core global markets. At the same time, we innovate our cooperation models with customers, upgrade some customer services, and provide services beyond production operations, such as brand operation and marketing. This not only helps us stay close to consumer dynamics but also enables us to create greater value for our customers.

### Outlook

We have always adhered to the mission of making life better through vaporization and are full of confidence in the bright future of the vaporization industry. 2025 is a crucial year for the implementation of our second horizon. We will continue to increase our R&D investment in core business products and provide users with more competitive and innovative products. We are committed to optimizing and penetration of our organizational structure, adjusting the organizational framework, and empowering front-line business units more fully. This will enable us to shift our organizational and operational focus forward, make decision-making more efficiently and closer to the market, thereby allowing us to respond quickly to market changes.

In the field of electronic vaping products, the industry remains in a stage of robust growth. On the one hand, regulatory policies for electronic vaping products are continuously being updated worldwide, with more and more countries and regions introducing regulations from perspectives such as youth protection, environmental protection, product safety, and taxation. At the same time, global supervision on non-compliant electronic vaping products has been further strengthened. These evolving trends will be more conducive to the long-term sustainable development of the industry and compliant companies. We will closely follow changes in the terminal market, build a more agile organization internally based on our leading technology, and establish more flexible cooperation models externally. We will launch more differentiated and innovative products in overseas markets to drive the long-term stable growth of our business. We believe that under the trend of intensified global regulation, our compliance capabilities, technological leadership, healthy customer structure, and open, flexible business model will help us maintain a leading position in this field.

## CHAIRMAN'S STATEMENT

In the field of heat-not-burn products, there is significant room for improvement in product experience and user base as the industry penetration rate is still low. In 2025, we will continue to support our strategic customers in launching products in more markets. We will closely monitor user feedback and continuously support customer product iterations based on consumer feedback. In addition, we will further increase our R&D investment, striving to commercialize more of our reserved differentiated technologies, address the pain points of existing products, enhance user experience, and work with industry partners to increase product market penetration.

In the field of components for special purpose atomization products, the industry growth rate is stable. In 2025, we will further improve our product matrix, optimize our business cooperation model, and upgrade our organizational management model to drive sales growth.

In the field of inhalation therapy, we are committed to providing high-quality inhaled drug-device combination products to patients worldwide and currently we are steadily advancing our research and development, industrialized capacity building and supply chain deployment of a number of core products. In 2025, we will further step up our investment to ensure that our in-house research and development projects and cooperation projects achieve the key milestones as planned. Meanwhile, in respect of industrial cooperation, we will push forward the achievement of each milestone according to our established plan to support our customers' business success.

In the field of beauty atomization, in 2025, we will continue to strengthen the promotion of the MOYAL brand. Leveraging a dual-driven business model, i.e., TOB+TOC, the business is expected to show a positive trend in revenue growth this year.

We expect 2025 to be a significant turning point for us, where our second horizon will gradually takes shape while we continue to enhance our competitiveness in our core business. We are well aware that the process of implementing the second horizon is full of both opportunities and challenges. In addition to existing products, we will further expand into harm-reduction product categories. The several major business segments we are in have broad prospects, low penetration rates, rapidly changing consumer preferences, and continuously updated compliance requirements, all of which place higher demands on the Company's strategic judgment and business decision-making. In the new year, we will continue to increase R&D investment and enhance our leading advantages in core technologies and key products. At the same time, we are committed to creating a more flexible organizational structure. By innovating management models and empowering frontline staff with more decision-making authority, we will ensure the timeliness and accuracy of strategic decisions. This will ensure that Smoore continues to sail steadily in the right direction, leading our shareholders and employees to a brighter future.

## CHAIRMAN'S STATEMENT

### Sincere Appreciation

The long road ahead is as tough as iron, but now we stride forward to start a new journey. Smoore is grateful to those who have journeyed with us.

We appreciate the concern from the regulators, the trust of our customers, the dedication of our employees and the support of our shareholders.

In the future, we look forward to continuing to work with all of the above parties to further promote the development of the industry and create greater value for the society and our shareholders.

**Chen Zhiping**

*Chairman of the Board*

**Smoore International Holdings Limited**

# MANAGEMENT DISCUSSION AND ANALYSIS

## Principal Business of the Group During the Review Period

The Group is a global leader in offering atomization technology solutions. Through our innovative and pioneering atomization technology solutions, we derived our revenue for the Review Period primarily from three business segments: (1) research, design and manufacturing of closed system electronic vaping products, heat-not-burn products, and components for special purpose atomization products for a number of global leading tobacco companies, independent vaping and other corporate clients; (2) research, design, manufacturing and sale of self-branded electronic vaping products and beauty atomization products for retail clients; and (3) providing relevant research and development (“**R&D**”) services for our customers based on our atomization technology reserves.

In 2024, the Group continued to deepen its focus on the fields of electronic vaping products, heat-not-burn products, components for special purpose atomization products, inhalation therapy, and beauty atomization products. During the Review Period, the Group achieved revenue of approximately RMB11,798,662,000, representing a year-on-year increase of approximately 5.3% as compared to last year.

During the Review Period, the Group’s revenue mainly derived from corporate client oriented business and self-branded business. During the Review Period, there were favorable changes in the Group’s revenue structure, with an increase in the proportion of revenue from our self-branded business. Specifically, the corporate client oriented business primarily focused on the sales of closed system electronic vaping products and components for special purpose atomization products, while the self-branded businesses mainly sold open system electronic vaping products and beauty atomization products. The increase in the Group’s revenue during the Review Period was mainly attributable to the healthy growth of the Group’s self-branded electronic vaping business, which once again achieved strong performance by introducing market-popular products through the effective use of localization strategies, robust channel management, and deep consumer insights.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of technology research and product development, the Group centered its efforts on electronic vaping products, heat-not-burn products, components for special purpose atomization products, inhalation therapy products, and beauty atomization products. Guided by market demand, the Group continuously optimized its R&D management system, implemented scientific classification management of R&D projects, and effectively improved R&D efficiency. During the Review Period, the Group launched multiple new product series in overseas markets across various fields to meet the needs of users in different segments. In addition, the Group achieved phased breakthroughs in R&D investment for both its heat-not-burn and inhalation therapy businesses. During the Review Period, the Group successfully supported our customers to launch heat-not-burn products, receiving high recognition from customers and positive feedback from consumers during the trial phase. In inhalation therapy, leveraging deep technical expertise in drug-device combination solutions to respiratory diseases, a wholly-owned subsidiary of the Group has successfully established cooperation with an international pharmaceutical company, driving the integrated development of innovative drugs and inhalation delivery devices. During the Review Period, the Luminous Essence Atomizer (精華超導儀), a product under the Group's independent beauty brand MOYAL was officially launched, providing users with a new TPS atomization non-invasive transdermal technology, achieving a highly penetrative and non-invasive skincare method.

In terms of marketing, the Group continued to strengthen its localization in global markets across all business segments during the Review Period, enhancing market insights. The self-branded team of the Group's electronic vaping business continuously built localized marketing teams and online store management systems, monitored changes in consumer preferences, and increased product on-shelf rate. The Group is actively exploring innovative business cooperation models to provide customers with value-added services beyond R&D and production, such as market insights and brand promotion. This innovative business model not only extends the value chain of services but also helps customers better adapt to rapidly changing market demands. In addition to the layout of offline channels, the Group's beauty product MOYAL Luminous Essence Atomizer was launched on Mainland China mainstream e-commerce platforms, leveraging top social media platforms for marketing to build brand image and amplify brand presence. During major marketing festivals such as "Double 11", its sales revenue ranked among the top products in the same category.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Operating Environment

In the external environment of the Group’s operations, the Group shall pay close attention to the changes in laws and regulations in the main markets where clients are located and adjust the product strategies of the Group in a timely manner.

## Summary of Material Laws, Regulations, Executive Orders and Policies Updates

The following table supplements the related disclosures in the published prospectus of the Company dated 29 June 2020 (the “Prospectus”), past interim and annual reports and illustrates major updates of material laws, regulations, executive orders and policies in relation to e-cigarettes and the vaping device industry promulgated or proposed by relevant authorities in our major markets as well as the revenue contribution of the affected products sold in such major markets as a percentage of our total revenue for the year ended 31 December 2024:

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status	Revenue Contribution <sup>(a)</sup> (%) for the year ended 31 December 2024
U.S. <sup>(1)</sup>	Premarket tobacco application (“PMTA”) filing requirements for electronic nicotine delivery system (“ENDS”) products, including devices, assemblies and/or components that deliver vaporized e-liquids when inhaled.	As of 31 December 2024, the Food and Drug Administration (“FDA”) has taken action on more than 99% of PMTA submitted as of the deadline, being 9 September 2020. Among them, marketing denial orders (“MDO”) have been issued for more than 1 million non-tobacco and non-menthol-flavored and some menthol-flavored ENDS products. Many manufacturers have challenged these MDOs in court, and as of 31 December 2024, three federal appellate court had cancelled certain MDOs for tobacco, non-tobacco and non-menthol-flavored ENDS products, while other appeals continue on the merits. The U.S. Supreme Court heard arguments in one case in December 2024, which is expected to be decided in the first half of 2025. In June 2024, the FDA issued the first marketing granted order (“MGO”) for 4 menthol-flavored ENDS products. The MDOs issued by the FDA for at least other eight menthol-flavored products have also been put on hold by the court. In January 2024, the FDA issued its first MDO for an open ENDS product for reasons unrelated to flavor. As of the date of this report, the FDA had issued marketing authorization for 25 closed system tobacco-flavored ENDS products and 4 closed system menthol-flavored ENDS products produced by the Group for its clients.	11.9% (Revenue contribution from the U.S. market for the Review Period was approximately 37.4% if considering products transshipped through Hong Kong, China) <sup>(3)</sup>

# MANAGEMENT DISCUSSION AND ANALYSIS

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status	Revenue Contribution <sup>(a)</sup> (%) for the year ended 31 December 2024
United Kingdom	As advised by external legal counsels, no new material laws, / regulations, executive orders or rules in relation to e-cigarettes and the vaping device industry were issued in the United Kingdom for the year ended 31 December 2024. The Tobacco and Electronic Cigarettes Bill was introduced into the UK Parliament in November 2024 and is not expected to come into force until June 2025 (when the Bill is expected to receive Royal Assent).		25.5% (Revenue generated from disposable electronic vaping products delivered to the United Kingdom accounted for approximately 1.4% of the total revenue during the Review Period)
E.U.	<p><b>About Flavor Restrictions</b></p> <p>Countries with Flavor Restrictions: As of February 2025, nine countries — Finland, Estonia, Hungary, the Netherlands, Lithuania, Latvia, Denmark, Slovenia, and Ukraine — have established their own flavor restrictions, most of which allow only tobacco flavors or tobacco and menthol flavors. Countries Considering Flavor Restrictions: Spain, Germany, Czech Republic, Ireland, France and Belgium are discussing or planning to implement flavor restrictions in response to youth e-cigarette smoking or public health concerns.</p> <p><b>About the Ban on Disposable e-Cigarettes</b></p> <p>Belgium: A ban on the sale of disposable e-cigarettes will come into force on 1 January 2025, due to the risk of nicotine addiction among young people and the environmental concerns of plastic waste and hazardous chemicals.</p> <p>Ireland: In September 2024, the government announced plans to ban the sale, manufacture, and importation of disposable e-cigarettes, while limiting e-cigarette flavors to tobacco unless there is new evidence to support a change.</p> <p>France: On 13 February 2025, the French Senate passed a bill banning the sale of disposable e-cigarette devices in France, making France the second EU country after Belgium to implement a ban on disposable e-cigarettes.</p> <p><b>About Packaging and Labeling</b></p> <p>Spain: At the end of 2024, the Spanish Ministry of Health initiated a program to regulate the packaging of e-cigarettes, nicotine pouches, flavorings and tobacco. The proposed regulation includes mandatory generic packaging for loose tobacco and specific labeling requirements for e-cigarettes, emphasizing clear health warnings about ingredients and associated risks. It is expected that manufacturers and retailers will comply with the regulations within ten to twelve months of publication.</p> <p><b>On Taxation:</b> Including E-Cigarette Products in Tobacco Taxation: In December 2024, 16 EU countries, including France, urged the European Commission to propose new legislation to include e-cigarettes in the EU Tobacco Taxation Code, in order to standardize taxation and regulatory measures on e-cigarettes.</p>	<p>In countries with the ban, only tobacco or menthol-flavored products can be sold, and compliant tobacco-flavored products need to be developed.</p> <p>There is a need to stop selling disposable products in markets where bans are in place and shift the focus to reusable devices and nicotine-free kind.</p> <p>This involves updating the package design to meet the new regulatory standards.</p> <p>The proposed legislation aims to standardize e-cigarette taxation and regulatory measures across the EU.</p>	7.9%

# MANAGEMENT DISCUSSION AND ANALYSIS

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status	Revenue Contribution <sup>(3)</sup> (%) for the year ended 31 December 2024
Hong Kong, China	<p>As advised by external legal counsels, no new material laws, regulations, executive orders or rules in relation to e-cigarettes and the vaping device industry were issued in Hong Kong, China for the year ended 31 December 2024.</p> <p>The Hong Kong Government announced on 6 June 2024 that it proposed to ban the possession (including personal use) of alternative smoking products ("ASPs") in any form in the near future in line with the objective of a total ban on ASPs. It has been reported that the Secretary for Health and Welfare of the Hong Kong Government also indicated on 9 February 2025 that the Government planned to introduce a bill into the legislature to ban the possession or use of e-cigarette cartridges in public places from mid-2026 onwards.</p>	<p>With effect from 30 April 2022, the import, promotion, manufacture, sale and possession of alternative smoking products for commercial purposes have been prohibited. However, the proposed further restriction will not affect the regulatory framework administered by the Customs and Excise Department (C&amp;ED) which allows the transshipment of alternative smoking products by air, sea and land.</p>	32.8% (Revenue contribution from Hong Kong, China transshipment to the U.S. market was approximately 25.5% during the Review Period)
Japan	<p>As advised by external legal counsels, no new material laws, regulations, executive orders or rules in relation to e-cigarettes and the vaping device industry were issued in Japan for the year ended 31 December 2024.</p>		2.1%
Mainland China	<p>In July-August 2024, the State Administration of Tobacco Control amended and issued the "Regulations on the Management of Fixed Asset Investment in Electronic Cigarettes", "Regulations on the Management of Electronic Cigarette Logistics", "Regulations on the Implementation of Technical Assessment of Electronic Cigarette Products" and "Regulations on the Management of Electronic Cigarette Transactions" and other rules for the supervision and control of the electronic cigarette industry, with a view to strengthening the management of electronic cigarette transactions, standardizing the order of the production and distribution of electronic cigarettes, as well as optimizing the supervision and control of the investment in fixed assets in electronic cigarettes.</p>	<p>The Group has set up a dedicated team to coordinate all related compliance matters and the Group's production and operating activities strictly comply with the relevant amended regulations.</p>	Revenue from the Mainland China market accounted for approximately 2.2% during the Review Period

## Notes:

- (1) In U.S. market, only federal level laws, regulations, executive orders, and policies were summarized.
- (2) During the Review Period, unless otherwise specified, the percentage of revenue contribution demonstrates the portion of our affected business calculated by countries where direct customers were registered, excluding indirect sales. The percentage of revenue contribution for the year ended 31 December 2024 also represents the portion of our business that will be affected by the same regulations in the future, assuming the percentage of revenue contribution remains constant and there is no further change to the legislative regimes in relation to e-cigarettes and vaping devices in the relevant jurisdictions.
- (3) Revenue contribution from the U.S. market excluded sales transshipped through Hong Kong, China. Taking into account sales transshipped through Hong Kong, China, the revenue contribution from the U.S. market during the Review Period was approximately 37.4%.

The legal department of the Group will continue to cooperate with external professionals to closely monitor global regulatory developments and changes related to our business activities, and adjust our business activities such as R&D and production in a timely manner to ensure that our business activities comply with regulations and adapt to the regulatory environment changes. At the same time, the Group will continue to diversify our revenue in different countries and regions, diversify our product portfolio, and promote the application of electronic vaping technology in beauty and healthcare industry.

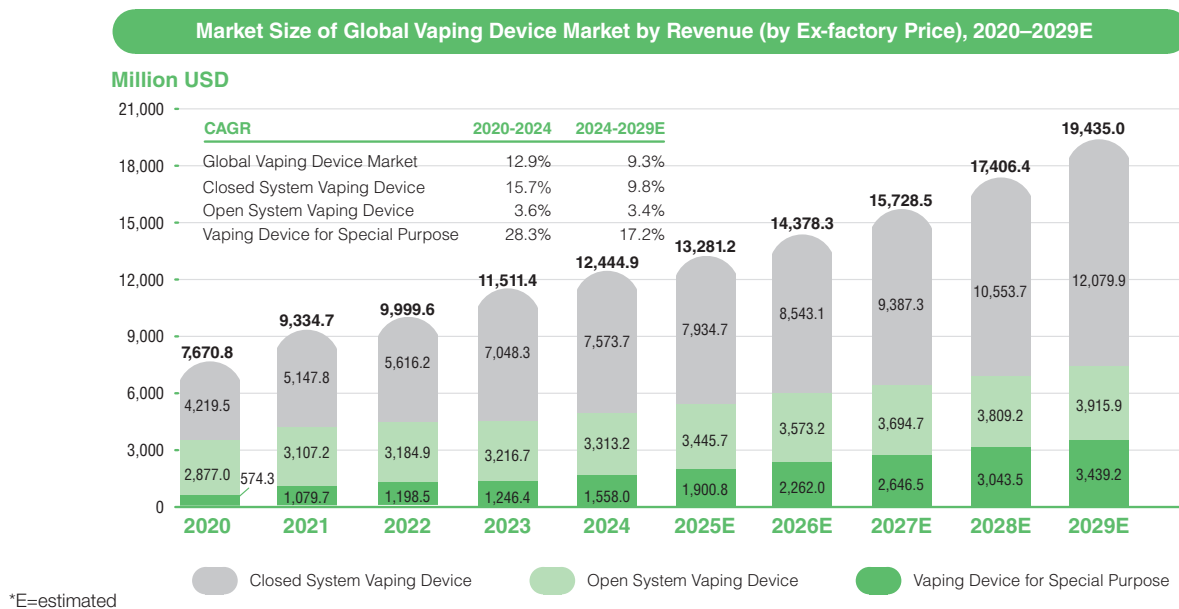
# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Overview

The Group is a global leader in offering atomization technology solutions. During the Review Period, the Group continued to focus on electronic vaping products, heat-not-burn products, components for special purpose atomization products, inhalation therapy and beauty atomization products. According to the independent market research report issued by industry consultant Frost & Sullivan (“Sullivan”) in March 2025 (the “Sullivan Report”), the global vaping device market size increased at a compound growth rate of approximately 12.9% at ex-factory prices from 2020 to 2024, and is expected to increase at an estimated compound growth rate of approximately 9.3% from 2024 to 2029.

The global market size of closed system vaping devices has maintained a compound growth rate of approximately 15.7% at ex-factory price from 2020 to 2024, and is expected to grow at a compound growth rate of approximately 9.8% from 2024 to 2029. The global market size of open system vaping devices has maintained a compound growth rate of approximately 3.6% at ex-factory price from 2020 to 2024, and is expected to grow at a compound growth rate of approximately 3.4% from 2024 to 2029. According to the Sullivan Report, in 2024, the Group maintained its position as the world’s largest manufacturer of vaping devices and its market share was approximately 13.1% (2023: approximately 13.7%).

## Global Vaping Device Market Overview



# MANAGEMENT DISCUSSION AND ANALYSIS

## Business Review

### Sales and Marketing

In 2024, the Group's revenue was approximately RMB11,798,662,000, representing an increase of approximately 5.3% as compared to last year. The Group's revenue during the Review Period came from self-branded business and corporate client oriented business. Among them, sales revenue from self-branded business amounted to approximately RMB2,475,033,000, representing an increase of approximately 34.0% as compared to last year, and the percentage of total revenue increased from approximately 16.5% for last year to approximately 21.0% for the Review Period. Revenue from corporate client oriented business amounted to approximately RMB9,323,629,000, representing a decrease of approximately 0.3% as compared to last year, and as a percentage of total revenue, decreased from approximately 83.5% for last year to approximately 79.0% for the Review Period.

Revenue from the Group's self-branded business, comprising the sale of electronic vaping products and beauty atomization products, for the Review Period amounted to approximately RMB2,475,033,000, representing an increase of approximately 34.0% as compared to last year. All of the Group's self-branded revenue from international markets was contributed by the sale of electronic vaping products. Among them, revenue in Europe and other markets amounted to approximately RMB2,023,744,000, representing a year-on-year increase of approximately 37.2%, while revenue in the U.S. market amounted to approximately RMB424,289,000, representing a year-on-year increase of approximately 14.0%. The Group's self-branded electronic vaping business continued its strategy of product serialization, streamlining product SKU and launching platform products to enhance product profitability and turnover. In the first half of the year, XROS 4 and XROS 4 Mini, the iterative versions of the mouth-to-lung product XROS, were launched, which once again garnered unanimous positive feedback from users and a high level of customer satisfaction. During the Review Period, iterations of products GEN and ARMOUR were launched to enhance the brand product portfolio. Meanwhile, the Group continued to deepen the digitalization of marketing, localization of sales and monitoring of terminal stores through self-built data system to enable quick response to market changes. This successful strategy strengthened brand services and user awareness, significantly increasing brand recognition and awareness among users in the United States and the United Kingdom. During the Review Period, the Group's proprietary brand, VAPORESSO, further increased its market share in the open-system product segment and became the leading brand in major global markets.

During the Review Period, the Group's self-branded business generated revenue of approximately RMB27,000,000 in the Mainland China market, primarily from the sale of beauty atomization products. During the Review Period, the Group's proprietary brand MOYAL, the beauty atomization product, was launched on the internet and is being actively marketed and promoted on the top social media platforms in Mainland China, leveraging live streaming for product promotion and establishing offline high-end store channels, in order to gradually build up its brand image and product mindset among consumers. During the Review Period, sales of MOYAL products made significant breakthroughs, and were gradually recognized by more users. Its sales performance during major marketing events ranked among the top in the beauty device category on leading online platforms.

During the Review Period, the performance of corporate client oriented business varied in different regions. During the Review Period, revenue from corporate client oriented business amounted to approximately RMB9,323,629,000, representing a decrease of approximately 0.3% as compared to last year, though showing a better recovery trend in the second half of 2024, when the revenue was approximately RMB5,356,819,000, representing an increase of approximately 9.7% as compared to the same period last year.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the United States market, taking into account the products transshipped through Hong Kong, China, the Group's revenue realized from corporate client oriented business in the United States market during the Review Period amounted to approximately RMB3,988,170,000, representing a decrease of approximately 2.4% as compared to last year, and a decrease in percentage of the total revenue to approximately 33.8% for the Review Period, as compared to approximately 36.5% for last year. In the second half of 2024, the Group's revenue from corporate client oriented business in the United States market amounted to approximately RMB2,127,557,000, representing an increase of approximately 5.1% as compared to the same period last year. The Group's business for corporate clients in the United States is mainly sales of closed system electronic vaping products and components for special purpose atomization products. The Group's sales of electronic vaping products were significantly affected by the Food and Drug Administration ("FDA")'s enforcement efforts against non-compliant products. Benefiting from the strengthening of the enforcement of non-compliant electronic vaping products in the United States, the Group's revenue from sales of electronic vaping products in the United States resumed its growth year-on-year in the second half of the year. During the Review Period, the FDA, in conjunction with a number of federal agencies, took a series of enforcement actions against non-compliant electronic vaping products: in April, the FDA for the first time cooperated with the U.S. Department of Justice in seizing non-compliant electronic vaping products; in June, the FDA and the U.S. Department of Justice announced the establishment of a federal multi-agency task force focused on curbing the distribution and sale of unauthorized vaping products; and in October, the FDA and the U.S. Customs and Border Protection took a joint action to seize USD76 million worth of non-compliant electronic vaping products. On the other hand, the FDA authorized menthol-flavored electronic vaping products for the first time in 2024, while we supported our strategic customers in submitting several PMTA applications for flavored electronic vaping products with age verification technology. We believe that our customers' compliant products are expected to gradually gain greater market share in the U.S. market as enforcement of non-compliant products is strengthened and the FDA's reviews of compliant products are normalized. However, there still exists a significant amount of non-compliant electronic vaping products in the U.S. market, and the restoration of the compliant market will require stronger enforcement actions by the regulatory authority. In respect of components for special purpose atomization products, the Group continued to adjust its product mix, optimize its business model and deepen its localized operations during the Review Period. Meanwhile, the Group optimized the organization structure of this business during the Review Period in order to better grasp the changes in the end market. During the Review Period, the business was still in a period of adjustment, and revenue decreased as compared to last year.

In Europe and other markets, the Group's business to corporate clients is mainly in the sale of closed system electronic vaping products, including disposable electronic vaping products and pod-based electronic vaping products. Revenue of approximately RMB5,096,708,000 was realized during the Review Period, representing a slight increase of approximately 0.3% as compared to last year, and its percentage of total revenue decreased from approximately 45.3% for last year to approximately 43.2% for the Review Period. In the second half of 2024, the Group's revenue from corporate client oriented business in Europe and other markets amounted to approximately RMB3,115,515,000, representing an increase of approximately 14.2% as compared to the same period last year. During the Review Period, regulatory measures in Europe regarding disposable electronic vaping products gradually intensified, with several countries banning or planning to ban disposable electronic vaping products which are non-rechargeable or non-replaceable. Users' demand gradually shifted to compliant closed pod-based and open-system products. The Group supported its strategic customers in launching a new generation of closed system electronic vaping products in Europe and other markets, which performed better in terms of safety compared to the previous generation, and helped the Group's closed pod-based products to show significantly higher growth in the second half of last year compared to the first half. Meanwhile, the strengthening regulatory measures impacted some clients' orders for disposable electronic vaping products, and the Group's disposable electronic vaping products decreased by approximately 9.5% year-on-year, with revenue amounting to approximately RMB3,050,109,000, which impacted the revenue performance of corporate clients in the region. Notwithstanding the above, the Group believes that the enhanced regulation of disposable electronic vaping products will be conducive to the sustainable and healthy development of the market and the long-term development of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

In China market, the Group's corporate client oriented business is mainly the sale of closed system electronic vaping products and the provision of technical services. During the Review Period, the Group's revenue from China market amounted to approximately RMB238,751,000, representing a year-on-year increase of approximately 25.1%.

In addition, the Group is actively upgrading its services to customers by providing value-added services such as market insights and brand promotion in addition to R&D and production services to corporate clients of electronic vaping products. By closely integrating market insights with R&D and production, the Group will provide customers with more targeted product solutions and help them win larger markets.

### Research and Development

Science and technology are the core driving forces for corporate development. As a high-tech manufacturing enterprise, we regard innovative products meeting market demand as our life source, and investments in technology as the cornerstone of product innovation. The Group's research and development expenses for the Review Period amounted to approximately RMB1,572,313,000, representing an increase of approximately 6.0% as compared to last year, and as a percentage of revenue increased slightly from approximately 13.2% last year to approximately 13.3% for the Review Period, with the main growth from inhalation therapy and heat-not-burn products.

With the increase in R&D investment, enhancing R&D management efficiency has become a crucial aspect in achieving the Company's strategy. In 2024, we continued to improve R&D efficiency based on R&D priorities. First, we further deepened the R&D philosophy, using market insights to guide technology and product planning, with product demand as the basis for R&D project initiation and management to ensure clear R&D investment goals. Second, through project classification and management, we allocate resources scientifically and accelerate the commercialization of technological outcomes. Third, we continued to strengthen budget management of R&D projects, and achieving full-process transparency and precision management through a digital R&D management system for goal setting, resource allocation, and progress tracking visualization. With these measures in place, the Group achieved various technological breakthroughs and R&D outcomes in various key business sectors in 2024.

In electronic vaping, consumers have been expressing more personalized demands for electronic vaping products in recent years. Based on market insights, on one hand, we continued to iterate and upgrade our successful product platforms. This not only enhanced user experience but also increased atomization efficiency. Our newly launched products achieved an approximately 30% increase in the number of puffs under the same liquid filling volume. On the other hand, we continuously explored new technological platforms and at the beginning of 2024, introduced the world's first high-burst flavor solution, FEELM TURBO. Subsequently, we launched the upgraded BLAST solution based on FEELM TURBO. The BLAST solution features an extremely simple structure and reduced costs, meets consumers' new sensory requirements and aligns with the new market trend. Multiple innovative products under our own brand, VAPORESSO, were launched one after another. As new additions to the XROS series, the mouth-to-lung products XROS 4 and XROS 4 Mini offer users richer flavors and a longer product lifespan. Since their launch, these products have quickly become bestsellers and are now among the world's most popular open-system series. GEN MAX and GEN SE are the latest products designed under VAPORESSO for open-system direct-to-lung users. They feature top-airflow and top-filling designs, making refilling easier and enhancing leak resistance.

## MANAGEMENT DISCUSSION AND ANALYSIS

In heat-not-burn products, we have successfully supported our customers to launch heat-not-burn products during the Review Period, receiving positive feedbacks from consumers and customers, with the experience and taste of the products being enhanced as compared to the existing mainstream products. The advanced heating technology enables balanced and controllable efficient heating process, which guarantees a maximum release of taste and aroma, thus bettering user experience. In order to reduce the potential generation of harmful substances in heating, the Group has made innovation in material selection and the design of heating elements, achieved greater stability at high temperatures. Structurally, our heat-not-burn products not only prioritize portability and durability, and equipped with intelligent sensor and microprocessor that can intelligently adjust heating programs based on user habits and product features, providing more personalized and satisfactory user experience.

In components for special purpose atomization products, we carried out organizational optimization of our research and development system during the Review Period. Products supported by new technology platforms were successfully commercialized during the Review Period, and new products are ready to be launched.

In beauty atomization, we launched the MOYAL brand and the first-generation of beauty atomization products solution in 2024 with great fanfare. This product became the industry's first beauty atomization product to achieve the atomization of high-viscosity skincare essence. Its product platform comprises efficient media, atomizer and penetration enhancing appliance, which have made precise delivery and efficient penetration of skin care media possible and significantly boosted serum absorption efficiency bringing a new generation of contactless, efficient and safe way of skin care to the consumers. In the second half of 2024, we successfully launched MOYAL atomizer device targeted for beauty salons.

In inhalation therapy, the Group's research and development and production center for inhalation drugs near Miami is fully capable of the research and development, production, quality control, pharmaceutical research, clinical trial research and registration of combinatory inhalation drug-device products. During the Review Period, we completed the development for a number of drug-device combination products targeting asthma and chronic obstructive pulmonary disease ("**COPD**"). Key performance indicators have met the requirements set forth by regulatory authorities in the United States and Europe, providing robust support for forthcoming successful registration endeavors.

While maintaining its technological leadership, the Group continues to build up a global intellectual property protection system to continuously strengthen its intellectual property barriers against core technologies and to protect its own product brands and technology brands. During the Review Period, the Group filed 1,558 new patent applications worldwide, including 893 patents for invention. As of 31 December 2024, the Group had filed, accumulatively, a total of 9,253 patents worldwide, including 4,760 patents for invention.

## MANAGEMENT DISCUSSION AND ANALYSIS

The research and development expenditures by field were as below:

	For the year ended 31 December				
	2024		2023		Changes
	RMB'000	%	RMB'000	%	%
Research and development of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products)	1,034,668	65.8	1,033,899	69.7	0.1
Research and development of special purpose atomization products and solutions	145,465	9.3	171,320	11.6	(15.1)
Research and development of inhalation therapy and beauty atomization products	392,180	24.9	277,627	18.7	41.3
Total	1,572,313	100.0	1,482,846	100.0	6.0

### Production, Operation and Management

In 2024, the Group made significant progress in production and operations. Through close collaboration with the sales, research and development, procurement and other teams, the Group focused on business needs and improved quality and delivery efficiency, thereby further strengthening our comprehensive manufacturing competitiveness. In terms of production and manufacturing, by optimizing the design of product manufacturability and advancing the design of manufacturing processes for new products, the Group shortened the time required to ramp up to mass production and rapidly improved the efficiency of new products. Meanwhile, the Group continued to deepen the Amoeba incentive mechanism to fully mobilize employees and maximize production efficiency. In terms of delivery efficiency, in addressing the challenges of intensified market competition and shortened product iteration cycles, the Group's procurement department strengthened the management of key material suppliers, while upgrading the capacity of suppliers to control and shorten the delivery time of materials; and the Group's operations department improved efficiency by various means, including process optimization and the introduction of lower-cost automation to ensure the launch of new products as scheduled. In terms of quality management, the Group significantly improved customer satisfaction with product quality by aligning the reliability verification standards for key categories, establishing quality accountability and reward and punishment mechanism, and implementing cross-factory quality audits. In addition, the Group developed and launched a production and operation data dashboard, enabling the visualized management of key operation indicators and enhancing the efficiency of operation management.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Future Prospects and Strategies

The Group is committed to building the world's leading atomization technology platform and is confident in the long-term growth of the global atomization market. The Group will continue to focus on "Atomization Technology" as its core, and continue its in-depth efforts in electronic vaping, heat-not-burn, components for special purpose atomization products, inhalation therapy and beauty atomization, in order to provide comprehensive atomization technology solutions to our customers and users.

In electronic vaping, Sullivan Report shows that the global market for electronic vaping products will reach approximately USD91.42 billion in 2029 based on retail prices, with a projected compound growth rate of approximately 7.4% between 2024 and 2029. Currently, non-compliant products still exist in large numbers in major global markets, disrupting the market ecosystem and posing threats to product safety and consumer health. The Group believes that for the industry to achieve sustainable development, more effective regulation and enforcement against non-compliant products are essential. We are pleased to observe that in recent years, major countries around the world have gradually strengthened their regulatory efforts against non-compliant electronic vaping products, which will have a positive impact on the sales of the Group's electronic vaping products. Meanwhile, the iteration cycle for electronic vaping products in the global market has shortened. Consumers' demands for products have evolved beyond basic sensory and flavor to include more personalized options. This has set higher requirements for electronic vaping manufacturers in terms of market insights, product development, and brand promotion. The Group will continue to build on our technological and manufacturing leadership, strengthen market insights, accelerate our response to the terminal market, and introduce more innovative products to meet evolving consumer demands. In 2025, the Group will continue to upgrade cooperation models with its customers. In addition to providing R&D and production services, we will offer more customized services, including market operations and brand promotion, to help customers achieve greater success in the rapidly changing market landscape. The electronic vaping market remains vast, with room for further penetration. The Group is confident that through precise market insights, leading technological reserves, and flexible business models, we will continue to maintain and improve our technological and product competitive edge in this business in 2025.

The heat-not-burn business is an important second horizon for the Group, and 2025 is a crucial stage for the implementation of this business. According to the Sullivan Report, the global heat-not-burn market size, calculated by retail prices, is projected to reach approximately USD66.86 billion by 2029, with a projected compound annual growth rate of about 10.1% from 2024 to 2029. Heat-not-burn products are targeted at experienced cigarette users, offering them a reduced-harm and efficient way to intake nicotine. We believe that as more consumer-friendly products emerge in the market, the user base in this field is expected to expand further. In 2025, the Group anticipates to support more customers in launching heat-not-burn products in global markets. We will closely monitor user feedback and support our customers in optimizing and iterating their products. Starting from 2025, the new products are expected to gradually present more opportunities for revenue growth to the Group. Meanwhile, the Group will continue to invest in R&D in heat-not-burn products, accumulate more technologies and product solutions, and actively seek cooperation with other industry leaders to establish a solid foundation for the second horizon.

## MANAGEMENT DISCUSSION AND ANALYSIS

In components for special purpose atomization products, the Sullivan Report indicates that the global market for special purpose atomization devices will reach approximately USD3.44 billion in 2029 based on ex-factory prices, with a projected compound growth rate of approximately 17.2% from 2024 to 2029. The market for special purpose atomization products is broad and has significant growth potential. In 2025, the Group will continue to launch innovative products, improve product categories, enhance end-market insights through localized operations, and further optimize our business model to improve operational efficiency. We are confident that this business will contribute more revenue growth to the Group in the future.

As the prevalence of respiratory diseases continues to rise globally, the inhalable drugs market embraces a promising future. According to the latest 2023 report of Market Research Future, an international market research company, the global market for pulmonary drugs and drug delivery devices reached approximately USD56.01 billion in 2022 and is expected to reach approximately USD93.28 billion by 2030, representing a solid compound annual growth rate. The Group's core inhalation therapy team has an extensive understanding of the development, production and regulatory requirements on inhalation drug-device combination in European and the U.S. markets, and is highly experienced in registration. Looking forward to 2025, the Group will, on the one hand, steadily push forward the clinical development, experimentation and registration process of drug-device combination products for the treatment of respiratory diseases, such as asthma and COPD, in accordance with the established product development roadmap; and on the other hand, the Group will expand external cooperation, seek to collaborate with more international pharmaceutical enterprises and fully utilize internal research and development resources and industrialization capabilities to promote the launch of more products into the market. The Group will keep improving research and development efficiency to ensure that the whole processes from research and development, mass production, marketing approval to commercialization of our products are progressed in a stable manner.

In beauty atomization, we are committed to providing users with a new skin care that is more effective and safer. According to Euromonitor, an international market research firm, the market size of home beauty devices in China was approximately RMB10 billion in 2021 in terms of retail price, representing a year-on-year increase of approximately 10.7%, and is expected to reach approximately RMB25.1 billion to RMB37.4 billion in 2025. In addition, according to the forecast of Sullivan, the market size of skin care products in China was approximately RMB463 billion in 2023 in terms of retail price, with a compound growth rate of approximately 8.7% from 2023 to 2028, and is expected to reach approximately RMB876.3 billion by 2028. The Group's beauty atomization business is to provide users with comprehensive skincare and beauty solutions integrating clinic treatment and home care, including the provision of sensitive skin repair treatment and other post-operative repair treatments to beauty salons (ToB); and efficient skincare solutions with the combination of home devices and media to consumers (ToC). In 2025, the Group will further strengthen the promotion of the MOYAL brand, enhance its brand image among end consumers, and expand the promotion of MOYAL professional products in beauty salons (ToB) to deepen its professional skincare brand and expand application scenarios. In the meantime, we will continue to optimize the "ToB+ToC dual-engine" business model to achieve collaborative development of the MOYAL brand between the ToB business and ToC business, which is expected to bring greater brand value and revenue contribution to the Group in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

In R&D, the Group will continue to adhere to the concept of “science and technology are the primary productive forces”. Driven by market demand, we will continue to strengthen technological reserves and efficiently promote their commercialization. The Group will follow the established business strategy, continuously strengthen consumer insights, conduct R&D based on the market, and focus on addressing core technological pain points in the industry, creating a product platform with strategic commercial value. In 2025, heat-not-burn products and inhalation therapy products will remain the key R&D focuses for the Group. We will continue to build technological barriers and promote the commercialization of technologies. In electronic vaping, we will focus on key technologies to create technological platforms that can provide consumers with a significantly differentiated experience and plan to launch several competitive new products. In addition to self-developed R&D projects, the Group will also collaborate with customers on R&D and share the results of cooperation. Thanks to our progress in technology, products, and system construction, we are confident that we can quickly iterate our product mix under compliance and continue to maintain our leading position in the main business areas.

In terms of market development and sales, the Group will continue to strengthen market insights and channel control. By establishing local sales teams, enhancing digital marketing capabilities, and strengthening market insights and channel penetration capabilities, we will achieve more precise user insights and more efficient product delivery. On this basis, the Group will continue to deepen commercial cooperation with business partners, providing one-stop services for customers in R&D, production, branding, marketing, and promotion to help them meet rapidly changing market demands and achieve success.

In terms of operations, the Group will continue to focus on enhancing manufacturing competitiveness as a core objective, concentrating on key products and critical issues to drive continuous optimization of production operations. In terms of production and manufacturing, the Group will further integrate resources to promote synergy, reduce resource and cost wastage, and provide support for the business. In the meantime, we will continue to optimize production processes, improve automation and strengthen employee incentive mechanism. In terms of delivery efficiency, the operations team will engage in evaluation and review early from the R&D stage, conduct process design and verification in advance, shorten the lead time for the commencement of mass production and provide all-round support for key new product projects to ensure the smooth launch of such new products to satisfy market demand. Leading quality is an unchanging pursuit of the Group. While providing customers with high-quality products, the Group will focus on the validation of new materials and the quality assurance of suppliers to minimize quality loss in the manufacturing process, and, through continuous training and quality culture building, further enhance the quality awareness of all employees. Moreover, the Group will establish a scientific operation evaluation system and drive internal benchmarking improvements, and continue to deepen the application of data dashboard to further enhance the transparency and management efficiency of production and operation.

2025 marks a pivotal milestone for the Group as we enter into the second horizon. The Group will optimize its organizational structure, strengthen market insights, enhance research and development efficiency and promote technology commercialization. Meanwhile, we will continue to expand the application areas of atomization technology and cultivate new businesses such as atomization therapy and beauty atomization. We will strive to create greater value for our customers and consumers with our leading technology and innovative products, and bring sustainable returns to our shareholders with healthy growth in business performance.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

During the Review Period, the total revenue of the Group was approximately RMB11,798,662,000 (2023: approximately RMB11,203,250,000), representing an increase of approximately 5.3% as compared to last year. During the Review Period, the gross profit of the Group was approximately RMB4,411,969,000 (2023: approximately RMB4,340,911,000), representing an increase of approximately 1.6% as compared to last year. During the Review Period, the gross profit margin of the Group was approximately 37.4% (2023: approximately 38.7%). During the Review Period, the total profit before tax of the Group was approximately RMB1,655,043,000 (2023: approximately RMB1,936,539,000), representing a decrease of approximately 14.5% as compared to last year. During the Review Period, the total comprehensive income for the year of the Group was approximately RMB1,416,913,000 (2023: approximately RMB1,566,470,000), representing a decrease of approximately 9.5% as compared to last year. The decrease in the Group's total profit before tax for the Review Period as compared to last year was mainly due to the increase in selling expenses and research and development expenses outweighing the positive impact of the growth in other income and gains and gross profit.

### 1. Revenue — Categorized by Business Types

	For the year ended 31 December				
	2024		2023		Changes
	RMB'000	%	RMB'000	%	
Self-branded business	2,475,033	21.0	1,847,359	16.5	34.0
Corporate client oriented business	9,323,629	79.0	9,355,891	83.5	(0.3)
Total	11,798,662	100.0	11,203,250	100.0	5.3

#### (1) Self-branded business

The Group's self-branded business sales products are mainly open system vaping products and beauty atomization products. During the Review Period, revenue from sales of self-branded business amounted to approximately RMB2,475,033,000 (2023: approximately RMB1,847,359,000), representing an increase of approximately 34.0% as compared to last year, and its percentage of revenue increased from approximately 16.5% last year to approximately 21.0% during the Review Period. Among which, (i) revenue from Europe and other countries and regions market amounted to approximately RMB2,023,744,000 (2023: approximately RMB1,475,167,000), representing an increase of approximately 37.2% as compared to last year, all derived from sales of electronic vaping products; (ii) revenue from the U.S. market amounted to approximately RMB424,289,000 (2023: approximately RMB372,192,000), representing an increase of approximately 14.0% as compared to last year, all derived from sales of electronic vaping products; and (iii) revenue from the Mainland China market amounted to approximately RMB27,000,000 (2023: nil), mainly derived from sales of beauty atomization products.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (2) Corporate client oriented business

During the Review Period, revenue from corporate clients oriented business amounted to approximately RMB9,323,629,000 (2023: approximately RMB9,355,891,000), representing a decrease of approximately 0.3% as compared to last year, and its percentage of revenue decreased from approximately 83.5% last year to approximately 79.0% during the Review Period. Among which, (i) revenue from Europe and other countries and regions markets amounted to approximately RMB5,096,708,000 (2023: approximately RMB5,080,154,000), representing an increase of approximately 0.3% as compared to last year, and also a decrease in percentage of total revenue from approximately 45.3% last year to approximately 43.2% for the Review Period, mainly derived from sales of electronic vaping products and heating-not-burn products; (ii) revenue from the U.S. market amounted to approximately RMB3,988,170,000 (2023: approximately RMB4,084,825,000), representing a decrease of approximately 2.4% as compared to last year, and also a decrease in percentage of total revenue from approximately 36.5% last year to approximately 33.8% for the Review Period, mainly derived from sales of electronic vaping products and components for special purpose atomization products; and (iii) revenue from China market amounted to approximately RMB238,751,000 (2023: approximately RMB190,912,000), representing an increase of approximately 25.1% as compared to last year, and an increase in percentage of total revenue from approximately 1.7% last year to approximately 2.0% for the Review Period, mainly derived from sales of electronic vaping products and provision of technical services.

### Revenue Categorized by Customers' Places of Incorporation

	For the year ended 31 December				
	2024		2023		Changes
	RMB'000	%	RMB'000	%	%
Europe and other countries and regions	5,512,071	46.7	5,071,147	45.3	8.7
Hong Kong, China*	3,876,049	32.8	4,024,664	35.9	(3.7)
U.S.	1,399,337	11.9	1,211,815	10.8	15.5
Mainland China**	1,011,205	8.6	895,624	8.0	12.9
Total	11,798,662	100.0	11,203,250	100.0	5.3

\* Revenue generated from Hong Kong, China is on a re-export or transshipment basis and, to our knowledge, none of our products are distributed or sold in Hong Kong, China. Our clients incorporated in Hong Kong, China are mainly responsible for the transshipment for our international clients or trading companies. During the Review Period, revenue from sales of products to the United States via Hong Kong, China amounted to approximately RMB3,013,123,000 (2023: approximately RMB3,245,202,000), which accounted for approximately 77.7% (2023: approximately 80.6%) of the revenue from Hong Kong, China.

\*\* During the Review Period, the Group's revenue in the Mainland China market amounted to approximately RMB1,011,205,000 (2023: approximately RMB895,624,000). To our knowledge, the revenue in the Mainland China market included part of the revenue ultimately sold to the international market.

## MANAGEMENT DISCUSSION AND ANALYSIS

Taking into account the above impact, the distribution of the Group's revenue is as follows:

	For the year ended 31 December				
	2024		2023		Changes
	RMB'000	%	RMB'000	%	%
<b>Self-branded business</b>	<b>2,475,033</b>	<b>21.0</b>	1,847,359	16.5	34.0
— Europe and other countries and regions (electronic vaping products)	<b>2,023,744</b>	<b>17.2</b>	1,475,167	13.2	37.2
— U.S. (electronic vaping products)	<b>424,289</b>	<b>3.6</b>	372,192	3.3	14.0
— Mainland China (beauty atomization products)	<b>27,000</b>	<b>0.2</b>	—	—	N/A
<b>Corporate client oriented business</b>	<b>9,323,629</b>	<b>79.0</b>	9,355,891	83.5	(0.3)
— Europe and other countries and regions (electronic vaping products, and heat-not-burn products, and technical service)	<b>5,096,708</b>	<b>43.2</b>	5,080,154	45.3	0.3
— U.S. (electronic vaping products and components for special purpose atomization products, and technical service)	<b>3,988,170</b>	<b>33.8</b>	4,084,825	36.5	(2.4)
— China (electronic vaping products, and technical service)	<b>238,751</b>	<b>2.0</b>	190,912	1.7	25.1
<b>Total</b>	<b>11,798,662</b>	<b>100.0</b>	11,203,250	100.0	5.3

## MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Gross Profit and Cost of Revenue

During the Review Period, the gross profit of the Group amounted to approximately RMB4,411,969,000 (2023: approximately RMB4,340,911,000), representing an increase of approximately 1.6% as compared to last year, and the gross profit margin decreased from approximately 38.7% last year to approximately 37.4% for the Review Period. The decrease in gross profit margin was mainly due to the impact of changes in the product mix of the Group during the Review Period.

Cost of revenue as a percentage of revenue:

	For the year ended 31 December				
	2024		2023		Changes
	RMB'000	%	RMB'000	%	
Cost of raw materials	5,624,366	47.7	5,531,383	49.5	1.7
Labor cost	773,765	6.6	621,395	5.5	24.5
Overhead	925,507	7.8	675,403	6.0	37.0
Tax and surcharge	63,055	0.5	34,158	0.3	84.6
Total	7,386,693	62.6	6,862,339	61.3	7.6

During the Review Period, the Group's cost of raw materials as a percentage of revenue decreased from approximately 49.5% for last year to approximately 47.7% for the Review Period, which was mainly attributable to (i) the decrease in the proportion of revenue from disposable electronic vaping products, which reduced the proportion of cost of raw materials to total revenue; and (ii) the Group's continued promotion of cost-efficient measures on products, resulting in a continuous decline in cost of materials.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 3. Distribution and Selling Expenses

The Group's distribution and selling expenses increased by approximately 74.7% from approximately RMB526,238,000 last year to approximately RMB919,552,000 during the Review Period. The distribution and selling expenses as a percentage of revenue increased from approximately 4.7% last year to approximately 7.8% for the Review Period. The increase in distribution and selling expenses as a percentage of revenue was mainly attributable to the increase of the Group's marketing efforts in the global market of our self-branded business and the increase in marketing expenditures associated with the launch of beauty atomization products in Mainland China market with continuously deepening our global operational capabilities during the Review Period. In particular:

- (1) Staff salaries and benefits increased by approximately 33.5% from approximately RMB269,416,000 last year to approximately RMB359,586,000 during the Review Period, and its percentage of revenue increased from approximately 2.4% last year to approximately 3.0% during the Review Period. The increase in staff salaries and benefits was mainly attributable to the Group's further expansion into the international market during the Review Period to consolidate and expand its leading position in the international market, as well as the increase in the remuneration of the marketing staff as a result of the construction of the marketing team related to the beauty atomization business.
- (2) Market development expenses increased by approximately 66.1% from approximately RMB129,155,000 last year to approximately RMB214,586,000 during the Review Period, and its percentage of revenue increased from approximately 1.2% last year to approximately 1.8% during the Review Period. The increase in market development costs was mainly attributable to (i) the promotion expenses related to the beauty atomization product solutions launched by the Group during the Review Period; and (ii) the increased efforts to promote electronic vaping products and components for special purpose atomization products in the international market.
- (3) Travelling expenses increased by approximately 12.0% from approximately RMB34,525,000 last year to approximately RMB38,677,000 for the Review Period, and its percentage of revenue kept nearly unchanged from last year, both at approximately 0.3%.
- (4) Other expenses increased by approximately 229.3% from approximately RMB93,142,000 last year to approximately RMB306,703,000 during the Review Period, and its percentage of revenue increased from approximately 0.8% last year to approximately 2.6% in the Review Period. The increase in other expenses was primarily due to an increase in the Group's provisions for product related expenses during the Review Period in light of expected product changes in connection with regulatory and compliance requirements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Administrative Expenses

The administrative expenses of the Group increased by approximately 5.4% from approximately RMB867,154,000 last year to approximately RMB914,109,000 during the Review Period. Administrative expenses as a percentage of revenue kept nearly unchanged from last year, both at approximately 7.7%. In particular:

- (1) Staff salaries and benefits decreased by approximately 3.8% from approximately RMB564,044,000 last year to approximately RMB542,788,000 for the Review Period, and its percentage of revenue decreased from approximately 5.0% last year to approximately 4.6% for the Review Period. The decrease in staff salaries and benefits was mainly attributable to the decrease in staff costs as a result of the Group's continuous improvement in management efficiency during the Review Period.
- (2) Professional service fees increased by approximately 11.1% from approximately RMB100,073,000 last year to approximately RMB111,182,000 for the Review Period, and its percentage of revenue kept nearly unchanged from last year, both at approximately 0.9%.
- (3) Depreciation and amortization expenses increased by approximately 11.3% from approximately RMB93,618,000 last year to approximately RMB104,231,000 during the Review Period, and its percentage of revenue slightly increased from approximately 0.8% last year to approximately 0.9% during the Review Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 5. Research and Development Expenses

The Group's research and development expenses increased by approximately 6.0% from approximately RMB1,482,846,000 last year to approximately RMB1,572,313,000 during the Review Period. Research and development expenses as a percentage of revenue increased slightly from approximately 13.2% last year to approximately 13.3% during the Review Period. The increase in research and development expenses was primarily due to the fact that the Group increased investment in the fields of inhalation therapy and heat-not-burn products during the Review Period. The research and development expenses used for electronic nicotine delivery system (including electronic vaping and heat-not-burn products) increased by approximately 0.1% as compared to last year; special purpose atomization products and solutions decreased by approximately 15.1% as compared to last year; and for inhalation therapy and beauty atomization products increased by approximately 41.3% as compared to last year. In particular:

- (1) Staff salaries and benefits increased by approximately 13.7% from approximately RMB820,555,000 last year to approximately RMB932,937,000 during the Review Period, and its percentage of revenue increased from approximately 7.3% last year to approximately 7.9% during the Review Period. The increase in staff salaries and benefits was mainly due to the increase in the remuneration of research and development personnel in the inhalation therapy field and the heat-not-burn products field during the Review Period.
- (2) Development costs decreased by approximately 10.3% from approximately RMB466,953,000 last year to approximately RMB418,830,000 during the Review Period, and its percentage of revenue decreased from approximately 4.2% last year to approximately 3.5% during the Review Period. The decrease in development costs was mainly attributable to the decrease in research and development related mold costs, development costs and technical consultancy services through the Group's enhancement of research and development efficiency and strengthening of research and development project management during the Review Period.
- (3) Depreciation and amortization expenses increased by approximately 29.8% from approximately RMB90,385,000 last year to approximately RMB117,303,000 during the Review Period, and its percentage of revenue increased from approximately 0.8% last year to approximately 1.0% during the Review Period. The increase in depreciation and amortization expenses was mainly due to the increase in depreciation of research and development equipment acquired by the Group during the Review Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6. Other Income and Expenses

During the Review Period, the Group's total other income amounted to approximately RMB721,775,000, representing an increase of approximately 17.8% as compared to approximately RMB612,682,000 last year, as set out below:

	For the year ended 31 December		
	2024 RMB'000	2023 RMB'000	Changes %
Interest income from bank deposits	609,769	515,056	18.4
Interest income from investment notes at amortized cost	36,501	—	N/A
Government grants	65,474	74,536	(12.2)
Compensation income from customers	9,305	19,231	(51.6)
Interest income from rental deposits	1,292	1,644	(21.4)
Others	(566)	2,215	N/A
Total	721,775	612,682	17.8

### 7. Other Gains and Losses

During the Review Period, the Group's total other losses amounted to approximately RMB14,584,000, representing a decrease of approximately 85.9% as compared to approximately RMB103,740,000 last year, as set out below:

	For the year ended 31 December		
	2024 RMB'000	2023 RMB'000	Changes %
Gain arising on short-term bank deposits with variable interest rate	7,463	52,638	(85.8)
Net foreign exchange gains	26,217	19,509	34.4
Gain/Loss arising on forward foreign exchange contracts/swap contracts	1,036	(95,810)	N/A
Gain on early termination of leases	3,194	4,336	(26.3)
Loss on disposal/write off of property, plant and equipment and intangible assets	(59,157)	(75,325)	(21.5)
Others	6,663	(9,088)	N/A
Total	(14,584)	(103,740)	(85.9)

# MANAGEMENT DISCUSSION AND ANALYSIS

## 8. Finance Costs

During the Review Period, the finance costs of the Group amounted to approximately RMB37,863,000 (2023: approximately RMB27,192,000), representing an increase of approximately 39.2% as compared to last year. The finance costs of the Group were mainly derived from the interest expenses on discount of bills receivables and the interest expenses on lease liabilities.

## 9. Income Tax Expense

During the Review Period, the Group's income tax expense amounted to approximately RMB351,788,000 (2023: approximately RMB291,449,000), representing an increase of approximately 20.7% as compared to last year.

## 10. Total Comprehensive Income for the Year

During the Review Period, the Group's total comprehensive income for the year was approximately RMB1,416,913,000 (2023: approximately RMB1,566,470,000), representing a decrease of approximately 9.5% as compared to last year. The decrease was primarily due to increases in selling expenses and research and development expenses outweighing the positive impact of the growth in other income and gains and gross profit.

## 11. Liquidity and Financial Resources

As at 31 December 2024, the net current assets of the Group were approximately RMB11,587,063,000 (31 December 2023: approximately RMB16,004,419,000). As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB5,170,700,000 (31 December 2023: approximately RMB5,332,076,000), which mainly consisted of approximately RMB3,779,750,000 denominated in RMB, approximately RMB1,226,397,000 denominated in USD and approximately RMB160,507,000 denominated in HKD (31 December 2023: mainly consisted of approximately RMB4,957,792,000 denominated in RMB, approximately RMB365,215,000 denominated in USD and approximately RMB8,664,000 denominated in HKD). As at 31 December 2024, the current ratio of the Group was approximately 320.3% (31 December 2023: approximately 548.8%).

For the year ended 31 December 2024, the turnover days of trade and bills receivables were approximately 61.5 days (2023: approximately 68.3 days). The decrease in turnover days was mainly due to the change of client sales mix with different credit terms. For the year ended 31 December 2024, the turnover days of inventory were approximately 41.8 days (2023: approximately 43.1 days). The decrease in turnover days was mainly due to the decrease in materials prepared for the orders of disposable electronic vaping business with lower gross profit, which led to the decrease in turnover days of inventory. For the year ended 31 December 2024, the turnover days of trade and bills payables was approximately 65.2 days (2023: approximately 64.4 days). The increase in turnover days was mainly due to the extension of the billing period of some suppliers.

As at 31 December 2024, the current ratio was approximately 320.3%, compared to approximately 548.8% as at 31 December 2023. The decrease was due to a decrease in current assets and an increase in current liabilities. The decrease in current assets was mainly due to a decrease in short-term bank deposits with maturity over three months, and the increase in current liabilities was mainly due to an increase in short-term borrowings resulting from discounted bills.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Treasury Management Policy

The treasury management policy of the Group is primarily to utilize surplus cash reserves to invest in low-risk products such as low-risk wealth management products, structured deposit or time deposit, etc. and to generate income without interfering with the Group's business operations or capital expenditures.

## Borrowings

As at 31 December 2024, the Group did not have any bank or other financial institutions borrowings (31 December 2023: nil). As at 31 December 2024, the banking facilities secured by the Group were approximately RMB9,200.0 million, of which approximately RMB1,811.2 million had been utilized mainly for issuing and discounting bills and letters of credit.

## Gearing Ratio

As at 31 December 2024, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 26.2% (31 December 2023: approximately 19.1%).

## 12. Pledge of Assets

At 31 December 2024, except for the bank deposits of the Group in the aggregate amount of approximately RMB590.0 million, the Group did not have any other pledge of assets (31 December 2023: nil).

## 13. Exposure to Foreign Exchange Risk

For the year ended 31 December 2024, the Group recorded foreign exchange gain of approximately RMB26,217,000 (2023: foreign exchange gain of approximately RMB19,509,000). Meanwhile, the Group recorded gain arising on forward foreign exchange contracts and swap contracts of approximately RMB1,036,000 during the Review Period (2023: net forward foreign exchange loss of approximately RMB95,810,000).

The functional currency of the Company is RMB. The Group's revenue are mainly settled in USD and RMB. During the Review Period, approximately 60% of the Group's revenue was settled in USD and approximately 40% was settled in RMB. Meanwhile, materials, labors and various expenditures paid by the Group were approximately 80% settled in RMB. The foreign exchange risk of the Group mainly refers to the risks of foreign exchange gain or loss arising from the net amount of monetary funds denominated in USD, trade and bills receivables denominated in USD deducted by trade payables denominated in USD ("**U.S. Dollars Exposure**") as a result of changes in the exchange rate between USD and RMB.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Sensitivity Analysis

For the above-mentioned U.S. Dollars Exposure, the Group controls relevant foreign exchange risks through timely settlement of foreign currencies or entering into forward foreign exchange contracts with commercial banks. The Board believes that the relevant foreign exchange risks are acceptable to the Group and such risks will be monitored closely.

Based on the amounts of assets and liabilities of the Group denominated in USD as of 31 December 2024, if the exchange rate of USD against RMB rises by 10%, the Group's total comprehensive income will increase by approximately RMB874,306,000 (31 December 2023: increase by approximately RMB599,744,000). Otherwise, if the exchange rate of USD against RMB drops by 10%, the Group's total comprehensive income for the year will decrease by approximately RMB874,306,000 (31 December 2023: decrease by approximately RMB599,744,000).

## 14. Employment, Training and Development

As of 31 December 2024, the Group has 16,595 and 1,971 employees in China (including Mainland China and Hong Kong) and other countries and regions respectively. The Group provides its employees with comprehensive and attractive remuneration, retirement schemes, share incentive schemes and benefit packages, and also grants discretionary bonuses to the Group's employees based on their performance. The Group is required to contribute to the Mainland China social security scheme. Each of the Group and its employees in Mainland China is required to make contributions to pension insurance, medical insurance and unemployment insurance at rates specified in the relevant Mainland China laws and regulations. The Group has adopted a provident fund scheme for its Hong Kong employees under the Mandatory Provident Fund Schemes Ordinance. The Group also pays corresponding pension insurance, pension scheme, medical insurance, etc. for its employees in accordance with the laws and regulations of other countries where it operates.

In addition, the Group attaches great importance to the individual education and career development of employees, and has formulated targeted talent development programs tailored to different groups of talents, such as the "Hong Yi" program designed to cultivate outstanding director-level talents, the "Zhen Yu" program designed to cultivate excellent managerial talents, and the "1-3-5-7-10" ten-year cultivation and development path especially designed for fresh graduates, with a six-month induction training and a one-year apprenticeship, to help them adapt to the workplace better and faster. Meanwhile, the Group upgrades its online learning platform from time to time to enrich the on-line courses, so that all employees can enjoy on-line learning in real time.

During the Review Period, total staff costs (including management and administrative staff) accounted for approximately 26.3% (2023: approximately 22.9%) of the Group's revenue. The increase in total staff costs as a percentage of revenue was mainly attributable to (i) the increase in the Group's investment in the field of inhalation therapy during the Review Period and the corresponding increase in the remuneration of research and development personnel; and (ii) further expansion into the international market to consolidate and expand the leading position in the international market, as well as due to the building up of the marketing team in relation to the beauty atomization business which in turn led to an increase in the total remuneration of marketing personnel.

### 15. Capital Expenditures

During the Review Period, the Group's total investment in property, plant and equipment and intangible assets amounted to approximately RMB817,052,000 (2023: approximately RMB1,155,547,000), which was mainly attributable to the recognition of capital expenditure in relation to the headquarter building, equipment expenditure in relation to production, research and development as well as research and development expenditure capitalized.

### 16. Capital Commitments

As at 31 December 2024, the Group had contracted capital commitment for property, plant and equipment of approximately RMB707,750,000 (31 December 2023: approximately RMB494,304,000), which will be financed with proceeds from the Listing and net proceeds generated from operations.

### 17. Material Acquisitions and Disposal

During the Review Period, the Group did not carry out any material acquisitions or disposals of any subsidiaries, associates or joint ventures.

### 18. Significant Investments

As at 31 December 2024, the Group did not have any significant investments (2023: nil).

### 19. Contingent liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: nil).

### 20. Future Plans for Material Investments or Capital Expenditures

Save as disclosed below, the Company has no other plans for material investments or capital expenditures:

- (1) The section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 June 2020;
- (2) The section headed "Intended Use of Net Proceeds" in the Company's announcement dated 4 February 2021 in connection with the completion of top-up placing; and
- (3) The Group's investment plans as disclosed in the 2021 Annual Report "Future Plans for Material Investments or Capital Expenditures".

## CONTINUING CONNECTED TRANSACTIONS

EVE Energy Co., Ltd. ("**EVE Energy**") is a controlling shareholder of the Company. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), EVE Energy and its subsidiaries are the connected persons of the Group.

During the year ended 31 December 2024, the Group conducted certain transactions with the above-mentioned connected persons in the ordinary course of business, which constitute connected transaction or continuing connected transactions of the Company based on the Listing Rules.

The details of the connected transaction and continuing connected transactions conducted by the Company during the Review Period that are subject to reporting requirements set out in this section. Unless otherwise defined herein, capitalized terms used in this section shall have the same meaning as those defined in the prospectus of the Company dated 29 June 2020.

### (1) Procurement Transactions

The Company entered into a procurement framework agreement ("**Procurement Framework Agreement**") with EVE Energy on 4 November 2022, pursuant to which EVE Energy shall manufacture battery products for the Group. The Procurement Framework Agreement would expire on 31 December 2025 unless renewed otherwise.

#### Pricing Policy

The procurement prices under the Procurement Framework Agreement are determined with reference to the prevailing market prices. To ascertain the prevailing market prices and the prices of batteries provided by EVE Energy, we obtain comparable batteries quotations from independent third party suppliers shortlisted by us, in order to determine whether viable alternatives of comparable quality are available. In terms of similar products, we compare quotations from EVE Energy with other independent third party suppliers to ensure the reasonableness of the procurement prices.

#### Caps of Transactions

Under the Procurement Framework Agreement, the annual caps for the years ended 31 December 2023, 2024 and 2025 are RMB4,500,000,000, RMB6,000,000,000 and RMB7,500,000,000, respectively.

#### Transaction Amounts during the Review Period

During the Review Period, the transaction amount of procurement of battery products which constitutes a connected transaction was approximately RMB497,563,000, representing 8.2% of the total procurement amount of the Group.

During the Review Period, save as disclosed above, the Company did not have any other connected transactions which are required to be disclosed pursuant to the requirements of Chapter 14A of the Listing Rules.

On the basis of the above, the Company confirms that it has complied with the requirements under Chapter 14A of the Listing Rules in relation to all connected transactions and continuing connected transactions to which the Company was a party during the Review Period. The Company also confirms its adherence to the above pricing policy in determining the prices and terms of the continuing connected transactions during the Review Period.

## CONTINUING CONNECTED TRANSACTIONS

### Confirmation from and Review Opinions of the Independent Non-executive Directors

Following specific enquiries with the Company and the recommendation from the Company's Audit Committee, the independent non-executive directors of the Company have reviewed those continuing connected transactions, the findings and conclusions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal or better commercial terms to the Company;
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### Confirmation from the Company's Auditor

The Company's auditor was engaged to report to the Company on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Company's auditor has issued its unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules.

The Company's auditor has confirmed in its letter that nothing has come to its attention that causes it to believe that such Continuing Connected Transactions: (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) have exceeded the annual cap for the year ended 31 December 2024 as set by the Company.

# CORPORATE GOVERNANCE REPORT

## A. Corporate Governance Practices

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

For the year ended 31 December 2024, the Company had applied the principles and complied with all code provisions (except C.2.1 of the Corporate Governance Code ("**CG Code**")) and, where applicable, the recommended best practices of the CG Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). In respect of code provision C.2.1 of the CG Code, the positions of the chairman of the Board and the chief executive officer are held by the same individual, namely, Mr. Chen Zhiping. The Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present, and will not impair the balance of power between the Board and the Company's management, which is mainly in view of the following considerations:

- (1) The decision of the Board requires the approval of a majority of Directors. The Board of the Company consists of eight Directors, comprising three independent non-executive Directors and one non-executive Director, in which the number of independent non-executive Directors is more than the Listing Rules requirement of one-third, and therefore the Board believes that there are sufficient checks and balances within the Board;
- (2) Mr. Chen and other Directors have already undertaken to fulfill their fiduciary duties as Directors, which require them to act for the benefits and in the best interests of the Company;
- (3) The balance of power guarantees the functioning of the Board. The Board of the Company consists of experienced talents in different fields. These members meet regularly to discuss significant issues relating to the business strategies and operations of the Group; and
- (4) The Group's development strategies and other major operating decisions are jointly made by the management team, the Board, and special committees under the Board after regular discussions.

The Group will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## B. Board

The Company is headed by an effective Board which is responsible for its leadership and control and responsibility 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 Directors to perform their responsibilities to the Company and whether Directors are spending sufficient time performing duties that are commensurate with their role and the Board responsibilities. The Board has 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.

### (1) Composition of the Board

As of 31 December 2024, the Board comprises the following Directors:

#### **Executive Directors**

Mr. Chen Zhiping (*Chairman and Chief Executive Officer*)

Mr. Xiong Shaoming

Mr. Wang Guisheng

Ms. Wang Xin

#### **Non-executive Director**

Ms. Jiang Min

#### **Independent Non-executive Directors**

Mr. Zhong Shan

Mr. Yim Siu Wing, Simon

Dr. Wang Gao

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" in the Directors' Report of this annual report. In addition, an up-to-date list of our Directors and their roles and functions is maintained on the Company's website and the Stock Exchange's website.

# CORPORATE GOVERNANCE REPORT

## (2) Independent Non-executive Directors

For the year ended 31 December 2024, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise. To provide transparency to the investment community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors of the Company are clearly identified in all corporate communications containing the names of the Directors. 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.

## (3) Responsibilities and Delegation

The Board is responsible for the leadership and supervision of the Company's affairs and acting in the best interests of the Company and the shareholders. The Board, directly and indirectly through its committees, provides directions to manage (by laying down strategies and overseeing their implementation) and monitor 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 Director 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. All Directors have full and timely access to all the data of the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for fulfilling their duties to the Company. The Directors need to disclose to the Company details of other offices held by them.

The Board reserves for its discretion on 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 data, appointment of directors and other significant operational matters of the Company. The Board has delegated responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company to the chief executive officer and management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid personnel.

### (4) Chairman of the Board and Chief Executive Officer

In respect of code provision C.2.1 of the CG Code, positions of the chairman of the Board and the chief executive officer are held by the same individual, namely, Mr. Chen Zhiping. The Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present, and will not impair the balance of power between the Board and the Company's management, which is mainly in view of the following considerations:

- (1) The decision of the Board requires the approval of a majority of Directors. The Board of the Company consists of eight Directors, comprising three independent non-executive Directors and one non-executive Director, in which the number of independent non-executive Directors is more than the Listing Rules requirement of one-third. Therefore, the Board believes that there are sufficient checks and balances within the Board;
- (2) Mr. Chen and the other Directors have already undertaken to fulfill their fiduciary duties as Directors, which requires them to act for the benefits and in the best interests of the Company;
- (3) The balance of power guarantees the functioning of the Board. The Board of the Company consists of experienced talents in different fields. These members meet regularly to discuss significant issues relating to the business strategies and operations of the Group;
- (4) The Group's development strategy and other major operating decisions are jointly made by the management team, the Board, and special committees under the Board after regular discussions.

The Group will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether the separation of roles of chairman of the Board and chief executive officer is necessary.

### (5) Appointment and Re-election of Directors

According to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A Director appointed by the Board of the Company, either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following general meeting of the Company. All retiring Directors shall be eligible for re-election. Each Director (including the non-executive Directors and independent non-executive Directors) is engaged for a term of three years. They are subject to retirement and re-election in accordance with the provisions of the Articles of Association as mentioned above.

# CORPORATE GOVERNANCE REPORT

## (6) 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 the contribution to the Board remains relevant. Every newly appointed Director will receive relevant induction training 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 trainings to develop and refresh their knowledge and skills pursuant to provision C.1.4 of the CG Code, in order to ensure that the contribution to the Board remains relevant. Internally training for Directors will be arranged and reading material on relevant topics will be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses, and the expenses of which will be paid by the Company. During the Review Period, Directors' participation in continuous professional training is as follows:

Name of Directors	Types of Continuous Professional Development Training
Mr. Chen Zhiping	A and B
Mr. Xiong Shaoming	A and B
Mr. Wang Guisheng	A and B
Ms. Wang Xin	A and B
Ms. Jiang Min	A and B
Mr. Zhong Shan	A and B
Mr. Yim Siu Wing, Simon	A and B
Dr. Wang Gao	A and B

Notes:

A: Attending seminars, meetings, forums and/or training courses.

B: Reading material provided by the external or the Company, including but not limited to latest information or Director's responsibilities and obligations in relation to the business of the Company, CG code and other applicable and latest regulatory regulations.

# CORPORATE GOVERNANCE REPORT

## (7) Attendance Record of Directors

For the year ended 31 December 2024, the Company has held 4 Board meetings, 2 Audit Committee meetings, 2 Remuneration Committee meetings, 1 Nomination Committee meeting, 1 Environmental, Social and Governance Committee meeting, 1 meeting between Chairman and independent non-executive Directors and 1 General Meeting. The attendance of the respective Directors at the meetings above is set out below (whether in person or by means of electronic communication):

Name of Directors	Board Meeting Attendance/ Meeting	Audit Committee Meeting Attendance/ Meeting	Remuneration Committee Meeting Attendance/ Meeting	Nomination Committee Meeting Attendance/ Meeting	Environmental, Social and Governance Committee Meeting Attendance/ Meeting	The Meeting between the Chairman of the Board and Independent Non-executive Directors Attendance/ Meeting	General Meeting Attendance/ Meeting
Mr. Chen Zhiping	4/4	—	2/2	1/1	1/1	1/1	1/1
Mr. Xiong Shaoming	4/4	—	—	—	—	—	1/1
Mr. Wang Guisheng	4/4	—	—	—	1/1	—	1/1
Ms. Wang Xin	4/4	—	—	—	—	—	1/1
Ms. Jiang Min	4/4	—	—	—	—	—	1/1
Mr. Zhong Shan	4/4	2/2	—	1/1	1/1	1/1	1/1
Mr. Yim Siu Wing, Simon	2/4	2/2	1/2	—	—	1/1	1/1
Dr. Wang Gao	3/4	1/2	2/2	1/1	—	1/1	1/1

The schedule of regular Board meetings is usually negotiated with the directors in advance to ensure attendance. Notice of all regular Board meetings shall be given to all Directors at least 14 days in advance to give them an opportunity to place an issue or matter on the agenda for discussion. The relevant agenda and accompanying meeting papers will be sent to the Directors at least 3 days before each regular Board meeting. For all other Board meetings, reasonable notice will also be given.

### (8) Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set forth in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors and relevant employees’ securities transactions. Having made specific enquiry of all the Directors and relevant employees, they all confirmed that they have complied strictly with the provisions of the Model Code for the year ended 31 December 2024.

### (9) Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. 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.

The Nomination Committee will review annually 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 and 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 aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company will continue to take steps to promote gender diversity at all levels, in particular the Board and senior management levels to enhance the Board’s effectiveness and decision-making process.

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 Company will regularly review the gender diversity of the senior workforce and identify suitable candidates in accordance with the business development of the Group. The Company will also take into account gender diversity in staff recruitment at mid to senior management levels to develop a pipeline of potential successors to the Board.

As of 31 December 2024, the Company has appointed a female executive director and a female non-executive director. At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy annually to ensure its effectiveness.

# CORPORATE GOVERNANCE REPORT

## 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 31 December 2024:

	Female	Male
Board	25% (2)	75% (6)
Senior Management	0% (0)	100% (2)
Other employees	48.15% (8,937)	51.85% (9,623)
Overall workforce (including 1 non-executive Director and 3 independent non-executive Directors)	48.14% (8,939)	51.86% (9,631)

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report.

The Company welcomes all genders to join. The recruitment strategy is to employ a right staff for a right position regardless of the gender. The Company commits to provide equal opportunities to its staff in respect of recruitment, training and development, job advancement, and remuneration and benefits.

## (10) Director Nomination Policy

The Board has delegated its responsibilities to the Nomination Committee for identification and selection of candidates to stand for election as Directors. The Company has adopted a Director Nomination Policy which sets out the selection criteria and 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, knowledge and diversity of perspectives appropriate to the Company and satisfies the business requirements of the Company.

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

- Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to a reasonable number;
- Qualifications, including skills, accomplishments and experience in the relevant industries that the Company's business is involved in;
- Independence;
- Reputation and integrity;

## CORPORATE GOVERNANCE REPORT

- Potential contributions that can be made to the Board by individual(s); and
- Commitment to enhance and maximize shareholders' value.

The procedures for the selection and appointment of new Directors and re-election of Directors at general meetings were also set out in the Director Nomination Policy. The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (a) The Nomination Committee will, giving the consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort on suitable candidates;
- (b) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertisements, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;
- (c) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as conducting interviews, background checks, presentations and third-party reference checks;
- (d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;
- (e) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and
- (f) The Board will have the final authority on determining the selection of nominees and all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be).

Where appropriate, the Nomination Committee and/or the Board should make recommendations to shareholders in respect of the proposed election of Director at the general meeting.

The Nomination Committee will review the Director Nomination Policy regularly to ensure its effectiveness.

## (11) Director Remuneration Policy

The Company has adopted a Director Remuneration Policy, and appointed the Remuneration Committee to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. No Director will take part in any discussion on his or her own remuneration.

The remuneration packages of executive Directors consist of fixed and variable parts (such as cash, share option, share award, etc.) to promote and reward performance, with reference to the individual and company result performance and comparable companies with same business scope, to recruit and retain key leaders.

The fixed basic fee/remuneration received by non-executive Directors should be at an appropriate level, and should be determined by reference to their roles, responsibilities, time devoted and contributions made to the Company, as well as the market level of peer companies.

The Remuneration Committee will regularly review the adequacy and effectiveness of this policy with reference to companies with similar businesses or scales, and ensure that this policy meets commercial requirements, so as to maintain competitiveness in attracting and retaining talents.

## (12) Board Independence Evaluation Mechanism

The Company has a Board Independence Evaluation Mechanism in place to ensure that the Board can obtain independent views and opinions. The Board Independence Evaluation Mechanism includes setting the criteria and procedures for appointing directors; regularly evaluating the independence of independent non-executive Directors; seeking independent professional opinions while performing Director's duties as and when appropriate, the expenses shall be borne by the Company. The Board will review the implementation and effectiveness of the Board Independence Evaluation Mechanism every year. The results of the Board independent evaluation will be reported to the Board, and the Board will jointly discuss the results and make improvements as and when appropriate.

## (13) Whistleblowing Policy

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee or other designated committee (which comprises a majority of independent non-executive Directors as required under code provision D.2.6 of the CG Code) about possible improprieties in any matters related to the Group.

## (14) Anti-Corruption Policy

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the Internal Audit Department, which is responsible for investigating the reported incidents and taking appropriate measures. Any convicted cases will be reported to the Board and the Audit Committee. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

# CORPORATE GOVERNANCE REPORT

## (15) Board Corporate Governance Functions

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

The Board 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 required standard of dealings of securities transactions, as well as the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## C. Board Committees

The Board has established four Board committees, namely, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees have established with specific written terms of reference which deals clearly with their authority and duties, and are posted on the Company's website and the Stock Exchange's website.

### (1) Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Wang Gao. Mr. Zhong Shan is the Chairman of the Audit Committee. His expertise in accounting, auditing and finance enables him to lead the Audit Committee.

The primary duties of the Audit Committee are to conduct critical and objective reviews of the Group's financial reporting procedures, risk management and internal control systems, including considering the nature and scope of statutory audits, reviewing the interim and annual accounts of the Group, approving connected transactions and providing advice to the Board.

The Audit Committee has reviewed the results of the year and the accounting principles and practices adopted by the Group in conjunction with the management of the Company and the external auditors, and discussed matters such as auditing, risk management, internal control and financial statements (including reviewing the financial statements for the six months ended 30 June 2024 and the year ended 31 December 2024). For the year ended 31 December 2024, the Audit Committee held 2 meetings with the external auditors to discuss the Company's performance, audit procedures and accounting matters.

## (2) Nomination Committee

The Nomination Committee consists of Mr. Chen Zhiping, an executive Director, Mr. Zhong Shan and Dr. Wang Gao, two independent non-executive Directors. Mr. Chen Zhiping is the Chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the Board composition, make recommendations to the Board regarding the rotation and appointment of Directors and Board succession, review Board Diversity Policy and Director Nomination Policy, and assess the independence of independent non-executive Directors of the Company. In order to achieve a diversity of perspectives of the Board, the Company considers a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Company has adopted the procedures for shareholders to propose a person for election as Director which was published on the Company's website.

During the Review Period, the Nomination Committee met once to review the independence of the independent non-executive Directors and structure, size and composition of the Board, and made recommendation to the Board on the re-election of directors at the annual general meeting.

## (3) Remuneration Committee

The Remuneration Committee consists of Mr. Chen Zhiping, an executive Director, Mr. Yim Siu Wing, Simon and Dr. Wang Gao, two independent non-executive Directors. Mr. Yim Siu Wing, Simon is the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management and on the establishment of a formal and transparent process for approving such remuneration policy, and to review and approve matters related to share schemes. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. No Director will take part in any discussion on his or her own remuneration. For the year ended 31 December 2024, the Remuneration Committee of the Company has reviewed the remuneration policy and structure of the Company and made recommendation to the Board on the remuneration packages of executive Directors and senior management, and has reviewed and approved the issues relating to the share schemes under Chapter 17 of the Listing Rules, including but not limited to, the grant of share options and award shares to the Directors, senior management and employees of the Group. In addition, the Remuneration Committee also reviewed the proposed amendments to the Post-IPO Share Option Scheme and the Share Award Scheme.

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees for the members of the Board, market rates and factors such as each Director's workload, responsibility, and job complexity are taken into account.

# CORPORATE GOVERNANCE REPORT

Pursuant to provision E.1.5 of the CG Code, the annual remuneration range (including share-based compensation) of senior management, for the year ended 31 December 2024 is set out below. Details of the Directors’ remuneration for the year ended 31 December 2024 are set out in Note 10 to the consolidated financial statements in this annual report.

Annual Remuneration	Number of Individuals
HK\$0 to HK\$10,000,000	2

Note:

(1) Senior management as of 31 December 2024.

## (4) Environmental, Social and Governance Committee

The Environmental, Social and Governance (“ESG”) Committee was established by the Board for improving the ESG management level of the Company. The ESG Committee consists of 3 members, namely executive Director Mr. Chen Zhiping, executive Director Mr. Wang Guisheng and independent non-executive Director Mr. Zhong Shan. Mr. Chen Zhiping is the chairman of the ESG Committee.

The ESG Committee will meet on a regular basis to review the Company’s ESG management system and enhance the ESG management capacity. During the Review Period, the Group held 1 ESG Committee meeting.

## D. Risk Management and Internal Controls

The Group’s risk management and internal control system is designed to manage and enhance operating effectiveness and efficiency, safeguard assets against misappropriation and unauthorized disposition, maintain appropriate accounting records and financial reports that are true and fair, and ensure compliance with relevant laws and regulations. The Board acknowledges its responsibility for the risk management and internal control systems and reviews their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and they can only provide reasonable, but not absolute, assurance against material misstatements or losses. The Board has the overall responsibility for evaluating and determining the nature and extent of the risk of failure to achieve the Company’s strategic objectives, as well as establishing and maintaining effective risk management and internal control systems. The Audit Committee assists the Board in leading the management team to oversee the design, implementation and monitoring of the risk management and internal control systems. The management considers it is important to establish and to continue to improve its risk management and internal control systems, and has strengthened internal control, internal audit, compliance and forensic functions of the Company during the Review Period.

## CORPORATE GOVERNANCE REPORT

The overall risk management process of the Company is integrated in the day-to-day operations of the Group and the management is entrusted with duties to analyze, identify, monitor, evaluate and respond to risks associated with the business activities and operations (including ESG) of the Group. The management will evaluate risk levels acceptable for the Company, set up contingency plans and formulate contingency plans to minimize impact of unpredictable events and report its findings to the Audit Committee and the Board. The Audit Committee and the Board ultimately determine the nature and extent of significant risk that the Company is willing to take in achieving its business objectives and direct the Group's risk management strategies. For the year ended 31 December 2024, the Board has received confirmation from management in relation to the effectiveness of the Group's risk management and internal control system.

The Internal Audit Department is tasked with performing internal control functions of the Company and plays an important role in monitoring the internal governance of the Company. The Internal Audit Department reports directly to the Chairman and has direct access to the Audit Committee. On a regular basis, the Internal Audit Department conducts audits on major activities and processes of the Group's business and support units. It also conducts special reviews or investigations of areas of concern identified by the management or the Audit Committee. All audit reports are communicated to the Audit Committee, Directors and key senior management. Audit issues are tracked and followed up for proper implementation, and the progress of implementation is reported regularly.

The Board is responsible for managing and, through the Audit Committee, reviewing the effectiveness of the risk management and internal control system of the Group on an annual basis. For the year ended 31 December 2024, such review covered controls over financial reporting, operations and compliance, as well as risk management. The Board considered that the system of internal controls in operation in the Group has been in place and functioning effectively.

Assisted by the Audit Committee, the Board assessed the effectiveness of the risk management and internal control systems of the Group by reviewing the investigation results of management report and internal audits, and considered that the risk management and internal control systems of the Company for the year ended 31 December 2024 were effective and adequate in material respects.

The Company has adopted a policy on disclosure of information and communication with outsiders 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 external enquiries. Control procedures have been implemented to ensure that the inside information of the Company is to be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. All Directors and employees are bound by the policy to safeguard confidential information.

### **E. Directors' Responsibilities in Respect of the Financial Statements**

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024. The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board necessary explanation and information to enable the Board to make an informed assessment of the financial information and position of the Company, which are put forward to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The statement of the Auditor about their reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2024 is set out in the section headed "Independent Auditor's Report" in this annual report.

# CORPORATE GOVERNANCE REPORT

## F. Auditor's Remuneration

The Group's independent external auditor is Deloitte Touche Tohmatsu. The Audit Committee is responsible for the appointment of the external auditors and reviewing the non-audit functions performed by the external auditors for the Group. In particular, the Audit Committee will, prior to the execution of contract with the external auditors and the commencement of their duties, consider whether the non-audit functions will result in any potential material conflict of interest. The related remuneration for the audit services and non-audit services provided by Deloitte Touche Tohmatsu to the Group for the year ended 31 December 2024 amounted to RMB3,030,000 and RMB650,000, respectively. The non-audit services provided by the Auditor mainly include interim review of financial statement.

According to the recommendation of the Audit Committee, the Board will submit a resolution at the forthcoming annual general meeting to reappoint Deloitte Touche Tohmatsu as the Company's auditor.

## G. Joint Company Secretaries

Mr. Wang Guisheng, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures as well as the applicable laws, regulations and rules are being followed. Ms. Cheng Choi Ha of Tricor Services Limited, an external service provider and a member of Vistra Group, has been engaged by the Company as the other joint company secretary to assist to perform the duties of the joint company secretary of the Company. The primary contact person of the Company is Mr. Wang Guisheng, an executive Director. Mr. Wang Guisheng and Ms. Cheng Choi Ha have taken the required number of hours of relevant professional trainings.

## H. Communications with Shareholders and Investors

The Board believes that effective communication with shareholders is of great importance in enhancing investor relation. The annual report and interim report offer comprehensive operation and financial performance information to shareholders while the AGM provides a forum for shareholders to express their opinions directly to the Board. The Board welcomes comments from shareholders and encourages them to attend general meetings to raise concerns with the Board or management directly. The Board members and appropriate senior management personnel of the Company will respond issues raised by shareholders at the meeting. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings. For the year ended 31 December 2024, the Company held one AGM on 24 May 2024.

The Company establishes different communication channels with shareholders and investors, including (i) electronic copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules will be published on the websites of the Company and the Stock Exchange; (ii) the AGM provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, deals with shareholders for all share registration and related matters; and (vii) the dedicated team of the Company handles general enquiries from shareholders and investors.

# CORPORATE GOVERNANCE REPORT

Shareholders and investors can send written inquiries or requests to the attention of the Board and put forward a resolution at the general meeting in the following ways:

Address: Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Email: IR@smooreholdings.com

The Company has formulated communication policy for shareholders aimed at promoting continuously effective communication between the Company and shareholders so as to make them informed when exercise their rights. The Company will review the shareholder communication policy on a regular basis to ensure its effectiveness. During the Review Period, the Board has reviewed the implementation and effectiveness of the communication policy for shareholders and was satisfied with the results.

## I. Constitutional Documents

On 24 May 2024, the Company adopted the Amended and Restated Articles of Association with effect from 24 May 2024 (for details, please refer to the Company's circular dated 15 April 2024). Save as disclosed above, there was no other significant change in the constitutional documents of the Company for the year ended 31 December 2024.

## J. Shareholder's Rights

### Procedures on Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

According to Article 58 of the Articles of Association, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to take any action to convene such meeting within twenty-one days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the Directors' failure to convene such meeting shall be reimbursed to the requisitionist(s) by the Company.

# DIRECTORS' REPORT

The Board of the Company is pleased to present the Directors' report for the year ended 31 December 2024 to the shareholders.

## Principal Business

The Group is a global leader in offering atomization technology solutions. Through our innovative and pioneering atomization technology solutions, we derived our revenue for the Review Period primarily from three business segments: (1) research, design and manufacturing of closed system electronic vaping products, heat-not-burn products and components for special purpose atomization products for a number of global leading tobacco companies, independent vaping and other corporate clients; (2) research, design, manufacturing and sale of self-branded electronic vaping products and beauty atomization products for retail clients; and (3) providing relevant R&D services for our customers based on our atomization technology reserve. Particulars of the principal activities of the Company's subsidiaries are set out in Note 36 to the consolidated financial statements of the Group.

## Business Review

A business review of the Group for the year ended 31 December 2024 and its future development are set out in the Chairman's Statement and Management Discussion and Analysis of this annual report.

## Major Customers and Suppliers

For the year ended 31 December 2024, the Group's sales to its top five customers accounted for approximately 55.0% of its total sales (2023: approximately 56.8%), and the sales to its largest customer accounted for approximately 40.1% of its total sales (2023: approximately 40.9%). The Group's procurement amount from its top five suppliers accounted for approximately 21.8% of its total procurement amount (2023: approximately 20.5%), and the procurement amount from its largest supplier accounted for approximately 8.2% of its total procurement amount (2023: approximately 9.9%). The Group aims to maintain long-term cooperative relationship with reputable customers and suppliers.

Ms. Jiang Min, the Company's non-executive Director, is a director, secretary of the board, vice president and CFO of EVE Energy, which is one of our top five suppliers for the year ended 31 December 2024 and is also a substantial shareholder of the Company. Except for Ms. Jiang Min, none of the Directors, or any of their close associates (as defined under the Listing Rules), or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital), had any interest in any of the five largest customers or suppliers of the Group for the year ended 31 December 2024.

## Financial Highlights

A summary of the Group's key financial information for the five years is set out on page 4 of this annual report.

## Bank Loans and Borrowings

For the year ended 31 December 2024, the Group has no bank or other financial institutions borrowings except for the banking facilities secured by the Group of RMB9,200.0 million, of which RMB1,811.2 million had been utilized.

## Reserves

As of 31 December 2024, the Company's distributable reserves amounted to RMB7,047.7 million. Changes in the Company's reserves for the year ended 31 December 2024 are set out in Note 35 to the consolidated financial statements.

## Donations

For the year ended 31 December 2024, the Group made charitable donations of approximately RMB1.4 million (2023: RMB6.3 million).

## Property, Plant and Equipment

For the year ended 31 December 2024, details of the changes in the Group's property, plant and equipment are set out in Note 13 to the consolidated financial statements.

## Share Capital and Shares in Issue

For the year ended 31 December 2024, details of the changes in the Company's share capital and details of the shares in issue are set out in Note 27 to the consolidated financial statements.

# DIRECTORS' REPORT

## Equity-linked Arrangements

Save for the share schemes of the Company disclosed in the section headed "Share Schemes" below, no equity-linked agreement was entered into by the Company during the year ended 31 December 2024 or subsisted as at 31 December 2024.

## Final Dividend

The Board recommends the payment of a final dividend of HK5 cents per ordinary share for the year ended 31 December 2024 to shareholders which shall be subject to approval by shareholders at the forthcoming AGM. The Company expects that the dividend will be paid on or around 13 June 2025, and the ex-dividend date is 29 May 2025.

The Company has adopted a dividend policy regarding to the payment of dividends, which is subject to the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy. Dividends may be proposed to declare by the Board during a Review Period and any final dividend for a Review Period will be subject to the shareholders' approval.

## Annual General Meeting

The AGM of the Company will be held on 23 May 2025, notice of which will be published on the websites of the Company and the Stock Exchange as soon as practicable in accordance with the requirements of the Company's articles of association and Listing Rules.

## Closure of Register of Members

The Register of Members of the Company will be closed from 20 May 2025 to 23 May 2025, both dates inclusive, during which period no transfer of shares will be registered. In order to determine the shareholders who are entitled to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 19 May 2025.

The Register of Members of the Company will be closed from 2 June 2025 to 4 June 2025, both dates inclusive, during such period no transfer of shares will be registered. In order to determine the shareholders who are entitled to the said final dividend which will be resolved and voted at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 30 May 2025.

### Purchase, Sale or Redemption of the Listed Securities of the Company (including Treasury Shares)

During the year ended 31 December 2024, the Group did not purchase, sell or redeem any of its shares (including treasury shares). As at 31 December 2024, the Group did not hold any treasury shares.

### Share Schemes

The number of shares may be issued regarding the share options and award shares granted during 2024 under all share schemes of the Company as a percentage of the weighted average number of issued shares for relevant classes for this year is approximately 1.60%.

#### A. Share Option Schemes

##### (1) Pre-IPO Share Option Scheme

The Company approved and adopted the pre-IPO share option scheme pursuant to a written resolution passed by the shareholders on 30 September 2019 (the “**Pre-IPO Share Option Scheme**”). The Pre-IPO Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options to subscribe for shares after listing. No further option could be granted under Pre-IPO Share Option Scheme.

As at 31 December 2024, all options granted under the Pre-IPO Share Option Scheme have been exercised, canceled or lapsed. Accordingly, the Pre-IPO Share Option Scheme will no longer be operational.

Summary of major terms of the Pre-IPO Share Option Scheme are as follows:

##### (i) Purposes of Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to incentivize and reward eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

##### (ii) Participants of Pre-IPO Share Option Scheme

Eligible participant of the Pre-IPO Share Option Scheme included employees (whether full time or part-time) or directors of members of the Group as the Board may at its absolute discretion select.

##### (iii) Maximum Number of Shares

The Company had granted options for a total of 319,032,000 shares to eligible participants under the Pre-IPO Share Option Scheme on 30 September 2019 and 1 May 2020. As at the date of 31 December 2024, all options granted under the Pre-IPO Share Option Scheme have been exercised, canceled or lapsed and no further option may be granted under the Pre-IPO Share Option Scheme. At the beginning and the end of 2024, the number of options available for grant under the Pre-IPO Share Option Scheme is 0. As at the date of the annual report, the total number of shares available for issue under the Pre-IPO Share Option Scheme is 0, and its percentage of the issued shares (excluding treasury shares) as at the date of the annual report is 0%.

## DIRECTORS' REPORT

### (iv) Limit for Each Participant

Under the Pre-IPO Share Option Scheme, there is no specific limit on the maximum number of share options which may be granted to a single eligible participant.

### (v) Option Period

The option period shall be determined by the Board and shall not exceed ten years from the offer date of the option. Any option which remains unexercised shall lapse upon the expiry of the option period. Vesting period is generally the waiting period commences from the date of grant and ends on vesting date. Eligible participants may exercise the options within the option period commencing from the vesting date.

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised.

### (vi) Payment on Acceptance of Offer and Exercise Price

Each grantee is required to pay HK\$1 as consideration for the acceptance of the grant of the options under the Pre-IPO Share Option Scheme upon acceptance of offer. Such consideration is not refundable, nor shall it be deemed as a part of the exercise price of the options. The exercise price in respect of each option granted under the Pre-IPO Share Option Scheme is RMB0.38.

### (vii) Remaining Life of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme shall be valid and effective for a period from the date of adoption (i.e. 30 September 2019) to the Listing Date (i.e. 10 July 2020), after which period no further options will be granted but the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto. As all options granted under the Pre-IPO Share Option Scheme have been exercised, canceled or lapsed, the Pre-IPO Share Option Scheme will no longer be operational.

## (viii) Table of the Movements

For the year ended 31 December 2024, details of the movement of the options granted under the Pre-IPO Share Option Scheme are as follows:

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (RMB)	Fair value as at the date of grant (RMB)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 2024/01/01	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 2024/12/31
Chen Zhiping (Director)	2020/05/01	12,073,000	2020/05/01–2024/07/09	2024/07/10–2030/04/30	NA	0.38	2.08	9.04	12,073,000	–	12,073,000	–	–	–
Bu Weiqiang (Associate of director)	2019/09/30	48,000	2019/09/30–2021/07/09	2021/07/10–2029/09/29	NA	0.38	2.40	10.50	48,000	–	48,000	–	–	–
		48,000	2019/09/30–2023/07/09	2023/07/10–2029/09/29	NA	0.38	2.34	10.50	48,000	–	48,000	–	–	–
		47,000	2019/09/30–2024/07/09	2024/07/10–2029/09/29	NA	0.38	2.31	10.50	47,000	–	47,000	–	–	–
Li Xiaoping (Associate of director)	2020/05/01	25,000	2020/05/01–2024/07/09	2024/07/10–2030/04/30	NA	0.38	2.08	9.02	25,000	–	25,000	–	–	–
Yuan Xiang (Associate of director)	2019/09/30	32,000	2019/09/30–2024/07/09	2024/07/10–2029/09/29	NA	0.38	2.31	8.80	32,000	–	32,000	–	–	–
Other employees (not Director)	2019/09/30	32,987,000	2019/09/30–2021/07/09	2021/07/10–2029/09/29	NA	0.38	2.40	9.11	3,520,000	–	3,520,000	–	–	–
		35,725,000	2019/09/30–2022/07/09	2022/07/10–2029/09/29	NA	0.38	2.37	9.17	6,833,500	–	6,833,500	–	–	–
		31,152,000	2019/09/30–2023/07/09	2023/07/10–2029/09/29	NA	0.38	2.34	8.58	1,977,000	–	1,977,000	–	–	–
		10,688,000	2019/09/30–2024/07/09	2024/07/10–2029/09/29	NA	0.38	2.31	9.02	8,724,000	–	8,683,000	–	41,000	–
	2020/05/01	13,672,500	2020/05/01–2022/07/09	2022/07/10–2030/04/30	NA	0.38	2.11	10.32	180,500	–	180,500	–	–	–
		9,565,500	2020/05/01–2023/07/09	2023/07/10–2030/04/30	NA	0.38	2.08	10.06	537,500	–	527,500	–	10,000	–
		9,257,500	2020/05/01–2024/07/09	2024/07/10–2030/04/30	NA	0.38	2.08	8.96	7,081,500	–	6,756,000	–	325,500	–
Total									41,127,000	–	40,750,500	–	376,500	–

## (2) Post-IPO Share Option Scheme

The post-IPO share option scheme was conditionally approved and adopted by our shareholders on 15 June 2020 and was amended and approved by our shareholders on 18 February 2025 (the “**Post-IPO Share Option Scheme**”). The Post-IPO Share Option Scheme is subject to the provisions of Chapter 17 of the Listing Rules. The number of options available for grant under the Post-IPO Share Option Scheme as at the beginning of 2024 was 86,793,572, while the number of options available for grant under the Post-IPO Share Option Scheme as at the end of 2024 was 9,765,240.

Summary of major terms of the Post-IPO Share Option Scheme are as follows:

### (i) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to incentivize and reward eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

## DIRECTORS' REPORT

### (ii) Participants of Post-IPO Share Option Scheme

Participants of the Post-IPO Share Option Scheme included employees (whether full-time or part-time) or directors of members of the Group.

### (iii) Maximum Number of Shares

The maximum number of shares which may be issued together with treasury shares which may be transferred upon exercise of all options and awards granted or to be granted under the Post-IPO Share Option Scheme and any other share schemes since 18 February 2025 must not in aggregate exceed 10% of the total number of shares in issue of the Company as of 18 February 2025 (when the shareholders approved the scheme mandate limit), being 618,117,627 shares, or such limit as the shareholders may refresh (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme and any other share schemes of the Company will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed with the approval of the shareholders in general meeting. As at 7 April 2025, the latest practicable date for ascertaining the following information, the total number of outstanding options granted under the Post-IPO Share Option Scheme was 257,806,350 and the unutilised Scheme Mandate Limit was 557,117,627, hence the total number of shares that may be issued together with treasury shares that may be transferred under the Post-IPO Share Option Scheme was 814,923,977 shares, representing approximately 13.18% of the total number of shares in issue (excluding treasury shares) as at 7 April 2025, which was 6,182,903,702 shares.

### (iv) Limit for Each Participant

The total number of shares issued and to be issued together with treasury shares transferred or to be transferred upon exercise of all options granted under the Post-IPO Share Option Scheme and all options and awards granted under other share schemes of the Company to each participant (including options exercised, cancelled and outstanding) in any 12-month period shall not exceed 1% of the total number of shares in issue (excluding treasury shares).

Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in such person becoming entitled to subscribe for such number of shares, when aggregated with the total number of shares already issued and to be issued (and treasury shares transferred and to be transferred) upon exercise of all options already granted under the Post-IPO Share Option Scheme and any options and awards granted under any other schemes (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares in issue (excluding treasury shares), such further grant of options must be approved by the shareholders in general meeting.

### (v) Option Period

The option period shall be determined by the Board and shall not exceed ten years from the grant date of the option. Any option which remains unexercised shall lapse upon the expiry of the option period. Vesting period is generally the waiting period that commences from the date of grant and ends on vesting date and shall not in general be less than 12 months. Eligible participants may exercise the options within the option period commencing from the vesting date.

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised.

### (vi) Payment on Acceptance of Offer and Exercise Price

Under the Post-IPO Share Option Scheme, each grantee is required to pay HK\$1 as consideration for the acceptance of the grant of the options under the Post-IPO Share Option Scheme within such period upon acceptance as decided by the Board, and such acceptance shall be within such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the grantee concerned.

The basis for determining the exercise price of an option granted pursuant to the Post-IPO Share Option Scheme is that such exercise price shall not be less than the highest of:

- the closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day on which the Stock Exchange is open for the business of dealing in securities; and
- the average closing price of the shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option, i.e. the date of offer of the option.

### (vii) Remaining Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme has an extended term of ten years from 18 February 2025, the date the amended Post-IPO Share Option Scheme was adopted by the shareholders, after which period no further options may be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which will at that time be, or thereafter become, capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

### (viii) Details of the Movements

During the year ended 31 December 2024, the Company granted options for 580,000, 1,910,000, 93,408,700, and 2,260,000 shares, aggregately 98,158,700 shares, to eligible participants under the Post-IPO Share Option Scheme on 27 March 2024, 4 July 2024, 24 October 2024 and 27 December 2024 respectively. In addition, on 27 December 2024, the Company conditionally granted 61,000,000 options to Mr. Chen Zhiping, the chairman of the Board, executive Director and substantial shareholder of the Company. The grant was subject to the following conditions: (1) the approval of the shareholders of the Company to amend the Post-IPO Share Option Scheme; (2) the approval of the shareholders of the Company to adopt a new scheme mandate limit; and (3) the approval of the independent shareholders of the Company for the conditional grant. Please refer to the announcement of the Company dated 27 December 2024 and the circular dated 8 January 2025 for more details. At the extraordinary general meeting of the Company held on 18 February 2025, the requisite approval were obtained from the shareholders and all conditions of the conditional grant to Mr. Chen Zhiping have been satisfied.

# DIRECTORS' REPORT

## (ix) Table of the Movements

For the year ended 31 December 2024, details of the movement of the options granted under the Post-IPO Share Option Scheme are as follows:

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average	Number of options at 2024/01/01	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 2024/12/31	
								closing price immediately before the exercise date (HKD)							
Wang Guisheng (Director)	2022/11/09	66,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	66,500	—	—	—	—	66,500	
		66,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	66,500	—	—	—	—	66,500	
	2023/08/23	319,150	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	319,150	—	—	—	—	319,150	
		319,150	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	319,150	—	—	—	—	319,150	
		319,150	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	319,150	—	—	—	—	319,150	
		319,150	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	319,150	—	—	—	—	319,150	
		319,150	2023/08/23-2028/08/22	2028/08/23-2033/08/22	7.63	7.79	3.06	NA	319,150	—	—	—	—	319,150	
	2024/10/24	126,450	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	126,450	—	—	—	—	126,450
		126,450	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	126,450	—	—	—	—	126,450
		126,450	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	126,450	—	—	—	—	126,450
		126,450	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	126,450	—	—	—	—	126,450
		91,300	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	—	91,300	—	—	—	—	91,300
		182,600	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	—	182,600	—	—	—	—	182,600
		273,900	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	—	273,900	—	—	—	—	273,900
365,200		2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	—	365,200	—	—	—	—	365,200	
—		—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Xiong Shaoming (Director)	2022/11/09	117,000	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	117,000	—	—	—	—	117,000	
		117,000	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	117,000	—	—	—	—	117,000	
	2023/08/23	172,825	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	172,825	—	—	—	—	172,825	
		172,825	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	172,825	—	—	—	—	172,825	
		172,825	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	172,825	—	—	—	—	172,825	
		172,825	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	172,825	—	—	—	—	172,825	
		172,825	2023/08/23-2028/08/22	2028/08/23-2033/08/22	7.63	7.79	3.06	NA	172,825	—	—	—	—	172,825	
	2024/10/24	88,625	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	88,625	—	—	—	—	88,625
		88,625	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	88,625	—	—	—	—	88,625
		88,625	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	88,625	—	—	—	—	88,625
88,625		2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	88,625	—	—	—	—	88,625	
Wang Xin (Director)	2022/11/09	7,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	7,500	—	—	—	—	7,500	
		7,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	7,500	—	—	—	—	7,500	
	2023/08/23	87,650	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	87,650	—	—	—	—	87,650	
		87,650	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	87,650	—	—	—	—	87,650	
		87,650	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	87,650	—	—	—	—	87,650	
		87,650	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	87,650	—	—	—	—	87,650	
		87,650	2023/08/23-2028/08/22	2028/08/23-2033/08/22	7.63	7.79	3.06	NA	87,650	—	—	—	—	87,650	
	2024/10/24	58,725	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	58,725	—	—	—	—	58,725
		58,725	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	58,725	—	—	—	—	58,725
		58,725	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	58,725	—	—	—	—	58,725
		58,725	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	58,725	—	—	—	—	58,725
		35,900	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	—	35,900	—	—	—	—	35,900
		71,800	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	—	71,800	—	—	—	—	71,800
		107,700	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	—	107,700	—	—	—	—	107,700
143,600		2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	—	143,600	—	—	—	—	143,600	
—		—	—	—	—	—	—	—	—	—	—	—	—	—	
Li Xiaoping (Associate of director)	2022/11/09	32,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	32,500	—	—	—	—	32,500	
		32,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	32,500	—	—	—	—	32,500	
	2023/08/23	21,900	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	21,900	—	—	—	—	21,900	
		21,900	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	21,900	—	—	—	—	21,900	
		21,900	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	21,900	—	—	—	—	21,900	
		21,900	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	21,900	—	—	—	—	21,900	
		21,900	2023/08/23-2028/08/22	2028/08/23-2033/08/22	7.63	7.79	3.06	NA	21,900	—	—	—	—	21,900	
	2024/10/24	19,900	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	19,900	—	—	—	—	19,900
		19,900	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	19,900	—	—	—	—	19,900
		19,900	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	19,900	—	—	—	—	19,900
		19,900	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	19,900	—	—	—	—	19,900
		8,000	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	—	8,000	—	—	—	—	8,000
		16,000	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	—	16,000	—	—	—	—	16,000
		24,000	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	—	24,000	—	—	—	—	24,000
		32,000	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	—	32,000	—	—	—	—	32,000
—		—	—	—	—	—	—	—	—	—	—	—	—	—	
—		—	—	—	—	—	—	—	—	—	—	—	—	—	

# DIRECTORS' REPORT

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 2024/01/01	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 2024/12/31
Bu Zhiqiang (Associate of director)	2022/11/09	15,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	15,500	—	—	—	—	15,500
		15,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	15,500	—	—	—	—	15,500
		33,550	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	33,550	—	—	—	—	33,550
		33,550	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	33,550	—	—	—	—	33,550
		33,550	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	33,550	—	—	—	—	33,550
	2024/10/24	33,550	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	33,550	—	—	—	—	33,550
		16,075	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	16,075	—	—	—	16,075
		16,075	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	16,075	—	—	—	16,075
		16,075	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	16,075	—	—	—	16,075
		16,075	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	16,075	—	—	—	16,075
		5,000	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	—	5,000	—	—	—	5,000
		10,000	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	—	10,000	—	—	—	10,000
		15,000	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	—	15,000	—	—	—	15,000
		20,000	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	—	20,000	—	—	—	20,000
Yuan Xiang (Associate of director)	2023/08/23	9,650	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	9,650	—	—	—	—	9,650
		9,650	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	9,650	—	—	—	—	9,650
		9,650	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	9,650	—	—	—	—	9,650
		9,650	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	9,650	—	—	—	—	9,650
	2024/10/24	6,650	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	6,650	—	—	—	6,650
		6,650	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	6,650	—	—	—	6,650
		6,650	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	6,650	—	—	—	6,650
Bu Weiqiang (Associate of director)	2023/08/23	26,825	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	26,825	—	—	—	—	26,825
		26,825	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	26,825	—	—	—	—	26,825
		26,825	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	26,825	—	—	—	—	26,825
		26,825	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	26,825	—	—	—	—	26,825
		18,425	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	18,425	—	—	—	18,425
	2024/10/24	18,425	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	18,425	—	—	—	18,425
		18,425	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	18,425	—	—	—	18,425
		18,425	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	18,425	—	—	—	18,425
		9,300	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	—	9,300	—	—	—	9,300
		18,600	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	—	18,600	—	—	—	18,600
		27,900	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	—	27,900	—	—	—	27,900
		37,200	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	—	37,200	—	—	—	37,200
Other employees (not Director)	2022/05/19	2,447,000	2022/05/19-2023/05/18	2023/05/19-2032/05/18	17.46	16.88	4.56	NA	1,995,375	—	—	—	267,000	1,728,375
		2,993,750	2022/05/19-2024/05/18	2024/05/19-2032/05/18	17.46	16.88	5.19	NA	2,443,125	—	—	—	382,500	2,060,625
		2,993,750	2022/05/19-2025/05/18	2025/05/19-2032/05/18	17.46	16.88	5.67	NA	2,443,125	—	—	—	421,500	2,021,625
		2,993,750	2022/05/19-2026/05/18	2026/05/19-2032/05/18	17.46	16.88	6.04	NA	2,443,125	—	—	—	421,500	2,021,625
		546,750	2022/05/19-2027/05/18	2027/05/19-2032/05/18	17.46	16.88	6.33	NA	447,750	—	—	—	159,000	288,750
	2022/07/21	629,500	2022/07/21-2023/07/20	2023/07/21-2032/07/20	20.60	20.80	5.51	NA	427,000	—	—	—	200,000	227,000
		629,500	2022/07/21-2024/07/20	2024/07/21-2032/07/20	20.60	20.80	6.32	NA	427,000	—	—	—	200,000	227,000
		629,500	2022/07/21-2025/07/20	2025/07/21-2032/07/20	20.60	20.80	6.94	NA	427,000	—	—	—	200,000	227,000
		629,500	2022/07/21-2026/07/20	2026/07/21-2032/07/20	20.60	20.80	7.44	NA	427,000	—	—	—	200,000	227,000
		8,760,200	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	8,012,800	—	—	—	2,945,500	5,067,300
		8,760,200	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	8,012,800	—	—	—	2,945,500	5,067,300
	2022/11/09	6,223,600	2022/11/09-2025/03/31	2025/04/01-2032/11/08	11.78	11.11	3.56	NA	5,640,400	—	—	—	2,860,000	2,780,400
		910,000	2022/11/09-2023/07/08	2023/07/09-2032/11/08	11.78	11.11	2.87	NA	596,600	—	—	—	33,300	563,300
		910,000	2022/11/09-2024/07/08	2024/07/09-2032/11/08	11.78	11.11	3.31	NA	596,600	—	—	—	33,300	563,300
		910,000	2022/11/09-2025/07/08	2025/07/09-2032/11/08	11.78	11.11	3.65	NA	596,600	—	—	—	33,400	563,400
		2,915,800	2022/11/09-2023/09/29	2023/09/30-2032/11/08	11.78	11.11	2.97	12.92	2,348,800	—	4,000	—	280,500	2,064,300
		2,915,800	2022/11/09-2024/09/29	2024/09/30-2032/11/08	11.78	11.11	3.39	NA	2,348,800	—	—	—	347,500	2,001,300
		2,907,400	2022/11/09-2025/09/29	2025/09/30-2032/11/08	11.78	11.11	3.71	NA	2,341,400	—	—	—	347,000	1,994,400
		1,103,500	2022/11/09-2024/01/03	2024/01/04-2032/11/08	11.78	11.11	3.10	NA	850,100	—	—	—	126,700	723,400
		1,103,500	2022/11/09-2025/01/03	2025/01/04-2032/11/08	11.78	11.11	3.49	NA	850,100	—	—	—	180,000	670,100
		1,103,000	2022/11/09-2026/01/03	2026/01/04-2032/11/08	11.78	11.11	3.79	NA	849,800	—	—	—	180,000	669,800
	2022/11/10	515,000	2022/11/10-2023/11/09	2023/11/10-2032/11/09	11.02	11.20	2.81	NA	375,000	—	—	—	7,500	367,500
		515,000	2022/11/10-2024/11/09	2024/11/10-2032/11/09	11.02	11.20	3.22	NA	375,000	—	—	—	32,500	342,500
		515,000	2022/11/10-2025/11/09	2025/11/10-2032/11/09	11.02	11.20	3.52	NA	375,000	—	—	—	42,500	332,500
		515,000	2022/11/10-2026/11/09	2026/11/10-2032/11/09	11.02	11.20	3.75	NA	375,000	—	—	—	42,500	332,500
	2022/12/28	482,500	2022/12/28-2023/12/27	2023/12/28-2032/12/27	12.78	12.96	3.57	NA	262,500	—	—	—	40,000	222,500
		482,500	2022/12/28-2024/12/27	2024/12/28-2032/12/27	12.78	12.96	4.09	NA	262,500	—	—	—	40,000	222,500
		482,500	2022/12/28-2025/12/27	2025/12/28-2032/12/27	12.78	12.96	4.47	NA	262,500	—	—	—	40,000	222,500
		482,500	2022/12/28-2026/12/27	2026/12/28-2032/12/27	12.78	12.96	4.77	NA	262,500	—	—	—	40,000	222,500
	2023/04/19	865,000	2023/04/19-2024/04/18	2024/04/19-2033/04/18	9.95	9.71	3.03	11.20	770,000	—	149,807	—	310,193	310,000
		865,000	2023/04/19-2025/04/18	2025/04/19-2033/04/18	9.95	9.71	3.54	NA	770,000	—	—	—	460,000	310,000
		865,000	2023/04/19-2026/04/18	2026/04/19-2033/04/18	9.95	9.71	3.91	NA	770,000	—	—	—	460,000	310,000
		865,000	2023/04/19-2027/04/18	2027/04/19-2033/04/18	9.95	9.71	4.20	NA	770,000	—	—	—	460,000	310,000

# DIRECTORS' REPORT

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 2024/01/01	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 2024/12/31
Other employees (not Director) (continued)	2023/07/20	735,000	2023/07/20-2024/07/19	2024/07/20-2033/07/19	7.88	8.16	2.57	11.04	215,000	—	15,000	—	30,000	170,000
		735,000	2023/07/20-2025/07/19	2025/07/20-2033/07/19	7.88	8.16	2.99	NA	215,000	—	—	—	45,000	170,000
		735,000	2023/07/20-2026/07/19	2026/07/20-2033/07/19	7.88	8.16	3.28	NA	215,000	—	—	—	45,000	170,000
		735,000	2023/07/20-2027/07/19	2027/07/20-2033/07/19	7.88	8.16	3.51	NA	215,000	—	—	—	45,000	170,000
	2023/08/23	18,707,225	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	11.36	18,446,250	—	1,561,769	—	806,650	16,077,831
		18,707,225	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	18,446,250	—	—	—	1,293,575	17,152,675
		18,707,225	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	18,446,250	—	—	—	1,293,575	17,152,675
		18,707,225	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	18,446,250	—	—	—	1,293,575	17,152,675
	2023/10/20	390,000	2023/10/20-2024/10/19	2024/10/20-2033/10/19	5.97	5.99	1.79	10.78	390,000	—	107,500	—	80,000	202,500
		390,000	2023/10/20-2025/10/19	2025/10/20-2033/10/19	5.97	5.99	2.09	NA	390,000	—	—	—	142,500	247,500
		390,000	2023/10/20-2026/10/19	2026/10/20-2033/10/19	5.97	5.99	2.31	NA	390,000	—	—	—	142,500	247,500
		390,000	2023/10/20-2027/10/19	2027/10/20-2033/10/19	5.97	5.99	2.48	NA	390,000	—	—	—	142,500	247,500
	2024/03/27	145,000	2024/03/27-2025/03/26	2025/03/27-2034/03/26	6.55	6.85	1.96	NA	—	145,000	—	—	20,000	125,000
		145,000	2024/03/27-2026/03/26	2026/03/27-2034/03/26	6.55	6.85	2.31	NA	—	145,000	—	—	20,000	125,000
		145,000	2024/03/27-2027/03/26	2027/03/27-2034/03/26	6.55	6.85	2.59	NA	—	145,000	—	—	20,000	125,000
		145,000	2024/03/27-2028/03/26	2028/03/27-2034/03/26	6.55	6.85	2.82	NA	—	145,000	—	—	20,000	125,000
	2024/07/04	477,500	2024/07/04-2025/07/03	2025/07/04-2034/07/03	8.57	9.24	2.52	NA	—	477,500	—	—	135,000	342,500
		477,500	2024/07/04-2026/07/03	2026/07/04-2034/07/03	8.57	9.24	3.00	NA	—	477,500	—	—	135,000	342,500
		477,500	2024/07/04-2027/07/03	2027/07/04-2034/07/03	8.57	9.24	3.38	NA	—	477,500	—	—	135,000	342,500
		477,500	2024/07/04-2028/07/03	2028/07/04-2034/07/03	8.57	9.24	3.70	NA	—	477,500	—	—	135,000	342,500
	2024/10/24	355,000	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	355,000	—	—	—	355,000
		355,000	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	355,000	—	—	—	355,000
		355,000	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	355,000	—	—	—	355,000
		355,000	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	355,000	—	—	—	355,000
		12,643,325	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	—	12,643,325	—	—	102,775	12,540,550
		12,643,325	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	—	12,643,325	—	—	102,775	12,540,550
		12,643,325	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	—	12,643,325	—	—	102,775	12,540,550
		12,643,325	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	—	12,643,325	—	—	102,775	12,540,550
		3,858,100	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	—	3,858,100	—	—	—	3,858,100
		7,716,200	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	—	7,716,200	—	—	—	7,716,200
		11,574,300	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	—	11,574,300	—	—	—	11,574,300
		15,432,400	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	—	15,432,400	—	—	—	15,432,400
	2024/12/27	415,000	2024/12/27-2025/12/26	2025/12/27-2034/12/26	10.10	11.26	3.63	NA	—	415,000	—	—	—	415,000
		415,000	2024/12/27-2026/12/26	2026/12/27-2034/12/26	10.10	11.26	4.32	NA	—	415,000	—	—	—	415,000
		415,000	2024/12/27-2027/12/26	2027/12/27-2034/12/26	10.10	11.26	4.87	NA	—	415,000	—	—	—	415,000
		415,000	2024/12/27-2028/12/26	2028/12/27-2034/12/26	10.10	11.26	5.31	NA	—	415,000	—	—	—	415,000
		60,000	2024/12/27-2026/04/29	2026/04/30-2034/12/26	10.10	11.26	3.89	NA	—	60,000	—	—	—	60,000
		120,000	2024/12/27-2027/04/29	2027/04/30-2034/12/26	10.10	11.26	4.53	NA	—	120,000	—	—	—	120,000
		180,000	2024/12/27-2028/04/29	2028/04/30-2034/12/26	10.10	11.26	5.03	NA	—	180,000	—	—	—	180,000
		240,000	2024/12/27-2029/04/29	2029/04/30-2034/12/26	10.10	11.26	5.45	NA	—	240,000	—	—	—	240,000
Total									129,524,700	98,158,700	1,838,076	—	21,130,368	204,714,956

Note: The Company conditionally granted 61,000,000 options to Mr. Chen Zhiping as disclosed above subject to shareholders' approval. For more details, please refer to the Company's announcement dated 27 December 2024 and the Company's circular dated 8 January 2025. On 18 February 2025, the requisite approval were obtained from the shareholders and all conditions of the conditional grant to Mr. Chen Zhiping have been satisfied.

### B. Share Award Scheme

The Company adopted a share award scheme (the “**Share Award Scheme**”) on 2 September 2021. With effect from 1 January 2023, the Share Award Scheme is subject to the provisions of Chapter 17 of the Listing Rules. On 18 February 2025 (the “**Amendment Date**”), the Share Award Scheme was amended and approved by the shareholders of the Company. The number of awarded shares available for grant under the Share Award Scheme as at the beginning of 2024 was 267,480,861 shares, while the number of awarded shares available for grant under the Share Award Scheme as at the end of 2024 was 205,345,815 shares.

Summary of major terms of the Share Award Scheme are as follows:

#### (i) Purpose

The purpose and objective of the Share Award Scheme is to recognize and reward the contribution of certain eligible participants to the growth and development of the Group and to provide incentives in order to retain them for continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

#### (ii) Management

The Share Award Scheme shall be subject to the administration of the Board or a committee (person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Scheme (“**Committee**”)) whose decisions on all matters arising in relation to the Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby.

#### (iii) Eligible Participants

In accordance with the terms of the Share Award Scheme, the eligible participants include: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of any member of the Group (an “**Employee**”); and (b) any non-executive director (including independent non-executive Directors) of any member of the Group.

#### (iv) Remaining Life of the Scheme

The Share Award Scheme has an extended term of ten years from the Amendment Date.

### **(v) Payment on Acceptance of Offer**

No consideration is required to be paid by the grantees for the acceptance of offer.

### **(vi) Vesting Period**

The vesting period generally commences from the date of grant and ends on the vesting date, and shall not in general be less than 12 months. The Trustee shall transfer to and vest in any the legal and beneficial ownership of the awarded shares to which such grantee is entitled under the relevant Award as soon as practicable upon vesting.

### **(vii) Scheme Limit**

The maximum number of shares that the Trustee may hold (whether directly or indirectly through the controlled enterprise of the Trustee) at any time during the life of the Share Award Scheme shall not exceed 2% of the total issued shares (excluding treasury shares) of the Company from time to time; and the maximum number of shares that may be granted under the Share Award Scheme (i) before the Amendment Date and (ii) on or after the Amendment Date, separately, shall not exceed 5% of the total issued shares (excluding treasury shares) from time to time, provided that the total number of awarded shares specified to be satisfied by subscription of new shares and purchase of treasury shares together with the number of shares which may be issued (and for this purpose including treasury shares which may be transferred) under any other share schemes of the Company that are funded by the issuance of new shares or transfer of treasury shares shall not exceed 10% of the shares in issue (excluding treasury shares) as at 18 February 2025, the date the Shareholders approve the scheme mandate limit. As at 7 April 2025, the latest practicable date for ascertaining the following information, given that no grant had been made under the amended Share Award Scheme since the Amendment Date, the total number of shares that may be issued together with treasury shares that may be transferred under the Share Award Scheme was 309,145,185 shares, representing approximately 5.00% of the total number of shares in issue (excluding treasury shares) as at 7 April 2025, which was 6,182,903,702 shares.

### **(viii) Limit for Each Participant**

The maximum number of shares which may be subject to an award or awards to an eligible participant before the Amendment Date shall not in aggregate exceed 1% of the shares in issue (excluding treasury shares) from time to time. The maximum number of Shares which may be subject to an award or awards to an eligible participant on or after the Amendment Date shall not in aggregate exceed 1% of the shares in issue (excluding treasury shares) from time to time.

Unless approved by the shareholders in accordance with the Listing Rules, the total number of shares issued and to be issued (and for this purpose including the number of treasury shares transferred and to be transferred) in respect of all awards granted under the Share Award Scheme together with any options/awards granted under any other share schemes of the Company to each eligible participant (excluding any options/awards lapsed) in any 12-month period up to and including the date of such grant shall not exceed 1% of the total number of Shares in issue (excluding Treasury Shares) on the date of such grant.

Where any grant of awards to any director (other than an independent non-executive director) or chief executive of the Company (or any of their respective associates) would result in the shares issued and to be issued (and for this purpose including the number of treasury shares which transferred and to be transferred) in respect of all awards granted (excluding any awards lapsed) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue (excluding treasury shares) on the date of such grant; or where any grant of awards to an independent non-executive director or substantial shareholder of the Company (or any of their respective associates) would result in the number of shares issued and to be issued (and for this purpose including the number of treasury shares transferred and to be transferred) in respect of all options/awards granted (excluding any options/awards lapsed) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of shares in issue (excluding treasury shares) on the date of such grant, such further grant of awards must be approved by the shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.

### (ix) Details of Movement

For the year ended 31 December 2024, the Company granted 390,000, 720,000, 66,922,800 and 1,416,000 awarded shares to certain eligible participants in accordance with the terms of the Share Award Scheme on 27 March 2024, 4 July 2024, 24 October 2024 and 27 December 2024 respectively, for a total of 69,448,800 awarded shares. The number of awarded shares granted to the grantees was based on the positions, job tenures and performance evaluation results of the grantees. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on their performance evaluation results, the grantees receive different levels of ratings which may affect the vesting period and the number of awarded shares to be vested of each individual grantee.

# DIRECTORS' REPORT

## (x) Table of the Movements

For the year ended 31 December 2024, details of the movement of the awards granted under the Share Award Scheme are as follows:

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 31 December 2024
Xiong Shaoming ("Director")	2023/8/23	24,700	2024/8/23-2033/8/22	7.63	—	7.20	9.20	24,700	—	24,700	—	—	—
		24,700	2025/8/23-2033/8/22	7.63	—	7.20	NA	24,700	—	—	—	—	24,700
		24,700	2026/8/23-2033/8/22	7.63	—	7.20	NA	24,700	—	—	—	—	24,700
		24,700	2027/8/23-2033/8/22	7.63	—	7.20	NA	24,700	—	—	—	—	24,700
	2024/10/24	15,425	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	15,425	—	—	—	15,425
		15,425	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	15,425	—	—	—	15,425
		15,425	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	15,425	—	—	—	15,425
		15,425	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	15,425	—	—	—	15,425
Wang Guisheng ("Director")	2023/8/23	45,600	2024/8/23-2033/8/22	7.63	—	7.20	9.20	45,600	—	45,600	—	—	—
		45,600	2025/8/23-2033/8/22	7.63	—	7.20	NA	45,600	—	—	—	—	45,600
		45,600	2026/8/23-2033/8/22	7.63	—	7.20	NA	45,600	—	—	—	—	45,600
		45,600	2027/8/23-2033/8/22	7.63	—	7.20	NA	45,600	—	—	—	—	45,600
	2024/10/24	21,975	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	21,975	—	—	—	21,975
		21,975	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	21,975	—	—	—	21,975
		21,975	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	21,975	—	—	—	21,975
		21,975	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	21,975	—	—	—	21,975
		91,300	2026/04/30-2034/10/23	11.26	—	10.82	NA	—	91,300	—	—	—	91,300
		182,600	2027/04/30-2034/10/23	11.26	—	10.82	NA	—	182,600	—	—	—	182,600
		273,900	2028/04/30-2034/10/23	11.26	—	10.82	NA	—	273,900	—	—	—	273,900
		365,200	2029/04/30-2034/10/23	11.26	—	10.82	NA	—	365,200	—	—	—	365,200
Wang Xin ("Director")	2023/8/23	29,225	2024/8/23-2033/8/22	7.63	—	7.20	9.20	29,225	—	29,225	—	—	—
		29,225	2025/8/23-2033/8/22	7.63	—	7.20	NA	29,225	—	—	—	—	29,225
		29,225	2026/8/23-2033/8/22	7.63	—	7.20	NA	29,225	—	—	—	—	29,225
		29,225	2027/8/23-2033/8/22	7.63	—	7.20	NA	29,225	—	—	—	—	29,225
	2024/10/24	23,825	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	23,825	—	—	—	23,825
		23,825	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	23,825	—	—	—	23,825
		23,825	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	23,825	—	—	—	23,825
		23,825	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	23,825	—	—	—	23,825
		35,800	2026/04/30-2034/10/23	11.26	—	10.82	NA	—	35,800	—	—	—	35,800
		71,600	2027/04/30-2034/10/23	11.26	—	10.82	NA	—	71,600	—	—	—	71,600
		107,400	2028/04/30-2034/10/23	11.26	—	10.82	NA	—	107,400	—	—	—	107,400
		143,200	2029/04/30-2034/10/23	11.26	—	10.82	NA	—	143,200	—	—	—	143,200
Bu Zhiqiang ("Associate of director")	2023/8/23	11,200	2024/8/23-2033/8/22	7.63	—	7.20	9.20	11,200	—	11,200	—	—	—
		11,200	2025/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
		11,200	2026/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
		11,200	2027/8/23-2033/8/22	7.63	—	7.20	NA	11,200	—	—	—	—	11,200
	2024/10/24	6,450	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	6,450	—	—	—	6,450
		6,450	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	6,450	—	—	—	6,450
		6,450	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	6,450	—	—	—	6,450
		6,450	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	6,450	—	—	—	6,450
		5,000	2026/04/30-2034/10/23	11.26	—	10.82	NA	—	5,000	—	—	—	5,000
		10,000	2027/04/30-2034/10/23	11.26	—	10.82	NA	—	10,000	—	—	—	10,000
		15,000	2028/04/30-2034/10/23	11.26	—	10.82	NA	—	15,000	—	—	—	15,000
		20,000	2029/04/30-2034/10/23	11.26	—	10.82	NA	—	20,000	—	—	—	20,000

# DIRECTORS' REPORT

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 31 December 2024
Li Xiaoping ("Associate of director")	2023/8/23	7,300	2024/8/23-2033/8/22	7.63	—	7.20	9.20	7,300	—	7,300	—	—	—
		7,300	2025/8/23-2033/8/22	7.63	—	7.20	NA	7,300	—	—	—	—	7,300
		7,300	2026/8/23-2033/8/22	7.63	—	7.20	NA	7,300	—	—	—	—	7,300
		7,300	2027/8/23-2033/8/22	7.63	—	7.20	NA	7,300	—	—	—	—	7,300
	2024/10/24	8,150	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	8,150	—	—	—	8,150
		8,150	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	8,150	—	—	—	8,150
		8,150	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	8,150	—	—	—	8,150
		8,150	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	8,150	—	—	—	8,150
		8,000	2026/04/30-2034/10/23	11.26	—	10.82	NA	—	8,000	—	—	—	8,000
		16,000	2027/04/30-2034/10/23	11.26	—	10.82	NA	—	16,000	—	—	—	16,000
		24,000	2028/04/30-2034/10/23	11.26	—	10.82	NA	—	24,000	—	—	—	24,000
		32,000	2029/04/30-2034/10/23	11.26	—	10.82	NA	—	32,000	—	—	—	32,000
Yuan Xiang ("Associate of director")	2023/8/23	3,225	2024/8/23-2033/8/22	7.63	—	7.20	9.20	3,225	—	3,225	—	—	—
		3,225	2025/8/23-2033/8/22	7.63	—	7.20	NA	3,225	—	—	—	—	3,225
		3,225	2026/8/23-2033/8/22	7.63	—	7.20	NA	3,225	—	—	—	—	3,225
		3,225	2027/8/23-2033/8/22	7.63	—	7.20	NA	3,225	—	—	—	—	3,225
	2024/10/24	2,825	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	2,825	—	—	—	2,825
		2,825	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	2,825	—	—	—	2,825
		2,825	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	2,825	—	—	—	2,825
		2,825	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	2,825	—	—	—	2,825
Bu Weiqiang ("Associate of director")	2023/8/23	8,925	2024/8/23-2033/8/22	7.63	—	7.20	9.20	8,925	—	8,925	—	—	—
		8,925	2025/8/23-2033/8/22	7.63	—	7.20	NA	8,925	—	—	—	—	8,925
		8,925	2026/8/23-2033/8/22	7.63	—	7.20	NA	8,925	—	—	—	—	8,925
		8,925	2027/8/23-2033/8/22	7.63	—	7.20	NA	8,925	—	—	—	—	8,925
	2024/10/24	7,475	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	7,475	—	—	—	7,475
		7,475	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	7,475	—	—	—	7,475
		7,475	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	7,475	—	—	—	7,475
		7,475	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	7,475	—	—	—	7,475
		9,200	2026/04/30-2034/10/23	11.26	—	10.82	NA	—	9,200	—	—	—	9,200
		18,400	2027/04/30-2034/10/23	11.26	—	10.82	NA	—	18,400	—	—	—	18,400
		27,600	2028/04/30-2034/10/23	11.26	—	10.82	NA	—	27,600	—	—	—	27,600
		36,800	2029/04/30-2034/10/23	11.26	—	10.82	NA	—	36,800	—	—	—	36,800
Other employees ("not Directors")	2021/12/24	570,000	2024/4/1-2031/12/23	39.40	—	39.35	6.60	530,000	—	105,000	—	425,000	—
		570,000	2025/4/1-2031/12/23	39.40	—	39.35	NA	530,000	—	—	—	432,500	97,500
Other employees ("not Directors")	2021/12/24	90,000	2024/7/9-2031/12/23	39.40	—	39.35	8.44	70,000	—	70,000	—	—	—
		90,000	2025/7/9-2031/12/23	39.40	—	39.35	NA	70,000	—	—	—	—	70,000
Other employees ("not Directors")	2021/12/24	570,575	2023/9/30-2031/12/23	39.40	—	39.35	11.64	37,500	—	37,500	—	—	—
		570,575	2024/9/30-2031/12/23	39.40	—	39.35	11.64	470,050	—	265,000	—	80,050	125,000
		445,575	2025/9/30-2031/12/23	39.40	—	39.35	NA	345,050	—	—	—	81,675	263,375
Other employees ("not Directors")	2022/1/4	235,000	2024/1/4-2032/1/3	37.10	—	35.00	6.21	210,000	—	210,000	—	—	—
		235,000	2025/1/4-2032/1/3	37.10	—	35.00	NA	210,000	—	—	—	10,000	200,000
		235,000	2026/1/4-2032/1/3	37.10	—	35.00	NA	210,000	—	—	—	10,000	200,000
Other employees ("not Directors")	2022/4/19	1,588,500	2024/4/19-2032/4/18	18.46	—	17.18	6.77	1,308,750	—	1,239,500	—	69,000	250
		1,588,500	2025/4/19-2032/4/18	18.46	—	17.18	NA	1,308,750	—	—	—	222,750	1,086,000
		1,588,500	2026/4/19-2032/4/18	18.46	—	17.18	NA	1,308,750	—	—	—	222,750	1,086,000
		614,250	2027/4/19-2032/4/18	18.46	—	17.18	NA	482,250	—	—	—	76,250	406,000
Other employees ("not Directors")	2022/7/21	244,000	2024/7/21-2032/7/20	20.60	—	20.35	8.63	204,000	—	159,000	—	45,000	—
		244,000	2025/7/21-2032/7/20	20.60	—	20.35	NA	204,000	—	—	—	150,000	54,000
		244,000	2026/7/21-2032/7/20	20.60	—	20.35	NA	204,000	—	—	—	150,000	54,000

# DIRECTORS' REPORT

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2024	Granted during the period	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 31 December 2024
Other employees ("not Directors")	2022/11/10	171,000	2024/11/10-2032/11/09	11.02	—	10.70	10.74	136,000	—	108,875	—	17,125	10,000
		171,000	2025/11/10-2032/11/09	11.02	—	10.70	NA	136,000	—	—	—	17,125	118,875
		171,000	2026/11/10-2032/11/09	11.02	—	10.70	NA	136,000	—	—	—	17,125	118,875
Other employees ("not Directors")	2022/12/28	199,625	2024/12/28-2032/12/27	12.78	—	12.96	11.26	47,500	—	47,500	—	—	—
		199,625	2025/12/28-2032/12/27	12.78	—	12.96	NA	47,500	—	—	—	—	47,500
		199,625	2026/12/28-2032/12/27	12.78	—	12.96	NA	47,500	—	—	—	—	47,500
Other employees ("not Directors")	2023/4/19	433,000	2024/4/19-2033/4/18	9.95	—	9.62	6.77	389,250	—	314,250	—	75,000	—
		433,000	2025/4/19-2033/4/18	9.95	—	9.62	NA	389,250	—	—	—	230,000	159,250
		433,000	2026/4/19-2033/4/18	9.95	—	9.62	NA	389,250	—	—	—	230,000	159,250
		428,000	2027/4/19-2033/4/18	9.95	—	9.62	NA	384,250	—	—	—	225,000	159,250
Other employees ("not Directors")	2023/7/20	479,250	2024/7/20-2033/7/19	7.88	—	8.16	8.63	75,000	—	55,000	—	20,000	—
		479,250	2025/7/20-2033/7/19	7.88	—	8.16	NA	75,000	—	—	—	25,000	50,000
		479,250	2026/7/20-2033/7/19	7.88	—	8.16	NA	75,000	—	—	—	25,000	50,000
		479,250	2027/7/20-2033/7/19	7.88	—	8.16	NA	75,000	—	—	—	25,000	50,000
Other employees ("not Directors")	2023/8/23	6,144,675	2024/8/23-2033/8/22	7.63	—	7.20	9.20	6,047,025	—	5,755,225	—	290,900	900
		6,144,675	2025/8/23-2033/8/22	7.63	—	7.20	NA	6,047,025	—	—	—	466,625	5,580,400
		6,144,675	2026/8/23-2033/8/22	7.63	—	7.20	NA	6,047,025	—	—	—	466,625	5,580,400
		6,144,675	2027/8/23-2033/8/22	7.63	—	7.20	NA	6,047,025	—	—	—	466,625	5,580,400
Other employees ("not Directors")	2023/10/20	162,125	2024/10/20-2033/10/19	5.97	—	5.82	11.32	162,125	—	105,000	—	57,125	—
		162,125	2025/10/20-2033/10/19	5.97	—	5.82	NA	162,125	—	—	—	94,625	67,500
		162,125	2026/10/20-2033/10/19	5.97	—	5.82	NA	162,125	—	—	—	94,625	67,500
		162,125	2027/10/20-2033/10/19	5.97	—	5.82	NA	162,125	—	—	—	94,625	67,500
Other employees ("not Directors")	2024/3/27	97,500	2025/3/27-2034/3/26	6.55	—	6.60	NA	—	97,500	—	—	10,000	87,500
		97,500	2026/3/27-2034/3/26	6.55	—	6.60	NA	—	97,500	—	—	10,000	87,500
		97,500	2027/3/27-2034/3/26	6.55	—	6.60	NA	—	97,500	—	—	10,000	87,500
		97,500	2028/3/27-2034/3/26	6.55	—	6.60	NA	—	97,500	—	—	10,000	87,500
Other employees ("not Directors")	2024/7/4	180,000	2025/7/4-2034/7/3	8.57	—	8.68	NA	—	180,000	—	—	15,000	165,000
		180,000	2026/7/4-2034/7/3	8.57	—	8.68	NA	—	180,000	—	—	15,000	165,000
		180,000	2027/7/4-2034/7/3	8.57	—	8.68	NA	—	180,000	—	—	15,000	165,000
		180,000	2028/7/4-2034/7/3	8.57	—	8.68	NA	—	180,000	—	—	15,000	165,000
Other employees ("not Directors")	2024/10/24	231,375	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	231,375	—	—	—	231,375
		231,375	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	231,375	—	—	—	231,375
		231,375	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	231,375	—	—	—	231,375
		231,375	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	231,375	—	—	—	231,375
		5,159,450	2025/10/24-2034/10/23	11.26	—	10.82	NA	—	5,159,450	—	—	42,800	5,116,650
		5,159,450	2026/10/24-2034/10/23	11.26	—	10.82	NA	—	5,159,450	—	—	42,800	5,116,650
		5,159,450	2027/10/24-2034/10/23	11.26	—	10.82	NA	—	5,159,450	—	—	42,800	5,116,650
		5,159,450	2028/10/24-2034/10/23	11.26	—	10.82	NA	—	5,159,450	—	—	42,800	5,116,650
		4,352,200	2026/04/30-2034/10/23	11.26	—	10.82	NA	—	4,352,200	—	—	—	4,352,200
		8,704,400	2027/04/30-2034/10/23	11.26	—	10.82	NA	—	8,704,400	—	—	—	8,704,400
		13,056,600	2028/04/30-2034/10/23	11.26	—	10.82	NA	—	13,056,600	—	—	—	13,056,600
		17,408,800	2029/04/30-2034/10/23	11.26	—	10.82	NA	—	17,408,800	—	—	—	17,408,800
Other employees ("not Directors")	2024/12/27	204,000	2025/12/27-2034/12/26	10.10	—	11.26	NA	—	204,000	—	—	—	204,000
		204,000	2026/12/27-2034/12/26	10.10	—	11.26	NA	—	204,000	—	—	—	204,000
		204,000	2027/12/27-2034/12/26	10.10	—	11.26	NA	—	204,000	—	—	—	204,000
		204,000	2028/12/27-2034/12/26	10.10	—	11.26	NA	—	204,000	—	—	—	204,000
		60,000	2026/04/30-2034/12/26	10.10	—	11.26	NA	—	60,000	—	—	—	60,000
		120,000	2027/04/30-2034/12/26	10.10	—	11.26	NA	—	120,000	—	—	—	120,000
		180,000	2028/04/30-2034/12/26	10.10	—	11.26	NA	—	180,000	—	—	—	180,000
		240,000	2029/04/30-2034/12/26	10.10	—	11.26	NA	—	240,000	—	—	—	240,000
Five highest paid employees in total								1,379,900	5,912,400	338,725	—	—	6,953,575
Directors in total								398,100	1,515,900	99,525	—	—	1,814,475
Other grantees in total								33,684,900	62,020,500	8,163,775	—	5,184,325	82,357,300
Total								35,462,900	69,448,800	8,602,025	—	5,184,325	91,125,350

## Directors and Senior Management

The directors of the Company as at the date of this annual report are as follows:

### Executive Directors:

Mr. Chen Zhiping  
Mr. Xiong Shaoming  
Mr. Wang Guisheng  
Ms. Wang Xin

### Non-executive Director:

Ms. Jiang Min

### Independent Non-executive Directors:

Mr. Zhong Shan  
Mr. Yim Siu Wing, Simon  
Dr. Wang Gao

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

## Biographical Details of Directors and Senior Management

### Directors

- (1) **Mr. Chen Zhiping (陳志平)**, aged 49, is an executive Director, the chairman of the Board and the chief executive officer of the Group. Mr. Chen is principally responsible for the overall management and business operation of the Group, including coordinating Board affairs, formulating strategies and operational plans and making major business decisions. Mr. Chen has over 10 years of experience in the electronic vaping industry and is experienced in business management. Mr. Chen has been the key driver of our business strategies and achievements to date and continues to oversee the management of our operations and business.

Mr. Chen founded Smoore Shenzhen in 2009, and served as the chairman of the board and the general manager of Smoore Shenzhen before May 2021.

Mr. Chen received a bachelor's degree in economics majoring in marketing from Tongji University (同濟大學), Shanghai, in July 1999 and an executive master's degree in business administration from China Europe International Business School (中歐國際工商學院), in October 2014.

## DIRECTORS' REPORT

- (2) **Mr. Xiong Shaoming (熊少明)**, aged 54, is an executive Director and the vice president of the Group, and is primarily responsible for implementing the business objectives set by the Group and managing relevant daily operations of the Group.

Mr. Xiong joined Smoore Shenzhen in 2009 and has been serving as its vice general manager since then. Mr. Xiong has been serving as a supervisor and the chairman of the supervisory committee of Smoore Shenzhen since July 2015.

Mr. Xiong graduated from Wuhan University of Technology (武漢理工大學), Wuhan, majoring in materials management in June 1994 and received an executive master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in October 2021.

- (3) **Mr. Wang Guisheng (王貴升)**, aged 55, is an executive Director, the chief financial officer and joint company secretary of the Group. Mr. Wang Guisheng joined the Group in April 2018. Mr. Wang Guisheng is primarily responsible for financial planning and management and company secretarial matters of the Group. Mr. Wang Guisheng has over 20 years of experience in financial management, accounting, taxation and business management, and in particular, Mr. Wang Guisheng has over 15 years of experience working as director and senior management for publicly listed companies on the Stock Exchange and other stock exchanges in the PRC.

In November 2010, Mr. Wang Guisheng joined Man Wah Holdings Limited (敏華控股有限公司), a company listed on the Stock Exchange (stock code: 01999), where he was appointed as chief financial officer in January 2011 and also appointed as an executive director in May 2011 until he resigned in March 2018. Currently, Mr. Wang Guisheng is an independent non-executive Director of Xinyi Electric Storage Holdings Limited (信義儲電控股有限公司), formerly known as Xinyi Automobile Glass Hong Kong Enterprises Limited, a company listed on the GEM of the Stock Exchange (stock code: 08328). In addition, Mr. Wang Guisheng was an independent Director of Sunshine Global Circuits Co., Ltd. (深圳明陽電路科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300739), until 8 February 2022.

Mr. Wang Guisheng obtained a bachelor's degree in economics majoring in insurance from China Institute of Finance (中國金融學院) which was merged with and is currently known as University of International Business and Economics (對外經濟貿易大學), Beijing, in July 1993 and an executive master's degree in business administration from China Europe International Business School (中歐國際工商學院), in August 2014. Mr. Wang Guisheng has been a member of the Association of Chartered Certified Accountants ("ACCA") since April 2003, qualified as Certified Public Accountant with the Chinese Institute of Certified Public Accountants ("CICPA") in December 2009 and the HKICPA in July 2013.

- (4) **Ms. Wang Xin (王鑫)**, aged 41, an executive director of the Group, joined the Group in February 2016 and served as the vice general manager of the business division of the self-branded open system vaping devices or advanced personal vaporizers (“APV”) of Smoore Shenzhen, a wholly-owned subsidiary of the Company, where she was responsible for the marketing of its self-branded APV business. Currently, Ms. Wang is also the vice president of the Group, responsible for coordinating strategy implementation and coordinating management of international affairs, including but not limited to access to key global markets, international cooperation, etc.

Ms. Wang has approximately 20 years of experience in the consumer goods industry, including approximately 10 years of experience in the electronic vaping industry. Ms. Wang is currently the executive vice chairman (常務副理事長) of the Electronic Cigarette Professional Committee of China Electronics Chamber of Commerce (中國電子商會電子煙專業委員會), a member of the Board of Directors of Coalition of Manufacturers of Smoking Alternatives (CMSA), a member of the Board of Directors of Vapor Technology Association (VTA) and a member of Advisory Board of The Global Tobacco & Nicotine Forum (GTNF).

Ms. Wang obtained a bachelor's degree in Business English from Zhengzhou University (鄭州大學) in June 2004, a master's degree in Business Administration from South China University of Technology (華南理工大學) in June 2015 and an executive master's degree in Business Administration from China Europe International Business School (中歐國際工商學院) in September 2021.

- (5) **Ms. Jiang Min (江敏)**, aged 43, was appointed as a non-executive director of the Company on 28 December 2022.

Ms. Jiang joined EVE Energy in March 2016 and is currently a director, secretary of the board, vice president and chief financial officer of EVE Energy, who is responsible to oversee the office of the secretary of the board and the finance department. Ms. Jiang has been engaging in financial management for more than 10 years and has extensive experience in financial management and risk control.

Ms. Jiang obtained a bachelor's degree in accounting from Wuhan University (武漢大學) in June 2003 and has obtained the “Certificate of Qualification for Secretary of the Board” (《董事會秘書資格證書》) granted by the Shenzhen Stock Exchange.

- (6) **Mr. Zhong Shan (鍾山)**, aged 53, joined the Group in June 2020 as an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to the Board.

Mr. Zhong has extensive experience in financial business management. Currently, Mr. Zhong is the executive director and chief financial officer of InnoScience (Suzhou) Technology Holding Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 02577), which was listed on the Hong Kong Stock Exchange in December 2024) (“InnoScience”), primarily responsible for financial management, investment and financing. He was appointed as a director of InnoScience in July 2017, chief financial officer in September 2017 and executive director in May 2024.

From April 2007 to September 2017, Mr. Zhong was the non-executive director and a member of the strategy committee of the board of Livzon Pharmaceutical Group Inc. (麗珠醫藥集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000513) and the Hong Kong Stock Exchange (stock code: 01513).

From August 2006 to September 2017, Mr. Zhong served as the vice general manager of Joicare Pharmaceutical Group Industry Company Limited (健康元藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600380).

## DIRECTORS' REPORT

Mr. Zhong was designated as the member of ACCA Southern China Steering Team, a special committee to provide advice to the Guangzhou office of ACCA and promote ACCA's activities and operation in Southern China region, in May 2017.

Mr. Zhong graduated from the applied chemistry of the faculty of applied chemistry of Huaqiao University (華僑大學), Fujian, and obtained a diploma in July 1993. Mr. Zhong was admitted as a member of the ACCA in August 1999.

- (7) **Mr. Yim Siu Wing, Simon (閻小穎)**, aged 50, joined the Group in June 2020 as an independent non-executive Director who is primarily responsible for providing independent advice and judgment to the Board. Mr. Yim has approximately 20 years of experience in the financial industry. He has been serving as the chairman of the board of Winsome Group Holdings Limited (匯盛集團控股有限公司) since he founded it in May 2016. He worked at Nomura International (Hong Kong) Limited from August 2005 to May 2016 where his last position held was executive Director. Before Mr. Yim Siu Wing, Simon started his career in financial industry in 2005, he worked in legal field at Baker & McKenzie and Clifford Chance from September 1999 to January 2003 and February 2003 to July 2005, respectively. Mr. Yim has also been a member of the Chengdu Municipal Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議成都市委員會) since February 2009 and become a standing committee member since February 2013.

Mr. Yim received his bachelor's degree in law from City University of Hong Kong in November 1998 and Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong in June 1999. In addition, Mr. Yim received a master's degree in law majoring in Chinese and Comparative Law from City University of Hong Kong in November 2001. Mr. Yim Siu Wing, Simon was admitted as a Solicitor of the High Court of Hong Kong and the Supreme Court of England and Wales in November 2001 and February 2002, respectively.

- (8) **Dr. Wang Gao (王高)**, aged 60, joined the Group in June 2023 as an independent non-executive Director who is primarily responsible for providing independent advice and judgment to the Board. Dr. Wang served as the senior consultant of The Information Resources Limited of the United States, the senior manager of Strategy and Analysis Department of Minute Maid Branch under the Coca-Cola Company in the United States, the associate professor and the deputy of the Marketing Department under School of Economics and Management of Tsinghua University, and has been serving as the professor of marketing and the associate dean in China Europe International Business School (中歐國際工商學院) since January 2009.

Dr. Wang acquired his Bachelor degree in Demography from Renmin University of China (中國人民大學) in May 1988, obtained his Master's degree of Social Science from Yale University in May 1994, and Doctorate's degree of Sociology from Yale University in May 1998.

Dr. Wang has been an independent non-executive director of GOME Retail Holdings Limited (listed on the Hong Kong Stock Exchange, stock code: 00493) since June 2015; an independent director of Shanghai Phoenix Enterprise (Group) Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600679) since February 2022; an independent director of Kuaijishan Shaoxing Rice Wine Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601579) since February 2023; and an independent non-executive director of UJU Holding Limited (listed on the Hong Kong Stock Exchange, stock code: 01948) since October 2024.

Dr. Wang was an independent director of Anhui Gujing Distillery Company Limited (listed on the Shenzhen Stock Exchange, stock code: 000596) from June 2014 to June 2020, an independent director of Sineng Electric Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300827) from November 2015 to October 2021, an independent non-executive director of Yunji Inc. (listed on the NASDAQ, stock code: YJ) from May 2019 to May 2023, and an independent director of Canature Health Technology Group Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300272) from February 2018 to February 2024.

## Senior Management

- (9) **Mr. Luo Chunhua (羅春華)**, aged 54, is the general manager of operation department of the Group. Mr. Luo joined the Group in November 2010 as the head of our R&D Department. Mr. Luo is primarily responsible for overseeing the business development of the Group. Mr. Luo has over 10 years of experience in management and research and development of electric appliance. Prior to joining the Group, Mr. Luo worked at various positions specializing in technology development. From July 1998 to February 2008, Mr. Luo was the vice manager at Dongguan VTech Electronic Communication Equipment Factory (東莞偉易達電子通訊設備廠) of Dongguan VTech Group (東莞偉易達集團). Since January 2008, Mr. Luo served as a manager responsible for management and professional technology for approximately three years at Guangzhou Mingmei Technology Co., Ltd. (廣州名美科技有限公司), previously known as Guangzhou Mingmei Electronics Co., Ltd. (廣州明美電子有限公司). Mr. Luo graduated from an undergraduate program at the school of radio engineering of Beijing Institute of Technology (北京理工大學), Beijing, in July 1992 and received a master's degree in engineering majoring in electronics and communication engineering from South China University of Technology (華南理工大學), Guangzhou, in January 2007 and received a master's degree in business administration from China Europe International Business School (中歐國際工商學院), in November 2017.
- (10) **Mr. Pan Weidong (潘衛東)**, aged 49, is the general manager of technology center of the Group since he joined us in April 2014. Mr. Pan Weidong is primarily responsible for overseeing the research and development of our products. Mr. Pan Weidong has over 10 years of experience in business operation and research and development. Prior to joining the Group, Mr. Pan Weidong served as a director of operation at Shenzhen Youhesheng Communication Technology Co. Ltd. (深圳優合勝通信技術有限公司) from March 2010 to March 2014. Mr. Pan Weidong graduated from an undergraduate program in thermal processing technology and equipment from Hubei University of Automotive Technology (湖北汽車工業學院), Shiyan, in June 1997 and received a master's degree in business administration from China Europe International Business School (中歐國際工商學院), in August 2017.

## Joint Company Secretaries

**Mr. Wang Guisheng (王貴升)**, is the joint company secretary of the Company. For the biographical details of Mr. Wang, please refer to the paragraph headed "Directors and Senior Management — Directors" above.

## DIRECTORS' REPORT

**Ms. Cheng Choi Ha (鄭彩霞)**, was appointed as the joint company secretary of the Company with effect from the Listing Date of the Company (i.e. 10 July 2020). Ms. Cheng is currently a senior manager of the Company Secretarial Services Division of Tricor Services Limited, which is a member of Vistra Group and an Asia's leading business expansion specialist specializing in integrated business, corporate and investor services. She is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute (formerly known as Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Cheng holds a bachelor's degree in Business Administration. Ms. Cheng has over 15 years of experience in the corporate service field. She has been providing professional corporate services to Hong Kong listed companies, as well as multinational, private and offshore companies. Ms. Cheng is a core team member for providing company secretarial services to various companies listed on The Stock Exchange of Hong Kong Limited.

### Service Contracts and Appointment Agreements of the Directors

#### a. Service Contracts of the Executive Directors

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

The total remuneration of each executive Director is determined by the remuneration package formulated by the Board or Remuneration Committee. If any part of the remuneration is subject to the approval of the general meeting in accordance with applicable laws and regulations and the Listing Rules, such part of the remuneration shall only be effective upon the approval of the General Meeting.

Pursuant to the terms of their respective service contracts, each executive Director is entitled to an annual discretionary management bonus, in addition to the Directors' remuneration, to be approved by the Board or the Remuneration Committee. In assessing the total amount of discretionary bonuses for the executive Directors, the Board or the Remuneration Committee shall take into account the overall performance of the Listing Group in each Review Period, as well as the individual performance of each executive director in each Review Period and the period of service completed.

#### b. Appointment Agreements of the Non-executive Directors and Independent Non-executive Directors

Each of the non-executive Director and independent non-executive Directors has entered into an appointment agreement with the Company for a term of three years, subject to the Articles of Association of the Company and the Listing Rules, until the agreement is terminated in accordance with the terms of the respective appointment agreement. Pursuant to their respective appointment agreements, the appointment agreements are automatically terminated upon the occurrence of certain events as specified therein. Each of the independent non-executive Directors is entitled to a fixed annual director's remuneration in accordance with the terms of the respective appointment agreement.

None of the directors who intend to be re-elected at the forthcoming annual general meeting has a service contract with the Company which was not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

### Change of Director Information

As of the date of this annual report, the total annual fixed salary of Mr. Wang Guisheng, an executive director, is RMB 2,717,040 and the total annual fixed salary of Ms. Wang Xin, an executive Director, is RMB 940,560. The annual fixed salaries have been covered by the director's service contracts. In addition to the above annual fixed salaries, the above executive directors will be entitled to receive additional management bonuses for each completed year of service, the amount of which shall be determined by the Board and the Remuneration Committee. When determining discretionary bonuses, the Board and the Remuneration Committee will consider the overall annual performance of the Group as well as the annual individual performance and completed service period of the above executive directors.

Dr. Wang Gao, an independent non-executive Director of the Group, was an independent Director of Canature Health Technology Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300272), until February 2024. Since October 2024, Dr. Wang Gao has been an independent non-executive director of UJU Holding Limited (listed on the Hong Kong Stock Exchange, stock code: 01948). Mr. Zhong Shan, an independent non-executive Director of the Group, serves as an executive director and chief financial officer of InnoScience (Suzhou) Technology Holding Co., Ltd. which was listed on the Hong Kong Stock Exchange in December 2024 (stock code: 02577).

Save as disclosed above, as of the date of this annual report, there were no changes to the information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which a Director or an entity connected with a Director was a party and in which the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2024 and on 31 December 2024.

### Directors' Interests in Competing Business

For the year ended 31 December 2024, none of the Directors had any interest in any business which competes with the Company or any of its subsidiaries.

### Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, during the year ended 31 December 2024, neither the Company nor its holding company, subsidiaries or fellow subsidiaries was a party to any arrangement that would enable the Directors or any of their spouses or children under the age of 18 to obtain benefits through the acquisition of shares or debentures of the Company or any other corporation.

# DIRECTORS' REPORT

## Permitted Indemnity Provision

Pursuant to the Articles of Association of the Company and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favor, or in which he is acquitted. The Company has taken out liability insurance for all Directors during the year ended 31 December 2024.

## Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any of Its Associated Corporations

As at 31 December 2024, the interests and short positions of Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors or Chief executive		Notes	Nature of interest	Long/short position	Ordinary shares held	Approximate percentage of the total number of issued shares <sup>(Note 1)</sup>
Chen Zhiping	(2)		Interest in controlled corporation	Long position	2,073,708,600	33.56%
	(3)		Interest of concert party	Long position	280,201,400	4.53%
	(4)		Beneficial owner	Long position	61,000,000	0.99%
	(5)		Others	Long position	1,440,300	0.0233%
Xiong Shaoming	(6)		Interest in controlled corporation	Long position	280,201,400	4.53%
	(7)		Interest of concert party	Long position	1,997,635,600	32.33%
	(8)		Beneficial owner	Long position	1,440,300	0.0233%
	(9)		Others	Long position	137,073,000	2.22%
Wang Guisheng	(10)		Interest in controlled corporation	Long position	12,000,000	0.19%
	(11)		Beneficial owner	Long position	4,011,700	0.0649%
Wang Xin	(12)		Interest in controlled corporation	Long position	1,243,000	0.0201%
	(13)		Beneficial owner	Long position	1,590,700	0.0257%

## Notes:

- (1) The percentage is calculated based on the total number of shares of the Company in issue as at 31 December 2024, which was 6,179,827,296 shares.
- (2) Mr. Chen Zhiping holds all the issued shares of SMR & Alon Limited, which in turn directly holds 1,997,635,600 shares of the Company. In addition, Mr. Chen holds all the issued shares of CZPGJ Holding Limited, which in turn directly holds 76,073,000 shares of the Company. Accordingly, Mr. Chen is deemed to be interested in the 2,073,708,600 shares of the Company held by SMR & Alon Limited and CZPGJ Holding Limited.
- (3) By virtue of Section 317 of the SFO and the concert party agreement entered into between Mr. Chen Zhiping and Mr. Xiong Shaoming on 11 December 2019 (the **"Concert Party Agreement"**), Mr. Chen Zhiping is deemed to be interested in the 280,201,400 shares of the Company in which Mr. Xiong Shaoming has an interest.
- (4) These represent the 61,000,000 shares of the Company to be issued upon the exercise of share options conditionally granted to Mr. Chen Zhiping on 27 December 2024 under the Post-IPO Share Option Scheme. On 18 February 2025, the requisite shareholders' approval was obtained and all conditions to the grant of such options have been satisfied. Vesting of up to 30%, 60% and 100% of these options will only occur if the average market capitalisation of the Company for any 15 consecutive business days first reaches HK\$300,000,000,000, HK\$400,000,000,000 or HK\$500,000,000,000, respectively, during the period between 1 January 2025 and 31 December 2030. For more details, please refer to the Company's announcement dated 27 December 2024 and the Company's circular dated 8 January 2025.
- (5) By virtue of Section 318 of the SFO, apart from the Concert Party Agreement, Mr. Chen Zhiping is deemed to be interested in the 1,440,300 shares in which Mr. Xiong Shaoming has an interest.
- (6) Mr. Xiong Shaoming holds all the issued shares of Andy Xiong Holding Limited, which in turn directly holds 280,201,400 shares of the Company. Accordingly, Mr. Xiong is deemed to be interested in the 280,201,400 shares of the Company held by Andy Xiong Holding Limited.
- (7) By virtue of Section 317 of the SFO and the Concert Party Agreement, Mr. Xiong Shaoming is deemed to be interested in the 1,997,635,600 shares of the Company in which Mr. Chen Zhiping has an interest.
- (8) Mr. Xiong Shaoming beneficially holds a total interest of 1,440,300 shares, including 1,279,800 share options granted by the Company to Mr. Xiong Shaoming under the Post-IPO Share Option Scheme, and 160,500 share awards granted by the Company to Mr. Xiong Shaoming under the Share Award Scheme.
- (9) By virtue of Section 318 of the SFO, apart from the Concert Party Agreement, Mr. Xiong Shaoming is deemed to be interested in the 137,073,000 shares of the Company in which Mr. Chen Zhiping has an interest.
- (10) Mr. Wang Guisheng holds all the issued shares of Sunrise & Rainbow Holding Limited, which in turn directly holds 12,000,000 shares of the Company. Accordingly, Mr. Wang is deemed to be interested in the 12,000,000 shares of the Company held by Sunrise & Rainbow Holding Limited.
- (11) Mr. Wang Guisheng beneficially holds a total interest of 4,011,700 shares, including 2,828,400 share options granted by the Company to Mr. Wang Guisheng under the Post-IPO Share Option Scheme, and 1,183,300 share awards granted by the Company to Mr. Wang Guisheng under the Share Award Scheme.
- (12) Ms. Wang Xin holds all the issued shares of WXGJ Holding Limited, which in turn directly holds 1,243,000 shares of the Company. Accordingly, Ms. Wang is deemed to be interested in the 1,243,000 shares of the Company held by WXGJ Holding Limited.
- (13) Ms. Wang Xin beneficially holds a total interest of 1,590,700 shares, including (i) 61,000 shares of the Company beneficially held by Ms. Wang Xin; (ii) 959,500 share options granted by the Company to Ms. Wang Xin under the Post-IPO Share Option Scheme; and (iii) 570,200 share awards granted by the Company to Ms. Wang Xin under the Share Award Scheme.

## DIRECTORS' REPORT

### Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2024, so far as the Directors are aware, the following parties (other than Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Notes	Nature of interest	Long/short position	Ordinary shares held	Approximate percentage of the total number of issued shares <sup>(Note 1)</sup>
SMR & Alon Limited	(2)	Beneficial owner	Long position	1,997,635,600	32.33%
Zhao Zihan	(3)	Interest of spouse	Long position	2,416,350,300	39.10%
Han Xiao	(4)	Interest of spouse	Long position	2,416,350,300	39.10%
EVE BATTERY INVESTMENT LTD.	(5)	Beneficial owner	Long position	1,901,520,000	30.77%
	(6)	Beneficial owner	Short position	60,909,821	0.99%
EVE Asia Co., Limited	(5)	Interest in controlled corporation	Long position	1,901,520,000	30.77%
	(6)	Interest in controlled corporation	Short position	60,909,821	0.99%
EVE Energy	(5)	Interest in controlled corporation	Long position	1,901,520,000	30.77%
	(6)	Interest in controlled corporation	Short position	60,909,821	0.99%
Liu Jincheng	(7)	Interest in controlled corporation	Long position	1,950,240,000	31.56%
	(6)	Interest in controlled corporation	Short position	60,909,821	0.99%
Luo Jinhong	(8)	Interest of spouse	Long position	1,950,240,000	31.56%
	(8)	Interest of spouse	Short position	60,909,821	0.99%

### Notes:

- (1) The percentage is calculated based on the total number of shares of the Company in issue as at 31 December 2024, which was 6,179,827,296 shares.
- (2) SMR & Alon Limited is beneficially and wholly owned by Mr. Chen Zhiping. Mr. Chen is therefore deemed to be interested in the shares of the Company held by SMR & Alon Limited under the SFO.
- (3) Ms. Zhao Zihan is the spouse of Mr. Chen Zhiping. Under the SFO, Ms. Zhao Zihan is deemed to be interested in the same number of shares of the Company in which Mr. Chen is interested in.
- (4) Ms. Han Xiao is the spouse of Mr. Xiong Shaoming. Under the SFO, Ms. Han Xiao is deemed to be interested in the same number of shares of the Company in which Mr. Xiong is interested in.
- (5) EVE BATTERY INVESTMENT LTD. ("**EVE Battery**") is an investment holding company wholly owned by EVE Asia Co., Limited which is a wholly owned subsidiary of EVE Energy. EVE Energy is ultimately controlled by Dr. Liu Jincheng and Ms. Luo Jinhong (spouse of Dr. Liu).
- (6) References are made to the announcements of the Company dated 12 November 2021, 30 June 2022, 4 November 2022, 3 July 2023, 12 October 2023 and 5 August 2024. On 5 August 2024, the Company was informed by EVE Battery that dividend of the Company was received for the Exchange Property (as defined in these announcements) on 19 June 2024. Therefore, EVE Battery has pledged an additional 331,176 shares it holds to the specific trust account. After completion of the additional pledge for the year, the Exchange Property includes 60,909,821 shares. On 7 January 2025, the Company was informed by EVE Battery that, the Bonds (as defined in these announcements) had been delisted from The Stock Exchange of Hong Kong Limited on 23 December 2024, and as a result EVE Battery's pledge of 60,909,821 shares was fully released.
- (7) Dr. Liu Jincheng holds all the issued shares of Golden Energy Global Investment Ltd., which in turn directly holds 48,720,000 shares of the Company. In addition, Dr. Liu through EVE Energy and EVE Asia Co., Limited ultimately controls EVE Battery, which in turn directly holds 1,901,520,000 shares of the Company. Accordingly, Dr. Liu is deemed to be interested in an aggregate of 1,950,240,000 shares of the Company held by Golden Energy Global Investment Ltd. and EVE Battery.
- (8) Ms. Luo Jinhong is the spouse of Dr. Liu Jincheng. Under the SFO, Ms. Luo Jinhong is deemed to be interested in the same number of Shares in which Dr. Liu is interested in.

## Management Contract

No contracts concerning the managing and handling of the overall business or any material part of the business of the Group were entered into or existed by the Group for the year ended 31 December 2024.

## Pre-emptive Rights

There is no provision for pre-emptive right requiring the Company to grant its existing shareholders these rights in proportion to their shareholdings when issuing new shares under the Articles of Association of the Company and the laws of Cayman Islands.

## DIRECTORS' REPORT

### Pledge of Shares by Controlling Shareholder

Reference is made to the announcements of the Company dated 31 December 2020, 7 July 2021, 11 April 2022, 20 July 2023 and 21 May 2024. As at 21 May 2024, EVE Asia Co., Limited, the parent company of EVE Battery, had repaid all outstanding amounts of approximately HKD 0.8 billion under the loan facilities granted by CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED (“**CHINA CONSTRUCTION BANK (ASIA)**”) and accordingly, the pledge of 0.3 billion shares of the Company by EVE Battery has been fully released and cancelled pursuant to the relevant pledge agreement between EVE Battery and CHINA CONSTRUCTION BANK (ASIA).

### Exchangeable Bonds Issued by Controlling Shareholder

Reference is made to the announcements of the Company dated 12 November 2021, 30 June 2022, 4 November 2022, 3 July 2023 and 12 October 2023. On 5 August 2024, the Company was informed by EVE Battery that dividend of the Company was received for the Exchange Property on 19 June 2024. Therefore, EVE Battery has pledged an additional 331,176 shares it holds to the specific trust account. After completion of the additional pledges for the year, the Exchange Property included 60,909,821 shares.

On 7 January 2025, the Company was notified by EVE Battery that the Bonds were delisted from the Stock Exchange of Hong Kong Limited on 23 December 2024, and accordingly, all of the 60,909,821 Shares pledged by it have been released from their pledged status.

### Continuing Connected Transactions

Please refer to the section headed “Continuing Connected Transactions” of this annual report.

### Corporate Governance

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

For the year ended 31 December 2024, the Company had applied the principles and complied with all code provisions (except for C.2.1 of the CG Code) and, where applicable, the recommended best practices of the CG Code as set out in Appendix C1 to the Listing Rules.

For details of the Company’s corporate governance, please refer to the “Corporate Governance Report” of the Company.

### Environmental Policies and Performance

The Group recognizes the importance of protecting the environment and strives to minimize the impact to the environment by reducing use of energies and other resources. Please refer to the “Environmental, Social and Governance Report” of the Company for further information of the environmental policies and performance.

## Use of Proceeds from the Global Offering

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 10 July 2020 by offering a total of 660,504,000 shares (including the issuance of the over-allotment shares upon the full exercise of the over-allotment option) at offer price of HK\$12.40 per share. The gross and net proceeds raised by the Company from the Listing were approximately HK\$8,190.3 million and approximately HK\$7,909.9 million, respectively.

The net proceeds from the Listing have been and will be utilized in the same manner and proportion as set out in the prospectus of the Company dated 29 June 2020 under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2024:

Use of proceeds	Approximate percentage of total amount	Amount of net proceeds allocated upon Listing (HK\$ million)	Actual usage During the Review Period (HK\$ million)	Actual usage up to 31 December 2024 (HK\$ million)	Unutilized amount as at 31 December 2024 (HK\$ million)	Expected timeline
(i) Expand our production capacity, including the establishment of industrial parks in Jiangmen and Shenzhen, Guangdong province**	50%	3,954.9	134.9	1,331.2	2,623.7	By the end of 2026
(ii) Implement automated production and assembly lines at our new production bases, upgrade our group-level ERP system and upgrade our existing factories	25%	1,977.5	—	1,977.5	—	—
(iii) Invest in research and development, including building a group-level research center in Shenzhen, developing new heating technology and paying for product certification expenses	20%	1,582.0	77.5	1,582.0	—	—
(iv) Provide funding for our working capital and other general corporate purposes	5%	395.5	—	395.5	—	—
	100%	7,909.9	212.4	5,286.2	2,623.7	

\* The figures above are rounded to the nearest one decimal place and may not add up due to rounding.

\*\* According to the Measures for the Administration of Electronic Cigarettes ("**Administrative Measures**") published on 11 March 2022, e-cigarette manufacturers should obtain tobacco monopoly production enterprise license. The Group has obtained the relevant licenses, and any future expansion of production capacity must comply with the relevant regulations.

# DIRECTORS' REPORT

## Placing

On 27 January 2021, the Company, Aletech Holding Limited (“**Top-up Vendor**”), and CLSA Limited (“**Placing Agent**”) entered into the placing and subscription agreement. Pursuant to which, the Top-up Vendor agreed to sell, and the Placing Agent agreed to procure purchasers to purchase, the 60,000,000 shares of the Company held by Top-up Vendor at a price of HK\$74.40 per share (the “**Placing**”). Subject to completion of the Placing, the Top-up Vendor agreed to subscribe for 60,000,000 new shares of the Company at a subscription price of HK\$74.40 per share (the “**Subscription**”). The net share price for the Subscription after deduction of all expenses incurred by the Top-up Vendor, including legal fees and fees of other advisers, in connection with the Subscription is approximately HK\$74.09 per subscription share. The market price of the shares on the date when the terms of the Placing and Subscription were determined (i.e. 27 January 2021) was HK\$80.

The Placing and the Subscription were completed on 1 February 2021 and 4 February 2021, respectively. The Company’s net proceeds for the Placing and Subscription (after deducting related costs and expenses) were approximately HK\$4,445.5 million, equivalent to approximately RMB3,705.6 million.

For details of the Placing and Subscription, please refer to the Company’s announcements dated 27 January 2021, 28 January 2021 and 4 February 2021.

The intended and actual use of proceeds from the Placing and Subscription up to 31 December 2024 are set out as follows:

Use of proceeds	Approximate percentage of total amount	Amount of net proceeds allocated (HK\$ million)	Actual usage During the Review Period (HK\$ million)	Actual usage up to 31 December 2024 (HK\$ million)	Unutilized amount as at 31 December 2024 (HK\$ million)	Expected timeline
(i) Expansion of production capacity*	55%	2,445.0	131.3	581.3	1,863.7	By the end of 2026
(ii) Allocating more resources and funds in the PMTA application for more products rollout in the market of the United States once approved	10%	444.5	—	—	444.5	By the end of 2026
(iii) Investing in the R&D on the atomization devices for healthcare and pharmaceutical industry	35%	1,556.0	—	1,556.0	—	—
	100%	4,445.5	131.3	2,137.3	2,308.2	

\* According to the Administrative Measures published on 11 March 2022, e-cigarette manufacturers should obtain tobacco monopoly production enterprise license. The Group has obtained the relevant licenses, and any future expansion of production capacity must comply with the relevant regulations.

## Adequacy of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public as at 31 December 2024.

## Compliance with Relevant Laws and Regulations

During the year ended 31 December 2024, to the knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

## Material Litigation

The Company was not involved in any material litigation or arbitration during the year ended 31 December 2024. Nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.

## Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules. The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhong Shan, Mr. Yim Siu Wing, Simon and Dr. Wang Gao. Mr. Zhong Shan is the Chairman of the Audit Committee. His expertise in accounting, auditing and finance enables him to lead the Audit Committee.

The principal responsibilities of the Audit Committee are to conduct critical and objective reviews of the Group's financial and accounting practices, risk management and internal controls. These include determining the nature and scope of statutory audit, reviewing the Group's interim and annual accounts and assessing the completeness and effectiveness of the Group's accounting and financial controls.

The terms of reference of the Audit Committee are consistent with the recommendations as set out in A Guide for Effective Audit Committee published by the HKICPA and the provisions of the CG Code, and are updated and amended according to the relevant requirements from time to time.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024. It has also discussed with the Company's senior management and auditors regarding the accounting policies, risk management and internal control adopted by the Company.

## Auditor

The consolidated financial statements of the Group as of 31 December 2024 have been audited by Deloitte Touche Tohmatsu, who is eligible for election at the forthcoming annual general meeting. There has been no change in auditors of the Group during the past three years.

## Events after the Review Period

There are no major events after 31 December 2024 that are required to be disclosed by the Company.

## INDEPENDENT AUDITOR'S REPORT

# Deloitte.

# 德勤

### TO THE SHAREHOLDERS OF SMOORE INTERNATIONAL HOLDINGS LIMITED

思摩爾國際控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

### Opinion

We have audited the consolidated financial statements of Smoore International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 91 to 176, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

### Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have 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.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<b><i>Revenue recognition of sales of goods</i></b>	
During the year, the majority of the Group's revenue was contributed from the sales of goods.	Our procedures in relation to revenue recognition of sales of goods included:
We identified revenue recognition of sales of goods as a key audit matter due to its financial significance to the consolidated financial statements.	<ul style="list-style-type: none"> <li>Obtaining an understanding of the Group's revenue recognition process and evaluating the effectiveness of the key controls over revenue recognition in respect of sales of goods;</li> </ul>
The Group recognises revenue from sales of goods at a point in time when the control of the goods is transferred to the customers, pursuant to the terms of the contracts entered into between the Group and its customers.	<ul style="list-style-type: none"> <li>Communicating with the component auditor on the Group audit requirements and overseeing its overall risk assessment, audit strategy, and the execution of the audit through group audit instructions and meeting with the component auditor, and the review of audit documentation prepared by them;</li> </ul>
Details of the accounting policies for revenue recognition of sales of goods and an analysis of revenue are disclosed in Note 5, to the consolidated financial statements.	<ul style="list-style-type: none"> <li>Inspecting the sale orders, on a sample basis, to understand the terms of the sales transactions and evaluating the appropriateness of the Group's revenue recognition of sales of goods policies with reference to the requirements of the prevailing accounting standards;</li> <li>Performing analytical procedures to major customers to identify unusual fluctuations and reviewing supporting documents to support the analysis;</li> <li>Performing analytical procedures to compare revenue and gross margin with those reported in prior periods for identifying unusual fluctuations, and obtaining explanations from management about such fluctuations; and</li> <li>Verifying sales transactions of the Group by tracing the transactions to the corresponding supporting documents, such as sales invoices, delivery notes and bank slip on a sample basis.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

## Other Information

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

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

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

## Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

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

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

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

## INDEPENDENT AUDITOR'S REPORT

From the matters communicated with those charged with governance, 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 the independent auditor's report is Chow Tsz Ki.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

17 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	<b>11,798,662</b>	11,203,250
Cost of revenue		<b>(7,386,693)</b>	(6,862,339)
Gross profit		<b>4,411,969</b>	4,340,911
Other income and expenses	6(a)	<b>721,775</b>	612,682
Other gains and losses	6(b)	<b>(14,584)</b>	(103,740)
Distribution and selling expenses		<b>(919,552)</b>	(526,238)
Administrative expenses		<b>(914,109)</b>	(867,154)
Research and development expenses		<b>(1,572,313)</b>	(1,482,846)
Finance costs	7	<b>(37,863)</b>	(27,192)
Impairment loss recognised on trade receivables, net		<b>(20,280)</b>	(9,884)
Profit before tax		<b>1,655,043</b>	1,936,539
Income tax expense	8	<b>(351,788)</b>	(291,449)
Profit for the year	9	<b>1,303,255</b>	1,645,090
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>113,658</b>	(78,620)
Other comprehensive income (expense) for the year		<b>113,658</b>	(78,620)
Total comprehensive income for the year		<b>1,416,913</b>	1,566,470
Earnings per share	12		
Basic (RMB cents)		<b>21.42</b>	27.01
Diluted (RMB cents)		<b>21.22</b>	26.67

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	13	4,637,073	4,675,648
Intangible assets	14	196,363	90,126
Deposits paid for acquisition of property, plant and equipment		258,745	97,777
Deferred tax assets	16	34,904	34,120
Long-term bank deposits	15(a)	3,106,699	1,017,889
Rental deposits	20	21,449	21,972
Other financial assets	17	2,552,717	—
		<b>10,807,950</b>	5,937,532
<b>Current assets</b>			
Inventories	18	910,425	781,204
Trade and bills receivables	19	2,084,825	1,888,208
Other receivables, deposits and prepayments	20	769,816	729,271
Restricted bank deposits	15(b)	590,195	4,116
Short-term bank deposits over three months	15(c)	7,319,610	10,835,877
Bank balances and cash	15(d)	5,170,700	5,332,076
Financial assets at fair value through profit or loss ("FVTPL")		857	—
		<b>16,846,428</b>	19,570,752
<b>Current liabilities</b>			
Trade and bills payables	21	1,369,576	1,269,804
Other payables and accrued expenses	22	1,721,052	1,478,708
Tax payables		76,638	61,822
Contract liabilities	23	399,947	242,395
Lease liabilities	24	115,789	118,415
Deferred income	25	1,863	2,166
Advances drawn on bills receivables discounted with recourse	26	1,574,500	393,023
		<b>5,259,365</b>	3,566,333
<b>Net current assets</b>		<b>11,587,063</b>	16,004,419
<b>Total assets less current liabilities</b>		<b>22,395,013</b>	21,941,951

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities	24	190,214	264,957
Deferred income	25	13,965	4,992
Deferred tax liabilities	16	286,123	262,393
		490,302	532,342
<b>Net assets</b>		21,904,711	21,409,609
<b>Capital and reserves</b>			
Share capital	27	431,299	428,272
Reserves		21,465,789	20,981,337
Equity attributable to owners of the Company		21,897,088	21,409,609
Non-controlling interests		7,623	—
<b>Total equity</b>		21,904,711	21,409,609

The consolidated financial statements on pages 91 to 176 were approved and authorised for issue by the Board of Directors on 17 March 2025 and are signed on its behalf by:

**Chen Zhiping**  
Executive Director

**Wang Guisheng**  
Executive Director and Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital	Share premium	Capital redemption reserve	Translation reserve	Share option reserve	Share award reserve	Shares held under share award scheme	Statutory reserve	Other reserve	Retained profits	Subtotal	Non-controlling Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note iii)	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	424,043	8,669,968	1,313	(15,358)	467,869	93,281	(134,513)	50,116	(1,194,032)	12,014,521	20,377,208	—	20,377,208
Profit for the year	—	—	—	—	—	—	—	—	—	1,645,090	1,645,090	—	1,645,090
Other comprehensive expense for the year	—	—	—	(78,620)	—	—	—	—	—	—	(78,620)	—	(78,620)
Recognition of share-based payment expenses	—	—	—	—	193,284	103,175	—	—	—	—	296,459	—	296,459
Exercise of share options	4,229	150,478	—	—	(132,261)	—	—	—	—	—	22,446	—	22,446
Vesting of shares under share award scheme	—	7,707	—	—	—	(60,723)	53,016	—	—	—	—	—	—
Purchase of shares under share award scheme	—	—	—	—	—	—	(134,131)	—	—	—	(134,131)	—	(134,131)
Transfer to statutory reserve	—	—	—	—	—	—	—	16,171	—	(16,171)	—	—	—
Dividends recognised as distribution (Note 11)	—	(720,120)	—	—	—	—	1,277	—	—	—	(718,843)	—	(718,843)
At 31 December 2023	428,272	8,108,033	1,313	(93,978)	528,892	135,733	(214,351)	66,287	(1,194,032)	13,643,440	21,409,609	—	21,409,609
Profit for the year	—	—	—	—	—	—	—	—	—	1,303,255	1,303,255	—	1,303,255
Other comprehensive income for the year	—	—	—	113,658	—	—	—	—	—	—	113,658	—	113,658
Recognition of share-based payment expenses	—	—	—	—	99,131	99,221	—	—	—	—	198,352	—	198,352
Recognition of share-based payment expenses of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	7,623	7,623
Exercise of share options	3,027	119,667	—	—	(94,096)	—	—	—	—	—	28,598	—	28,598
Lapsed of share options	—	—	—	—	(128,106)	—	—	—	—	128,106	—	—	—
Vesting of shares under share award scheme	—	13,257	—	—	—	(85,389)	72,132	—	—	—	—	—	—
Lapsed of shares under share award scheme	—	—	—	—	—	(54,683)	—	—	—	54,683	—	—	—
Purchase of shares under share award scheme	—	—	—	—	—	—	(603,738)	—	—	—	(603,738)	—	(603,738)
Transfer to statutory reserve	—	—	—	—	—	—	—	9,427	—	(9,427)	—	—	—
Dividends recognised as distribution (Note 11)	—	(559,877)	—	—	—	—	7,231	—	—	—	(552,646)	—	(552,646)
At 31 December 2024	431,299	7,681,080	1,313	19,680	405,821	94,882	(738,726)	75,714	(1,194,032)	15,120,057	21,897,088	7,623	21,904,711

\* Less than RMB1,000

Notes:

- (i) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), each of the subsidiaries established in the PRC is required to transfer at least 10% of its profit after taxation to the statutory reserve until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.
- (ii) Other reserve represents i) the difference between the share capital and share premium of Smoore Shenzhen Technology Co, Ltd (深圳麥克韋爾科技有限公司) ("Smoore Shenzhen"), a subsidiary of the Company, and cash considerations for the acquisition of 95% and 5% interest in Smoore Shenzhen by Smoore (Hong Kong) Limited ("Smoore HK") and Smile Baby Investment Limited ("SBI Limited"), the wholly-owned subsidiaries of the Company, respectively; and ii) the difference between the par value and fair value of convertible preferred shares of the Company at the date of issuance as part of the group reorganisation in prior year.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Notes: (Continued)

- (iii) The Company's subsidiary, Giant Bliss International Limited ("Giant Bliss"), repurchased the Company's shares through The Stock Exchange of Hong Kong Limited ("the Stock Exchange") as follows:

For the year ended 31 December 2023

Month of repurchase	No. of ordinary shares of USD0.01 each	Price per share		Aggregate consideration paid	
		Lowest HK\$	Highest HK\$	HK\$'000	RMB'000
August 2023	15,377,000	7.51	8.08	120,664	110,331
September 2023	3,325,000	7.68	8.00	26,000	23,800

For the year ended 31 December 2024

Month of repurchase	No. of ordinary shares of USD0.01 each	Price per share		Aggregate consideration paid	
		Lowest HK\$	Highest HK\$	HK\$'000	RMB'000
May 2024	62,102,000	7.14	8.70	522,119	474,110
June 2024	16,559,000	8.26	8.70	142,563	129,628

The above ordinary shares were repurchased for the purpose of the Restricted Share Award Scheme disclosed in Note 28 (iii).

- # English name is for identification purpose only

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	1,655,043	1,936,539
Adjustments for:		
Finance costs	37,863	27,192
Interest income	(647,562)	(516,700)
Depreciation of property, plant and equipment	265,075	255,140
Amortisation of intangible assets	20,065	16,293
Allowance for inventories, net	17,964	61,176
Impairment loss recognised on trade receivables, net	20,280	9,884
Share-based payment expenses	205,975	296,459
Loss on disposal/write-off of property, plant and equipment	59,157	75,325
Gain on early termination of leases	(3,194)	(4,336)
(Gain) loss on financial assets as FVTPL	(8,510)	43,172
Unrealised exchange gain, net	(43,417)	(77,964)
Release of deferred income	(2,502)	(4,802)
Operating cash flows before movements in working capital	1,576,237	2,117,378
Decrease in inventories	243,941	405,527
(Increase) decrease in trade and bills receivables	(253,032)	308,234
(Increase) decrease in other receivables, deposits and prepayments	(249,331)	543,270
Increase in trade and bills payables	101,049	125,931
Increase (decrease) in other payables	490,631	(31,468)
Increase (decrease) in contract liabilities	157,688	(42,666)
Net settlement of forward foreign exchange contracts	179	(95,810)
Net cash generated from operations	2,067,362	3,330,396
Income tax paid	(314,026)	(137,503)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,753,336</b>	<b>3,192,893</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	599,097	512,863
Proceeds from disposal of property, plant and equipment	85,169	520
Development costs paid	(129,425)	—
Withdrawal of short-term bank deposits with variable interest rate	2,257,463	7,052,638
Withdrawal of short-term bank deposits over three months	19,244,127	19,459,361
Withdrawal of restricted bank deposits	359,331	—
Withdrawal of long-term bank deposits	—	544,690
Refund of rental deposits upon termination of leases	20,212	31,563
Government grants received	11,172	1,983
Payment for acquisition of property, plant and equipment	(897,672)	(1,189,095)
Payments for rental deposits	(13,567)	(17,382)
Purchase of intangible assets	(8,668)	(42,295)
Placement of short-term bank deposits with variable interest rate	(2,250,000)	(7,000,000)
Placement of short-term bank deposits over three months	(15,680,842)	(25,367,787)
Placement of long-term bank deposits	(2,000,000)	(1,000,000)
Purchase of other financial assets at amortised cost	(2,515,940)	—
Placement of restricted bank deposits	(945,410)	(2,978)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,864,953)</b>	<b>(7,015,919)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
FINANCING ACTIVITIES		
Dividends paid	(552,391)	(718,891)
Interest paid	(37,863)	(27,192)
Repayment of lease liabilities	(145,426)	(173,951)
Purchase of shares under share award scheme	(603,738)	(134,131)
Proceeds from issue of shares upon exercise of share options	28,598	22,446
Advances drawn on bills receivables discounted with recourse	3,233,329	957,359
Repayment of bank borrowing relating to bills receivables discounted with recourse	(1,968,215)	(538,000)
NET CASH USED IN FINANCING ACTIVITIES	(45,706)	(612,360)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(157,323)	(4,435,386)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,332,076	9,762,933
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,053)	4,529
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	5,170,700	5,332,076

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. General Information

Smooore International Holdings Limited was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap.22 on 22 July 2019. The Company's shares were listed on the Main Board of the Stock Exchange on 10 July 2020 ("**Listing Date**"). The addresses of the Company's registered office and principal place of business are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and Office B, 28/F, EGL Tower, No. 83 Hung To Road, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The principal activities of the Group are (1) research, design and manufacturing of closed system electronic vaping products, heat-not-burn products and components for special purpose atomization products for a number of global leading tobacco companies, independent vaping and other corporate clients; (2) research, design, manufacturing and sale of self-branded electronic vaping products and beauty atomization products for retail clients; and (3) providing relevant R&D services for our customers based on our atomization technology reserve.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

## 2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**")

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

### New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature—dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

Except for new to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

### 3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

### 3.2 Material accounting policy information

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 5 and 23.

#### Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

##### *Short-term leases*

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

##### *Right-of-use assets*

The cost of right-of-use assets includes:

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Leases (Continued)

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

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

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

The Group presents right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* (“**HKFRS 9**”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Lease liabilities*

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Leases (Continued)

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

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of entity (foreign currencies) are recognised at the rates of exchanges prevailing on 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 that date. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

#### Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

#### Employee benefit

##### *Retirement benefit costs*

Payments to the state-owned retirement benefit schemes and the Mandatory Provident Fund Schemes (“**MPF Scheme**”) are recognised as an expense when employee have rendered service entitling them to the contributions.

##### *Short-term employee benefits*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Share-based payments

##### *Equity-settled share-based payment transactions*

##### *Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

If the length of the vesting period varies depending on when performance conditions are satisfied, the Group estimates the length of the expected vesting period at grant date, based on the most likely outcome of the performance condition. If the performance condition is a market condition, the estimate of the length of the expected vesting period would be consistent with the assumptions used in estimating the fair value of the options granted, and would not be subsequently revised. If the performance condition is not a market condition, the Group will revise its estimate of the length of the vesting period, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

##### *Share awarded to employees*

For share award scheme, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. The cost of acquisition of the Company's shares held for the share award scheme is recorded as shares held under share award scheme. At the time when the awarded shares are vested, the difference between the amount previously recognised in share award reserve and the amount of the relevant treasury shares will be transferred to share premium.

At the end of each reporting period, the Group revises its estimate of the number of awarded shares that are expected to ultimately vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share award reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liabilities for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss.

#### Property, plant and equipment

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

Property, plant and equipment in the course of construction for production or supply are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Intangible assets

##### *Intangible assets acquired separately*

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

##### *Internally-generated intangible assets — research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Cash and cash equivalents

Bank balances and cash presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade and bills receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

All other financial assets are subsequently measured at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

##### *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the “other gains and losses” line item.

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit losses (“**ECL**”) model on financial assets (including trade and bills receivables, other receivables and rental deposits, other financial assets, short-term bank deposits over three months, long-term bank deposits, restricted bank deposits and bank balances and cash), which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial assets (Continued)*

##### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 6b) as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (Note 6b) as part of the gain(loss) arising on forward foreign exchange contracts/swap contracts;

##### *Derecognition of financial assets*

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

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

##### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Continued)

### 3.2 Material accounting policy information (Continued)

#### Financial instruments (Continued)

##### *Financial liabilities and equity instruments (Continued)*

##### *Financial liabilities*

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

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and bills payables, other payables and advances drawn on bills receivables discounted with recourse are subsequently measured at amortised cost, using the effective interest method.

##### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (Note 6b) as part of net foreign exchange gains that are not part of a designated hedging relationship.

##### *Derecognition of financial liabilities*

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

## 4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the management of the Group is required to make judgements, 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 may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 4. Key Sources of Estimation Uncertainty (Continued)

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

### (i) Provision of ECL for trade receivables

The management of the Group estimates the amount of lifetime ECL of trade receivables individually, based on internal credit ratings of trade debtors, after considering aging, historical repayment records, past due status of respective trade receivables and forward-looking information. The assessment of the provision of ECL for trade receivables involves certain degree of estimation and uncertainty as the provision of ECL is sensitive to changes in estimates including internal credit ratings and corresponding default rate. At each reporting date, the credit ratings are reassessed and forward-looking information are considered.

The information about the ECL and the Group's trade receivables are disclosed in Note 30(b).

### (ii) Deferred tax liabilities

The Group provides deferred tax liabilities in relation to the earnings expected to be distributed from the certain subsidiaries of the Company. Deferred tax liabilities have not been provided on certain distributable profits of these subsidiaries as the Group plans to retain the profits in the respective entities for their daily operations and future developments. In case where the actual distribution of profits from those subsidiaries are larger than expected or changes in the Group's future development plan which affects the expected timing and amounts of future distributions, material tax liabilities may arise, which will be recognised in profit or loss in the period in which such events occur. As at 31 December 2024, the amount of deferred tax liabilities in respect of undistributed earnings of subsidiaries amounted to RMB286,123,000 (2023: RMB262,393,000)

## 5. Revenue and Segment Information

### (i) Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000
Corporate client oriented business	9,323,629	9,355,891
Self-branded business	2,475,033	1,847,359
Total revenue	11,798,662	11,203,250

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. Revenue and Segment Information (Continued)

### (i) Disaggregation of revenue from contracts with customers (Continued)

	2024 RMB'000	2023 RMB'000
Timing of revenue recognition for contracts with customers		
At a point in time	11,569,036	11,168,422
Over time	229,626	34,828
Total revenue	11,798,662	11,203,250

### (ii) Revenue accounting policies and performance obligations for contracts with customers

#### Sales of goods

Revenue from sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (the "**delivery**"). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 0 to 105 days upon the delivery.

#### Technology service income

The Group entered into research and development agreements with customers. The Group earns revenue by providing research services to the customers, and the revenue is recognised over time as these services met one of the following criteria: The customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs; or the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group generally measures the progress using output method or input method. Under the output method, the progress of performance determined based on the goods or services delivered to customers. Under the input method, the progress of performance determined based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. Revenue and Segment Information (Continued)

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

	2024 RMB'000	2023 RMB'000
Segment revenue	11,798,662	11,203,250
Segment profit	1,640,180	1,949,597
Unallocated losses	(14,466)	(12,718)
Unallocated income	36,819	6,298
Unallocated expenses	(7,490)	(6,638)
Profit before tax	1,655,043	1,936,539

The Group has one operating segment based on information reported to the chief operating decision maker (the "CODM") of the Group, being the executive directors of the Company, for the purpose of resource allocation and performance assessment, which is the consolidated results of the Group. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segment is the same as the Group's accounting policies. Segment profit represents profit earned from the segment without allocation of profit or loss generated by the holding company. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

### (iv) Geographical information

The following table sets out information about the Group's revenue from external customers by the location of customers:

	2024 RMB'000	2023 RMB'000
Hong Kong, China (Note)	3,876,049	4,024,664
United Kingdom	3,006,319	2,554,488
United States of America	1,399,337	1,211,815
Mainland China	1,011,205	895,624
France	350,959	360,742
Japan	253,313	368,440
Croatia	250,512	288,101
The United Arab Emirates	227,037	216,625
Others	1,423,931	1,282,751
	11,798,662	11,203,250

Note: Revenue from sales of goods generated from Hong Kong, China are on re-export or transshipment basis and none of the Group's products are distributed or sold in Hong Kong, China.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 5. Revenue and Segment Information (Continued)

### (iv) Geographical information (Continued)

The Group's non-current assets are substantially located in the Mainland of China by location of assets and no geographical information is presented.

The Group applies the practical expedient in HKFRS 15 and does not disclose information about its remaining performance obligation as the performance obligation is part of a contract that has an original expected duration of one year or less.

### (v) Information about major customers

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

	2024 RMB'000	2023 RMB'000
Customer A	4,732,568	4,582,362

## 6. Other Income and Expenses and Other Gains and Losses

### (a) Other income and expenses

	2024 RMB'000	2023 RMB'000
Interest income from bank deposits	609,769	515,056
Interest income from rental deposits	1,292	1,644
Interest income from investment notes at amortised cost	36,501	—
Government grants (Note)	65,474	74,536
Compensation income from customers	9,305	19,231
Others	(566)	2,215
	721,775	612,682

Note: Except for the government grants as described in Note 25, the remaining amount mainly represents subsidy income received from certain government authorities in the PRC as support funds for expenses incurred for the operations of a certain subsidiary as a High and New Technology Enterprise in the PRC. The subsidies are one-off and non-recurring in nature.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 6. Other Income and Expenses and Other Gains and Losses (Continued)

### (b) Other gains and losses

	2024 RMB'000	2023 RMB'000
Net foreign exchange gains	26,217	19,509
Gain(Loss) arising on forward foreign exchange contracts/swap contracts	1,036	(95,810)
Gain arising on short-term bank deposits with variable interest rate	7,463	52,638
Loss on disposal/write off of property, plant and equipment and intangible assets	(59,157)	(75,325)
Gain on early termination of leases	3,194	4,336
Others	6,663	(9,088)
	(14,584)	(103,740)

## 7. Finance Costs

	2024 RMB'000	2023 RMB'000
Interest expense on lease liabilities	16,507	20,452
Interest expense on bills receivables discounted with recourse	21,356	6,740
	37,863	27,192

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8. Income Tax Expense

	2024 RMB'000	2023 RMB'000
Current tax:		
– Mainland China Enterprise Income Tax (“EIT”)	281,153	112,842
– Hong Kong Profits Tax	36,256	4,126
– Other countries and regions	14,274	2,801
	331,683	119,769
(Over) underprovision in prior years		
– Mainland China EIT	(2,841)	14,929
	328,842	134,698
Deferred tax (Note 16)	22,946	156,751
	351,788	291,449

### Hong Kong, China

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

### Mainland China

Under the Law of the Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% except for certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2024 and 2023. The qualification as a High and New Technology Enterprise is subject to review by the relevant tax authority in the Mainland China for every three years.

### United States

Pursuant to the relevant tax laws of the United States, tax at a maximum of 21% federal corporate income tax rate and other relevant applicable state tax rates has been provided on the taxable income arising in the United States for the years ended 31 December 2024 and 2023.

The Company is tax exempt under the laws of the Cayman Islands.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 8. Income Tax Expense (Continued)

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12 under Pillar Two income taxes. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

As at 31 December 2024, the Group mainly operates in the Mainland of China, in which the Pillar Two income tax legislation is not yet enacted. Besides, the government of the Netherlands, France, Italy and the United Kingdom, where certain group entities are incorporated, has enacted the Pillar Two Rules which has already taken effect.

However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15 per cent, after taking into account the adjustments under the Global Anti-Base Erosion Rules ("GloBE Rules") based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	1,655,043	1,936,539
Income tax expense calculated at 15% (Note i)	248,256	290,481
Tax effect of expense not deductible for tax purpose	63,852	792
Tax effect of income not taxable for tax purpose	(46,764)	(89,286)
Tax effect of tax losses not recognised	45,693	42,855
Effect of different tax rates of subsidiaries operating in other jurisdictions	27,870	20,808
(Over) underprovision in prior years	(2,841)	14,929
Withholding tax on undistributed profits of subsidiaries	23,730	174,454
Others	(8,008)	(163,584)
	351,788	291,449

Note:

- (i) Certain subsidiaries of the Company in the Mainland of China that accounts for substantial operation of the Group were subject to a preferential corporate income tax rate of 15%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 9. Profit for the Year

	2024 RMB'000	2023 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' remuneration (Note 10)	23,212	23,302
Other staff costs:		
— Salaries, bonus and other benefits	2,719,390	1,982,466
— Retirement benefit scheme contributions	263,417	221,386
— Share-based payment expenses	197,108	281,654
	3,203,127	2,508,808
Less: amounts capitalised as cost of inventories manufactured	(1,274,399)	(1,009,224)
Less: amounts capitalised as development costs	(62,600)	—
	1,866,128	1,499,584
Depreciation of right-of-use assets for buildings and land use rights	175,459	211,653
Depreciation of property, plant and equipment other than right-of-use assets	502,557	436,135
Amortisation of intangible assets	31,887	30,950
	709,903	678,738
Less: amounts capitalised as cost of inventories manufactured and property, plant and equipment	(424,763)	(407,305)
	285,140	271,433
Expenses related to short-term leases	22,547	22,817
Auditor's remuneration	3,680	3,680
Cost of inventories recognised as expense	7,386,693	6,862,339
Allowance for inventories included in cost of revenue	17,964	61,176

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 10. Directors', Chief Executive's and Employees' Emoluments

### (a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries, and other allowances RMB'000	Performance related bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
<b>For the year ended 31 December 2024</b>						
Executive directors:						
— Mr. Chen (Note i)	—	2,894	2,820	48	4,093	9,855
— Mr. Xiong Shaoming	—	1,028	1,029	51	1,258	3,366
— Mr. Wang Guisheng	—	2,898	990	51	2,512	6,451
— Ms. Wang Xin	—	999	586	51	1,004	2,640
Non-executive directors:						
— Ms. Jiang Min	—	—	—	—	—	—
Independent non-executive directors:						
— Mr. Zhong Shan	300	—	—	—	—	300
— Mr. Yim Siu Wing	300	—	—	—	—	300
— Dr. Wang Gao (Note ii)	300	—	—	—	—	300
	900	7,819	5,425	201	8,867	23,212
<b>For the year ended 31 December 2023</b>						
Executive directors:						
— Mr. Chen (Note i)	—	2,716	97	43	11,046	13,902
— Mr. Xiong Shaoming	—	1,193	—	46	1,294	2,533
— Mr. Wang Guisheng	—	2,555	—	46	1,955	4,556
— Ms. Wang Xin	—	830	—	46	509	1,385
Non-executive directors:						
— Ms. Jiang Min	—	—	—	—	—	—
Independent non-executive directors:						
— Mr. Zhong Shan	300	—	—	—	—	300
— Mr. Yim Siu Wing	300	—	—	—	—	300
— Dr. Liu Jie (Note ii)	158	—	—	—	—	158
— Dr. Wang Gao (Note ii)	168	—	—	—	—	168
	926	7,294	97	181	14,804	23,302

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 10. Directors', Chief Executive's and Employees' Emoluments (Continued)

### (a) Directors' and chief executive's emoluments (Continued)

Notes:

- (i) Mr. Chen is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- (ii) Dr. Wang Gao was appointed as independent non-executive director on 9 June 2023 and Dr. Liu Jie resigned as an independent non-executive director on 10 July 2023.

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

No director's emolument was paid or payable by the Company to the non-executive director for the years ended 31 December 2024 and 2023.

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

During the years ended 31 December 2024 and 2023, certain directors of the Company were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 28.

### (b) Employees' emoluments

The five highest paid employees of the Group during the year included one director (2023: one director) of the Company, with details of his emolument is set out above. Details of the remuneration of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other allowances	19,103	10,739
Performance related bonuses	14,068	6,676
Retirement benefit scheme contributions	35	258
Share-based payment expenses	18,517	59,888
	51,723	77,561

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 10. Directors', Chief Executive's and Employees' Emoluments (Continued)

### (b) Employees' emoluments (Continued)

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following band are as follows:

	Number of employees	
	2024	2023
HK\$7,500,001 to HK\$8,000,000	—	1
HK\$8,000,001 to HK\$8,500,000	—	1
HK\$10,000,001 to HK\$10,500,000	1	—
HK\$11,000,001 to HK\$11,500,000	1	—
HK\$13,000,001 to HK\$13,500,000	1	—
HK\$20,000,001 to HK\$20,500,000	—	1
HK\$21,000,001 to HK\$21,500,000	1	—
HK\$48,500,001 to HK\$49,000,000	—	1

No emoluments were paid by the Group to any of the directors, chief executive or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive has waived or agreed to waive any emoluments.

## 11. Dividends

	2024 RMB'000	2023 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 Interim dividend — HK5 cents (2023 Interim dividend — HK5 cents) per share	276,785	279,735
2023 Final dividend — HK5 cents (2022 Final dividend — HK8 cents) per share	276,037	439,332
	552,822	719,067

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 11. Dividends (Continued)

During the year, a final dividend of HK5 cents per share in respect of the year ended 31 December 2023 (2022: HK8 cents) was declared and paid to owners of the Company by deduction of the share premium of the Company. The aggregate amount of the final dividend paid in the year amounted to HK\$303,581,000 (equivalent to approximately RMB276,037,000) (2023: HK\$485,943,000 (equivalent to approximately RMB439,156,000)). An interim dividend of HK5 cents per share in respect of the six months period ended 30 June 2024 (2023: HK5 cents) was declared and paid to the owners of the Company. The aggregate amount of the interim dividend paid in the year amounted to HK\$302,944,000 (equivalent to approximately RMB276,354,000) (2023: HK\$305,595,000 (equivalent to approximately RMB279,735,000)).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK5 cents per share, in an aggregate amount of approximately HK\$309,104,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting ("AGM").

## 12. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is as follows:

	2024 RMB'000	2023 RMB'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	1,303,255	1,645,090
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating earnings per share	6,085,067	6,090,246
Effect of dilutive potential ordinary shares:		
Share options/award shares	57,724	77,268
	6,142,791	6,167,514

The computation of diluted earnings per share does not assume the exercise of certain of the Group's share options/award shares as the averaged adjusted exercise prices of the share options/award shares exceeded the average market prices or the assumed exercise would have an anti-dilutive effect on earnings per share for the years ended 31 December 2024 and 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13. Property, Plant and Equipment

	Right-of-use assets for buildings RMB'000	Right-of-use assets for land use rights RMB'000	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Electronic equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>										
At 1 January 2023	796,494	1,097,877	133,854	786,980	899,324	144,523	275,017	12,327	1,124,018	5,270,414
Additions	173,159	—	47,881	32,963	179,785	12,644	127,366	1,870	731,037	1,306,705
Disposals/written-off/termination of leases	(348,776)	(37,080)	—	(66,589)	(94,327)	(6,909)	(15,287)	(401)	(31,947)	(601,316)
Transfer	—	—	1,147,676	121,199	100,035	—	11,548	—	(1,380,458)	—
Exchange adjustments	8	—	1,586	2,202	4,827	18	20	19	—	8,680
At 31 December 2023	620,885	1,060,797	1,330,997	876,755	1,089,644	150,276	398,664	13,815	442,650	5,984,483
Additions	163,590	—	—	885	56,609	8,323	46,096	664	566,383	842,550
Disposals/written-off/termination of leases	(248,531)	—	(53,609)	(87,877)	(63,785)	(6,065)	(5,065)	(324)	—	(465,256)
Transfer	—	—	98,410	126,547	66,665	555	(882)	—	(305,534)	(14,239)
Exchange adjustments	854	—	2,171	1,980	2,999	86	740	24	2,668	11,522
At 31 December 2024	536,798	1,060,797	1,377,969	918,290	1,152,132	153,175	439,553	14,179	706,167	6,359,060
<b>DEPRECIATION</b>										
At 1 January 2023	349,123	34,533	2,119	265,008	200,656	52,245	86,235	5,501	—	995,420
Provided for the year	176,244	35,409	14,273	159,122	156,292	37,102	67,144	2,202	—	647,788
Eliminated on disposals/written-off/ termination of leases	(279,677)	(930)	—	(28,673)	(17,083)	(5,039)	(5,412)	(327)	—	(337,141)
Exchange adjustments	1,949	—	—	230	587	1	—	1	—	2,768
At 31 December 2023	247,639	69,012	16,392	395,687	340,452	84,309	147,967	7,377	—	1,308,835
Provided for the year	140,732	34,727	30,636	155,678	196,095	34,806	83,163	2,179	—	678,016
Eliminated on disposals/written-off/ termination of leases	(151,683)	—	(1,910)	(66,515)	(24,057)	(5,006)	(3,863)	(292)	—	(253,326)
Transfer	—	—	—	—	(12,178)	(104)	(1,957)	—	—	(14,239)
Exchange adjustments	403	—	49	445	1,687	27	85	5	—	2,701
At 31 December 2024	237,091	103,739	45,167	485,295	501,999	114,032	225,395	9,269	—	1,721,987
<b>CARRYING VALUES</b>										
At 31 December 2024	299,707	957,058	1,332,802	432,995	650,133	39,143	214,158	4,910	706,167	4,637,073
At 31 December 2023	373,246	991,785	1,314,605	481,068	749,192	65,967	250,697	6,438	442,650	4,675,648

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated over the estimated useful lives, after taking into account the estimated residual values, on a straight-line basis as follows:

Right-of-use assets for buildings and land use rights	Over the lease term
Buildings	Shorter of land use life or useful life of 50 years
Leasehold improvements	Shorter of lease term or useful life of 5 years
Plant and machinery	5–10 years
Furniture and fixtures	3–5 years
Electronic equipment	4–5 years
Motor vehicles	4–5 years

### The Group as lessee

#### Right-of-use assets (included in the property, plant and equipment)

	2024 RMB'000	2023 RMB'000
Expense relating to short-term leases	22,547	22,817
Total cash outflow for leases	184,480	217,220
Additions to right-of-use assets	163,590	173,159

The Group leases various properties to operate its business. Lease contracts are entered into for fixed term of 1 year to 10 years (2023: 1 year to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions and no extension and termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Except for right-of-use assets for buildings and land, all the other classes of property, plant and equipment are owned by the Group.

In addition, lease liabilities of RMB306,003,000 are recognised with related right-of-use assets of RMB299,707,000 as at 31 December 2024 (2023: lease liabilities of RMB383,372,000 and related right-of-use assets of RMB373,246,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 14. Intangible Assets

	Development costs RMB'000	Technology know-how RMB'000	Software RMB'000	Total RMB'000
<b>COST</b>				
At 1 January 2023	—	112,048	67,016	179,064
Additions	—	—	42,295	42,295
Disposals/Write-off	—	—	(451)	(451)
Exchange adjustments	—	—	3	3
At 31 December 2023	—	112,048	108,863	220,911
Additions	129,425	3,465	5,203	138,093
Exchange adjustments	—	—	36	36
At 31 December 2024	129,425	115,513	114,102	359,040
<b>AMORTISATION AND IMPAIRMENT</b>				
At 1 January 2023	—	83,523	16,530	100,053
Provided for the year	—	14,240	16,710	30,950
Disposals/Write-off	—	—	(218)	(218)
At 31 December 2023	—	97,763	33,022	130,785
Provided for the year	—	10,665	21,222	31,887
Exchange adjustments	—	—	5	5
At 31 December 2024	—	108,428	54,249	162,677
<b>CARRYING VALUES</b>				
At 31 December 2024	129,425	7,085	59,853	196,363
At 31 December 2023	—	14,285	75,841	90,126

Development costs and technology know-how are internally generated. All of the Group's software were acquired from third parties.

The above intangible assets have finite useful lives. Development costs will not be amortised until it is transferred to technology know-how and is available for use. Intangible assets other than development costs are amortised on a straight-line basis over five years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 15. Long-Term Bank Deposits, Restricted Bank Deposits, Short-Term Bank Deposits Over Three Months and Bank Balances and Cash

### (a) Long-term bank deposits

Long-term bank deposits are deposits with a bank with a maturity period of more than twelve months when acquired. Long-term bank deposits will mature after twelve months from the end of the reporting period and are therefore classified as non-current assets at the end of the reporting period. The deposits carry interest at 3.2% to 3.5% (2023: 3.50%) per annum upon maturity or carry at floating rate based on daily bank deposit rate if early redemption at any time before the maturity date.

### (b) Restricted bank deposits

Restricted bank deposits mainly represent bank deposits placed in certain designated bank accounts where any withdrawal is restricted according to the agreements entered into by the Group and several banks.

### (c) Short-term bank deposits over three months

As at 31 December 2024, the Group's short-term bank deposits over three months carry fixed interest rates from 1.75% to 5.49% (2023: 3.0% to 5.9%) per annum.

### (d) Bank balances and cash

As at 31 December 2024, the Group's bank balances carry interests at prevailing market rates which range from 0% to 4.3% (2023: 0% to 5.3%) per annum and the bank deposits with maturity dates of three months or less carry fixed interest rates from 1.45% to 5.18% (2023: 3.0% to 5.8%) per annum.

At the end of each reporting period, included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant group entities which they relate:

	31/12/2024 RMB'000	31/12/2023 RMB'000
US dollars ("US\$")	1,226,397	365,215
HK\$	160,507	8,664
Great British Pound ("GBP")	1,000	210
Euro	3,032	163
Indonesian Rupiah ("IDR")	14	32
	1,390,950	374,284

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. Deferred Tax Assets/Liabilities

The following is the analysis of the deferred tax balances for financial reporting purposes:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Deferred tax assets	34,904	34,120
Deferred tax liabilities	(286,123)	(262,393)
	(251,219)	(228,273)

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years.

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Allowance for credit losses RMB'000	Allowance for inventories RMB'000	Impairment loss of intangible assets RMB'000	Undistributed earnings of subsidiaries RMB'000	Total RMB'000
At 1 January 2023	(111,843)	114,202	2,858	5,576	5,624	(87,939)	(71,522)
(Charge) credit to profit or loss	21,178	(18,438)	850	14,113	—	(174,454)	(156,751)
At 31 December 2023	(90,665)	95,764	3,708	19,689	5,624	(262,393)	(228,273)
(Charge) credit to profit or loss	27,524	(27,496)	512	244	—	(23,730)	(22,946)
At 31 December 2024	(63,141)	68,268	4,220	19,933	5,624	(286,123)	(251,219)

Under the EIT Law of the Mainland China, 10% withholding tax is imposed on dividends declared in respect of profits earned by the Mainland China subsidiaries from 1 January 2008 onwards to their foreign shareholders. For the immediate holding company incorporated in Hong Kong, China, a preferential rate of 5% will be applied. As at 31 December 2024, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Mainland China subsidiaries amounting to approximately RMB10,755,960,000 (2023: RMB9,238,858,000), as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 16. Deferred Tax Assets/Liabilities (Continued)

At 31 December 2024, the Group had unused tax losses of RMB866,475,000 (2023: RMB584,375,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	31/12/2024 RMB'000	31/12/2023 RMB'000
2024	—	2,744
2025	26,728	26,728
2026	55,328	55,328
2027	213,875	213,875
2028	265,924	285,700
2029	304,620	—
	866,475	584,375

There were no other significant unrecognised temporary differences at the end of each reporting period.

## 17. Other Financial Assets

### Investment notes

	2024 RMB'000	2023 RMB'000
Investment notes	2,552,717	—

The Group invested in notes issued by financial institutions with an interest rate as stated in the contract ranging from 4.96% to 6.30% per annum. The investment notes are held by the Group within a business model whose objective is to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence, the investments notes are classified as financial assets measured at amortised cost and with a maturity period of more than twelve months.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 18. Inventories

	31/12/2024 RMB'000	31/12/2023 RMB'000
Raw materials	428,029	327,918
Work in progress	212,241	223,633
Finished goods	270,155	229,653
	910,425	781,204

## 19. Trade and Bills Receivables

	31/12/2024 RMB'000	31/12/2023 RMB'000
Trade receivables from contracts with customers	2,103,221	1,891,413
Less: allowance for credit losses	(36,314)	(18,228)
	2,066,907	1,873,185
Bills receivables	17,918	15,023
	2,084,825	1,888,208

The Group allows a credit period of 0 to 105 days (2023: 0 to 90 days) to its trade customers.

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB2,301,628,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 19. Trade and Bills Receivables (Continued)

The following is an analysis of trade receivables net of allowance for credit losses, presented based on the date of revenue recognised at the end of each reporting period:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Within 30 days	764,436	690,863
31 to 60 days	550,894	608,095
61 to 90 days	477,720	301,103
Over 90 days	273,857	273,124
	<b>2,066,907</b>	1,873,185

The maturity dates of bills receivables are within three months as at 31 December 2024 (2023: three months).

As at 31 December 2024, RMB 205,683,000 (2023: RMB27,413,000) have been past due over 90 days or more and is not considered as in default because there had not been significant change in credit quality and the amounts are still considered recoverable.

Details of impairment assessment of trade receivables are set out in Note 30(b).

As of 14 March 2025, RMB1,409,221,000 of trade and bills receivables as of 31 December 2024 had been settled subsequent to the end of the reporting period.

At the end of the reporting period, included in trade receivables are the following amounts denominated in currencies other than the functional currency of the relevant group entities which they relate:

	31/12/2024 RMB'000	31/12/2023 RMB'000
US\$	1,096,654	1,203,176
IDR	—	2,837

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20. Other Receivables, Deposits and Prepayments

	31/12/2024 RMB'000	31/12/2023 RMB'000
Value added tax recoverable	469,895	354,423
Prepayments	121,133	145,751
Rental deposits	27,498	30,860
Other receivables	172,739	220,209
	791,265	751,243
Less: rental deposits (non-current portion)	(21,449)	(21,972)
	769,816	729,271

Details of impairment assessment of other receivables are set out in Note 30(b).

## 21. Trade and Bills Payables

	31/12/2024 RMB'000	31/12/2023 RMB'000
Trade payables		
— third parties	1,130,944	924,206
— a related party	78,208	90,109
	1,209,152	1,014,315
Bills payables		
— third parties	141,202	253,794
— a related party	19,222	1,695
	160,424	255,489
	1,369,576	1,269,804

The Group is normally granted credit terms of 30 to 90 days (2023: 30 to 75 days).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 21. Trade and Bills Payables (Continued)

The following is an analysis of trade payables by age, presented based on the date of goods/services received or invoice date at the end of each reporting period:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Within 30 days	730,256	746,870
31–60 days	284,727	125,777
61–90 days	158,228	123,469
Over 90 days	35,941	18,199
	<b>1,209,152</b>	<b>1,014,315</b>

The maturity dates of bills payables are within six months as at 31 December 2024 (2023: six months).

## 22. Other Payables and Accrued Expenses

	31/12/2024 RMB'000	31/12/2023 RMB'000
Accrued staff costs and benefits	726,199	577,956
Other payables	480,732	520,699
Accrued expenses	460,948	343,751
Other tax payables	53,173	36,302
	<b>1,721,052</b>	<b>1,478,708</b>

## 23. Contract Liabilities

Contract liabilities are recognised when the Group receives amounts from customers before goods or services are transferred, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received. The Group typically receives a deposit of 10% to 100% of total consideration from certain customers when they enter into contracts with the Group.

Revenue recognised during the years ended 31 December 2024 and 2023 included the whole amount of contract liabilities at the beginning of the respective reporting period.

As at 1 January 2023, contract liabilities amounted to RMB288,966,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 24. Lease Liabilities

	31/12/2024 RMB'000	31/12/2023 RMB'000
Lease liabilities payable:		
— Within one year	115,789	118,415
— More than one year but not exceeding two years	105,762	103,074
— More than two years but not exceeding five years	79,856	151,731
— More than five years	4,596	10,152
	306,003	383,372
Less: Amounts due for settlement within twelve months shown under current liabilities	(115,789)	(118,415)
Amounts due for settlement after twelve months shown under non-current liabilities	190,214	264,957

The Group leases various properties to operate its factories and these lease liabilities were measured at the present value of the lease payments that are not yet paid. All leases are entered at fixed prices. As at 31 December 2024, the incremental borrowing rate applied range from 4.75% to 4.90% (2023: from 4.75% to 4.90%) per annum. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The lease liabilities of the Group were unguaranteed and secured by rental deposits.

## 25. Deferred Income

	31/12/2024 RMB'000	31/12/2023 RMB'000
Balance at beginning of the year	7,158	9,977
Government grants received	11,172	1,983
Released to profit or loss	(2,502)	(4,802)
Balance at end of the year	15,828	7,158
Less: Amount to be recognised as income within one year included in current liabilities	(1,863)	(2,166)
Amount to be recognised as income after one year included in non-current liabilities	13,965	4,992

Note: The Group received government grants for capital expenditure incurred for the acquisition of plant and machineries. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 26. Transfers of Financial Assets

The following were the Group's financial assets as at the end of the reporting period that were transferred to banks by discounting bills receivables on a full recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a collateralised borrowing. These financial assets were carried at amortised cost in the consolidated statement of financial position.

	31/12/2024 RMB'000	31/12/2023 RMB'000
Carrying amount of bills receivables discounted to bank with full recourse	—	15,023
Carrying amount of associated liabilities	(1,574,500)	(393,023)
Net position	(1,574,500)	(378,000)

During the year ended 31 December 2024, certain transactions between subsidiaries of the Group were settled by bank bills. These bills receivables were eliminated in full on consolidation. As at 31 December 2024, bills receivables held by subsidiaries of the Group issued by other members of the Group of RMB1,574,500,000 (2023: 378,000,000) were transferred to certain banks with full recourse similar to the arrangements as set out above.

## 27. Share Capital

	Number of shares	Share Capital US\$'000
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000,000	100,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 27. Share Capital (Continued)

	Number of shares	Amount US\$'000	Equivalent amount of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2023	6,078,168,720	60,782	424,043
Exercise of share options (Note 28)	59,070,000	591	4,229
At 31 December 2023	6,137,238,720	61,373	428,272
Exercise of share options (Note 28)	42,588,576	425	3,027
At 31 December 2024	6,179,827,296	61,798	431,299

\* Less than US\$1,000/RMB1,000.

## 28. Share-Based Payment Transactions

### (i) The Pre-IPO share option scheme

On 30 September 2019, a share option scheme (the “**Pre-IPO share option scheme**”) was adopted by the shareholders of the Company for the purpose of incentivising and retaining directors, senior management and other employees for their contribution to the Group. Under the Pre-IPO share option scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

On 1 May 2020, the Company granted 116,113,000 share options to eligible directors, management and employees under the Pre-IPO share option scheme, on the assumption that the Capitalisation Issue<sup>#</sup> had been effective as of the date of acceptance.

At 31 December 2023, the number of shares in respect of which options had been granted and remained outstanding under the Pre-IPO share option scheme was 41,127,000, representing 0.7% of the shares of the Company in issue at that day (assuming the over-allotment option is not exercised and without taking into account any shares which may be issued upon the exercise of the options granted under the Pre-IPO share option scheme or any options which may be granted under the Post-IPO share option scheme (as defined below)). The total number of shares in respect of which options may be granted under the Pre-IPO share option scheme and the Post-IPO share option scheme (as defined below) is not permitted to exceed 10% of the shares of the Company in issue as at the Listing Date, without prior approval from the Company’s shareholders.

<sup>#</sup> Pursuant to the resolutions of the Company’s shareholders passed on 15 June 2020, the Company allotted and issued a total of 5,169,096,105.491 shares by way of capitalisation of the sum of US\$51,690,961.06 standing to the credit of the share premium account of the Company (“**Capitalisation Issue**”).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (i) The Pre-IPO share option scheme (Continued)

For the years ended 31 December 2024 and 2023

The following table discloses movements of the Pre-IPO share option scheme:

	Outstanding at 1 January 2023	Exercised during the year	Lapsed during the year (Note)	Outstanding at 31 December 2023	Exercised during the year	Lapsed during the year (Note)	Outstanding at 31 December 2024
Share options granted on 30 September 2019:							
Lot I	144,000	(144,000)	—	—	—	—	—
Lot II	3,568,000	—	—	3,568,000	(3,568,000)	—	—
Lot III	10,210,000	(3,376,000)	(500)	6,833,500	(6,833,500)	—	—
Lot IV	33,895,000	(31,731,000)	(139,000)	2,025,000	(2,025,000)	—	—
Lot V	9,770,000	—	(967,000)	8,803,000	(8,762,000)	(41,000)	—
Share options granted on 1 May 2020:							
Lot I	—	—	—	—	—	—	—
Lot II	59,000	(59,000)	—	—	—	—	—
Lot III	633,500	(453,000)	—	180,500	(180,500)	—	—
Lot IV	23,964,000	(23,307,000)	(119,500)	537,500	(527,500)	(10,000)	—
Lot V	19,773,000	—	(593,500)	19,179,500	(18,854,000)	(325,500)	—
Total	102,016,500	(59,070,000)	(1,819,500)	41,127,000	(40,750,500)	(376,500)	—

Note: Certain employees resigned during the year and respective share options lapsed accordingly.

No share option was outstanding as at as at 31 December 2024, and out of the outstanding share options of 41,127,000, 13,144,500 options were exercisable at 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (i) The Pre-IPO share option scheme (Continued)

The weighted average exercise price is RMB0.38 since the date of grant.

Details of specific categories of options are as follows:

Granted on 30 September 2019:

Types	Vesting period	Exercisable period	Grant date fair value per option RMB
Lot I	30.09.2019 – 3 months from the Listing Date	3 months from the Listing Date – 29.09.2029	2.4186
Lot II	30.09.2019 – 12 months from the Listing Date	12 months from the Listing Date – 29.09.2029	2.3962
Lot III	30.09.2019 – 24 months from the Listing Date	24 months from the Listing Date – 29.09.2029	2.3678
Lot IV	30.09.2019 – 36 months from the Listing Date	36 months from the Listing Date – 29.09.2029	2.3402
Lot V	30.09.2019 – 48 months from the Listing Date	48 months from the Listing Date – 29.09.2029	2.3129
Fair value of share options granted			RMB484,140,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (i) The Pre-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 1 May 2020:

Types	Vesting period	Exercisable period	Grant date fair value per option RMB
Lot I	01.05.2020 – 3 months from the Listing Date	3 months from the Listing Date – 30.04.2030	2.0433
Lot II	01.05.2020 – 12 months from the Listing Date	12 months from the Listing Date – 30.04.2030	2.0962
Lot III	01.05.2020 – 24 months from the Listing Date	24 months from the Listing Date – 30.04.2030	2.1077
Lot IV	01.05.2020 – 36 months from the Listing Date	36 months from the Listing Date – 30.04.2030	2.0845
Lot V	01.05.2020 – 48 months from the Listing Date	48 months from the Listing Date – 30.04.2030	2.0779
Fair value of share options granted			RMB242,200,000

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK\$8.82 (2023: HK\$8.03).

During the year, the Group recognised the total expense of RMB8,738,000 (2023: RMB32,707,000) in relation to Pre-IPO share options granted by the Company.

### (ii) The Post-IPO share option scheme

On 15 June 2020, a share option scheme (the “**Post-IPO share option scheme**”) was adopted by the shareholders of the Company for the purpose of incentivising and retaining directors, senior management and other employees for their contribution to the Group. Under the Post-IPO share option scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Post-IPO share option scheme was 265,714,956 (2023: 129,524,700), representing 4.3% (2023: 2.1%) of the shares of the Company in issue at that day. The total number of shares in respect of which options may be granted under the Pre-IPO share option scheme and the Post-IPO share option scheme is not permitted to exceed 10% of the shares of the Company in issue as at the Listing Date, without prior approval from the Company’s shareholders.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

The following table discloses movements of the Post-IPO share option scheme held by directors and employees during the years ended 31 December 2024 and 2023:

	Outstanding at 1 January 2023	Granted during the year	Lapsed during the year (Note i)	Outstanding at 31 December 2023	Granted during the year	Exercised during the year	Lapsed during the year (Note i)	Outstanding at 31 December 2024
Share options granted on 19 May 2022								
Lot I	2,301,000	—	(305,625)	1,995,375	—	—	(267,000)	1,728,375
Lot II	2,847,750	—	(404,625)	2,443,125	—	—	(401,250)	2,041,875
Lot III	2,847,750	—	(404,625)	2,443,125	—	—	(421,500)	2,021,625
Lot IV	2,847,750	—	(404,625)	2,443,125	—	—	(421,500)	2,021,625
Lot V	546,750	—	(99,000)	447,750	—	—	(140,250)	307,500
Share options granted on 21 July 2022								
Lot I	564,500	—	(137,500)	427,000	—	—	(200,000)	227,000
Lot II	564,500	—	(137,500)	427,000	—	—	(200,000)	227,000
Lot III	564,500	—	(137,500)	427,000	—	—	(200,000)	227,000
Lot IV	564,500	—	(137,500)	427,000	—	—	(200,000)	227,000
Share options granted on 9 November 2022 (Note ii)								
Lot I	8,956,400	—	(704,600)	8,251,800	—	—	(2,945,500)	5,306,300
Lot II	8,956,400	—	(704,600)	8,251,800	—	—	(2,945,500)	5,306,300
Lot III	6,190,200	—	(549,800)	5,640,400	—	—	(2,860,000)	2,780,400
Lot IV	910,000	—	(313,400)	596,600	—	—	(33,300)	563,300
Lot V	910,000	—	(313,400)	596,600	—	—	(33,300)	563,300
Lot VI	910,000	—	(313,200)	596,800	—	—	(33,400)	563,400
Lot VII	2,913,800	—	(565,000)	2,348,800	—	(4,000)	(267,200)	2,077,600
Lot VIII	2,913,800	—	(565,000)	2,348,800	—	—	(334,200)	2,014,600
Lot IX	2,905,400	—	(564,000)	2,341,400	—	—	(333,600)	2,007,800
Lot X	1,076,800	—	(226,700)	850,100	—	—	(140,000)	710,100
Lot XI	1,076,800	—	(226,700)	850,100	—	—	(193,300)	656,800
Lot XII	1,076,400	—	(226,600)	849,800	—	—	(193,400)	656,400
Share options granted on 10 November 2022								
Lot I	470,000	—	(95,000)	375,000	—	—	(7,500)	367,500
Lot II	470,000	—	(95,000)	375,000	—	—	(32,500)	342,500
Lot III	470,000	—	(95,000)	375,000	—	—	(42,500)	332,500
Lot IV	470,000	—	(95,000)	375,000	—	—	(42,500)	332,500
Share options granted on 28 December 2022								
Lot I	482,500	—	(220,000)	262,500	—	—	(40,000)	222,500
Lot II	482,500	—	(220,000)	262,500	—	—	(40,000)	222,500
Lot III	482,500	—	(220,000)	262,500	—	—	(40,000)	222,500
Lot IV	482,500	—	(220,000)	262,500	—	—	(40,000)	222,500
Share options granted on 19 April 2023								
Lot I	—	865,000	(95,000)	770,000	—	(149,807)	(310,193)	310,000
Lot II	—	865,000	(95,000)	770,000	—	—	(460,000)	310,000
Lot III	—	865,000	(95,000)	770,000	—	—	(460,000)	310,000
Lot IV	—	865,000	(95,000)	770,000	—	—	(460,000)	310,000
Share options granted on 20 July 2023								
Lot I	—	735,000	(520,000)	215,000	—	(15,000)	(30,000)	170,000
Lot II	—	735,000	(520,000)	215,000	—	—	(45,000)	170,000
Lot III	—	735,000	(520,000)	215,000	—	—	(45,000)	170,000
Lot IV	—	735,000	(520,000)	215,000	—	—	(45,000)	170,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

The following table discloses movements of the Post-IPO share option scheme held by directors and employees during the years ended 31 December 2024 and 2023: (Continued)

	Outstanding at 1 January 2023	Granted during the year	Lapsed during the year (Note i)	Outstanding at 31 December 2023	Granted during the year	Exercised during the year	Lapsed during the year (Note i)	Outstanding at 31 December 2024
Share options granted on 23 August 2023								
Lot I	—	19,378,775	(260,975)	19,117,800	—	(1,561,769)	(806,650)	16,749,381
Lot II	—	19,378,775	(260,975)	19,117,800	—	—	(1,293,575)	17,824,225
Lot III	—	19,378,775	(260,975)	19,117,800	—	—	(1,293,575)	17,824,225
Lot IV	—	19,378,775	(260,975)	19,117,800	—	—	(1,293,575)	17,824,225
Share options granted on 20 October 2023								
Lot I	—	390,000	—	390,000	—	(107,500)	(80,000)	202,500
Lot II	—	390,000	—	390,000	—	—	(142,500)	247,500
Lot III	—	390,000	—	390,000	—	—	(142,500)	247,500
Lot IV	—	390,000	—	390,000	—	—	(142,500)	247,500
Share options granted on 27 March 2024								
Lot I	—	—	—	—	145,000	—	(20,000)	125,000
Lot II	—	—	—	—	145,000	—	(20,000)	125,000
Lot III	—	—	—	—	145,000	—	(20,000)	125,000
Lot IV	—	—	—	—	145,000	—	(20,000)	125,000
Share options granted on 04 July 2024								
Lot I	—	—	—	—	477,500	—	(135,000)	342,500
Lot II	—	—	—	—	477,500	—	(135,000)	342,500
Lot III	—	—	—	—	477,500	—	(135,000)	342,500
Lot IV	—	—	—	—	477,500	—	(135,000)	342,500
Share options granted on 24 October 2024								
Lot I	—	—	—	—	13,333,175	—	(102,775)	13,230,400
Lot II	—	—	—	—	13,333,175	—	(102,775)	13,230,400
Lot III	—	—	—	—	13,333,175	—	(102,775)	13,230,400
Lot IV	—	—	—	—	13,333,175	—	(102,775)	13,230,400
Lot V	—	—	—	—	4,007,600	—	—	4,007,600
Lot VI	—	—	—	—	8,015,200	—	—	8,015,200
Lot VII	—	—	—	—	12,022,800	—	—	12,022,800
Lot VIII	—	—	—	—	16,030,400	—	—	16,030,400
Share options granted on 27 December 2024								
Lot I	—	—	—	—	415,000	—	—	415,000
Lot II	—	—	—	—	415,000	—	—	415,000
Lot III	—	—	—	—	415,000	—	—	415,000
Lot IV	—	—	—	—	415,000	—	—	415,000
Lot V	—	—	—	—	60,000	—	—	60,000
Lot VI	—	—	—	—	120,000	—	—	120,000
Lot VII	—	—	—	—	180,000	—	—	180,000
Lot VIII	—	—	—	—	240,000	—	—	240,000
Conditional Share options granted on 27 December 2024 (Note iii)								
Lot I	—	—	—	—	18,300,000	—	—	18,300,000
Lot II	—	—	—	—	18,300,000	—	—	18,300,000
Lot III	—	—	—	—	24,400,000	—	—	24,400,000
Total	56,255,000	85,475,100	(12,205,400)	129,524,700	159,158,700	(1,838,076)	(21,130,368)	265,714,956

Under the Post-IPO share option scheme, out of the outstanding share options of 265,714,956 (2023: 129,524,700), 39,125,631 (2023: 14,257,075) options were exercisable as at 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

The following table discloses movements of the Post-IPO share option scheme held by directors and employees during the year ended 31 December 2024 and 2023: (Continued)

Notes :

- (i) Certain employees resigned during the year and respective share options lapsed accordingly.
- (ii) Pursuant to the announcement of the Company dated 1 April 2021, 9 July 2021, 30 September 2021 and 4 January 2022, the Company has granted 26,388,000, 3,670,000, 9,733,000 and 3,830,000 share options to certain eligible participants (the **"Existing Grantees"**) with an exercise price of HK\$51.05, HK\$42.08, HK\$36.30 and HK\$38.43 per share (the **"Original Exercise Prices"**) under the Post-IPO share option scheme, which entitle the Existing Grantees to subscribe for a total of 43,621,000 new ordinary shares of US\$0.01 each. As at the date of 9 November 2022, 4,620,000 share options have lapsed since some Existing Grantees have ceased to be eligible participants after resignation, all of the remaining 39,001,000 share options have not been exercised (the **"Outstanding Share Options"**).

Given that the Original Exercise Prices are much higher than the then recent market price of the shares, directors of the Company is of the view that the Outstanding Share Options will not be able to achieve the purpose of providing the Existing Grantees with incentives and rewards for their contribution to the Group in the short run. Therefore, the directors of the Company has resolved to cancel the Outstanding Share Options under the Post-IPO share option scheme and to grant the Existing Grantees with the same number of new share options (**"the Replacement Option"**), which were beneficial to the Existing Grantees. The cancellation and grant are accounted for as a replacement in accordance with HKFRS 2, in which the amount to be recognised for the services from Existing Grantees is measured based on original vesting conditions. The incremental fair value amounted to RMB90,968,000, which is calculated as the difference between the fair value of the Replacement Options measured using BOPM and the net fair value of the cancelled options at the date the Replacement Options were granted.

- (iii) On 27 December 2024 (the **"date of Grant"**), the Company has conditionally granted a total of 61,000,000 share options under the Post-IPO share option scheme to Mr. Chen (the **"Grant"**). The Grant is subject to the following conditions: (1) the approval of the shareholders of the Company to amend the Post-IPO share option scheme to bring it in line with the latest Listing Rules and to allow the use of treasury shares to satisfy options to be granted under the Post-IPO share option scheme (the **"Proposed Amendment of the Post-IPO share option scheme"**), (2) the approval of the shareholders of the Company to adopt a new scheme mandate limit pursuant to Listing Rules, and (3) the approval of the independent shareholders of the Company as required under the Listing Rules for the conditional Grant, which are further elaborated below. Under the Post-IPO share option scheme, Mr. Chen is required to pay HK\$1 as consideration for the acceptance of the Grant within such period (not exceeding 30 days inclusive of, and from, the Date of Grant) as the Board may determine.

The Grant was designed with reference to, among other things, share incentives granted to the chief executive officer of another listed company in the market, and stipulates a vesting condition benchmarked against the market capitalisation of the Company. Vesting of up to 30%, 60% and 100% of the share options under the Grant will only occur if the average market capitalisation of the Company for any 15 consecutive Business Days first reaches HK\$300,000,000,000, HK\$400,000,000,000 or HK\$500,000,000,000, respectively, over the six years starting from 1 January 2025 and ending 31 December 2030.

As disclosed in the Company's separate announcement also dated 27 December 2024, the scheme mandate limit remaining for the Post-IPO Share Option Scheme is 7,995,340 Shares, which is not sufficient to cover the Grant. As such, the Grant is conditional on, among others, the shareholders of the Company's approval of a new scheme mandate limit of 10% of the total number of Shares in issue (excluding treasury Shares) pursuant to Chapter 17 of the Listing Rules. Assuming the shareholders of the Company approves the Proposed Amendment of the Post-IPO share option scheme, the new scheme mandate limit and the Grant in the same extraordinary shareholder meeting (the **"EGM"**), and that there is no change to the number of issued Share of the Company from the date of this announcement to the EGM, a total of 556,982,729 Shares will be available for future grant under the scheme mandate limit.

On 18 February 2025, the EGM was held and the shareholders of the Company approved the Proposed Amendment of the Post-IPO share option scheme, the new scheme mandate limit and the Grant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows:

Granted on 1 April 2021 and being replaced by replacement options granted on 9 November 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	01.04.2021 — 31.03.2022	01.04.2022 — 31.03.2031	10.1504
Lot II	01.04.2021 — 31.03.2023	01.04.2023 — 31.03.2031	11.3630
Lot III	01.04.2021 — 31.03.2024	01.04.2024 — 31.03.2031	12.3951
Lot IV	01.04.2021 — 31.03.2025	01.04.2025 — 31.03.2031	13.2697
Fair value of share options granted			HK\$308,428,060

Granted on 9 July 2021 and being replaced by replacement options granted on 9 November 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	09.07.2021 — 08.07.2022	09.07.2022 — 08.07.2031	12.0530
Lot II	09.07.2021 — 08.07.2023	09.07.2023 — 08.07.2031	14.2180
Lot III	09.07.2021 — 08.07.2024	09.07.2024 — 08.07.2031	16.0390
Lot IV	09.07.2021 — 08.07.2025	09.07.2025 — 08.07.2031	17.4710
Fair value of share options granted			HK\$54,813,707

Granted on 30 September 2021 and being replaced by replacement options granted on 9 November 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	30.09.2021 — 29.09.2022	30.09.2022 — 29.09.2031	10.6580
Lot II	30.09.2021 — 29.09.2023	30.09.2023 — 29.09.2031	12.5610
Lot III	30.09.2021 — 29.09.2024	30.09.2024 — 29.09.2031	14.1650
Lot IV	30.09.2021 — 29.09.2025	30.09.2025 — 29.09.2031	15.4310
Fair value of share options granted			HK\$127,955,286

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 4 January 2022 and being replaced by replacement options granted on 9 November 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	04.01.2022 — 03.01.2023	04.01.2023 — 03.01.2032	8.8970
Lot II	04.01.2022 — 03.01.2024	04.01.2024 — 03.01.2032	10.2500
Lot III	04.01.2022 — 03.01.2025	04.01.2025 — 03.01.2032	11.4830
Lot IV	04.01.2022 — 03.01.2026	04.01.2026 — 03.01.2032	12.4890
Fair value of share options granted			HK\$41,286,443

Granted on 19 May 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	19.05.2022 — 18.05.2023	19.05.2023 — 18.05.2032	4.5570
Lot II	19.05.2022 — 18.05.2024	19.05.2024 — 18.05.2032	5.1940
Lot III	19.05.2022 — 18.05.2025	19.05.2025 — 18.05.2032	5.6660
Lot IV	19.05.2022 — 18.05.2026	19.05.2026 — 18.05.2032	6.0380
Lot V	19.05.2022 — 18.05.2027	19.05.2027 — 18.05.2032	6.3300
Fair value of share options granted			HK\$65,200,294

Granted on 21 July 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	21.07.2022 — 20.07.2023	21.07.2023 — 20.07.2032	5.5060
Lot II	21.07.2022 — 20.07.2024	21.07.2024 — 20.07.2032	6.3170
Lot III	21.07.2022 — 20.07.2025	21.07.2025 — 20.07.2032	6.9360
Lot IV	21.07.2022 — 20.07.2026	21.07.2026 — 20.07.2032	7.4370
Fair value of share options granted			HK\$16,490,249

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 9 November 2022:

Types	Vesting period	Exercisable period	Grant date incremental fair value per option HK\$
Lot I	09.11.2022 – 07.05.2023	08.05.2023 – 08.11.2032	2.7730
Lot II	09.11.2022 – 31.03.2024	01.04.2024 – 08.11.2032	3.1880
Lot III	09.11.2022 – 31.03.2025	01.04.2025 – 08.11.2032	3.5590
Lot IV	09.11.2022 – 08.07.2023	09.07.2023 – 08.11.2032	2.8690
Lot V	09.11.2022 – 08.07.2024	09.07.2024 – 08.11.2032	3.3090
Lot VI	09.11.2022 – 08.07.2025	09.07.2025 – 08.11.2032	3.6530
Lot VII	09.11.2022 – 29.09.2023	30.09.2023 – 08.11.2032	2.9650
Lot VIII	09.11.2022 – 29.09.2024	30.09.2024 – 08.11.2032	3.3850
Lot IX	09.11.2022 – 29.09.2025	30.09.2025 – 08.11.2032	3.7110
Lot X	09.11.2022 – 03.01.2024	04.01.2024 – 08.11.2032	3.1020
Lot XI	09.11.2022 – 03.01.2025	04.01.2025 – 08.11.2032	3.4920
Lot XII	09.11.2022 – 03.01.2026	04.01.2026 – 08.11.2032	3.7940
Incremental fair value of share options granted			HK\$98,911,662

Granted on 10 November 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	10.11.2022 – 09.11.2023	10.11.2023 – 09.11.2032	2.8080
Lot II	10.11.2022 – 09.11.2024	10.11.2024 – 09.11.2032	3.2150
Lot III	10.11.2022 – 09.11.2025	10.11.2025 – 09.11.2032	3.5170
Lot IV	10.11.2022 – 09.11.2026	10.11.2026 – 09.11.2032	3.7540
Fair value of share options granted			HK\$6,846,382

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 28 December 2022:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	28.12.2022 — 27.12.2023	28.12.2023 — 27.12.2032	3.5740
Lot II	28.12.2022 — 27.12.2024	28.12.2024 — 27.12.2032	4.0870
Lot III	28.12.2022 — 27.12.2025	28.12.2025 — 27.12.2032	4.4690
Lot IV	28.12.2022 — 27.12.2026	28.12.2026 — 27.12.2032	4.7710
Fair value of share options granted			HK\$8,154,547

Granted on 19 April 2023:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	19.04.2023 — 18.04.2024	19.04.2024 — 18.04.2033	3.0340
Lot II	19.04.2023 — 18.04.2025	19.04.2025 — 18.04.2033	3.5440
Lot III	19.04.2023 — 18.04.2026	19.04.2026 — 18.04.2033	3.9110
Lot IV	19.04.2023 — 18.04.2027	19.04.2027 — 18.04.2033	4.1970
Fair value of share options granted			HK\$12,703,390

Granted on 20 July 2023:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	20.07.2023 — 19.07.2024	20.07.2024 — 19.07.2033	2.5670
Lot II	20.07.2023 — 19.07.2025	20.07.2025 — 19.07.2033	2.9850
Lot III	20.07.2023 — 19.07.2026	20.07.2026 — 19.07.2033	3.2820
Lot IV	20.07.2023 — 19.07.2027	20.07.2027 — 19.07.2033	3.5100
Fair value of share options granted			HK\$9,072,840

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 23 August 2023:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	23.08.2023 — 22.08.2024	23.08.2024 — 22.08.2033	2.1530
Lot II	23.08.2023 — 22.08.2025	23.08.2025 — 22.08.2033	2.5400
Lot III	23.08.2023 — 22.08.2026	23.08.2026 — 22.08.2033	2.8310
Lot IV	23.08.2023 — 22.08.2027	23.08.2027 — 22.08.2033	3.0630
Fair value of share options granted			HK\$205,163,091

Granted on 20 October 2023:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	20.10.2023 — 19.10.2024	20.10.2024 — 19.10.2033	1.7900
Lot II	20.10.2023 — 19.10.2025	20.10.2025 — 19.10.2033	2.0940
Lot III	20.10.2023 — 19.10.2026	20.10.2026 — 19.10.2033	2.3130
Lot IV	20.10.2023 — 19.10.2027	20.10.2027 — 19.10.2033	2.4820
Fair value of share options granted			HK\$3,384,810

Granted on 27 March 2024:

Types	Vesting period	Exercisable period	Grant date incremental fair value per option HK\$
Lot I	27.03.2024 — 26.03.2025	27.03.2025 — 26.03.2034	1.9600
Lot II	27.03.2024 — 26.03.2026	27.03.2026 — 26.03.2034	2.3130
Lot III	27.03.2024 — 26.03.2027	27.03.2027 — 26.03.2034	2.5930
Lot IV	27.03.2024 — 26.03.2028	27.03.2028 — 26.03.2034	2.8180
Fair value of share options granted			HK\$ 1,404,180

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 04 July 2024:

Types	Vesting period	Exercisable period	Grant date incremental fair value per option HK\$
Lot I	04.07.2024 — 03.07.2025	04.07.2025 — 03.07.2034	2.5230
Lot II	04.07.2024 — 03.07.2026	04.07.2026 — 03.07.2034	2.9970
Lot III	04.07.2024 — 03.07.2027	04.07.2027 — 03.07.2034	3.3810
Lot IV	04.07.2024 — 03.07.2028	04.07.2028 — 03.07.2034	3.6960
Fair value of share options granted			HK\$ 6,015,068

Granted on 24 October 2024:

Types	Vesting period	Exercisable period	Grant date incremental fair value per option HK\$
Lot I	24.10.2024 — 23.10.2025	24.10.2025 — 23.10.2034	3.3890
Lot II	24.10.2024 — 23.10.2026	24.10.2026 — 23.10.2034	4.0360
Lot III	24.10.2024 — 23.10.2027	24.10.2027 — 23.10.2034	4.5500
Lot IV	24.10.2024 — 23.10.2028	24.10.2028 — 23.10.2034	4.9700
Lot V	24.10.2024 — 29.04.2026	04.30.2026 — 23.10.2034	3.7640
Lot VI	24.10.2024 — 29.04.2027	04.30.2027 — 23.10.2034	4.3320
Lot VII	24.10.2024 — 29.04.2028	04.30.2028 — 23.10.2034	4.7910
Lot VIII	24.10.2024 — 29.04.2029	04.30.2029 — 23.10.2034	5.1700
Fair value of share options granted			HK\$ 416,215,506

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

Granted on 27 December 2024:

Types	Vesting period	Exercisable period	Grant date incremental fair value per option HK\$
Lot I	27.12.2024 — 26.12.2025	27.12.2025 — 26.12.2034	3.6330
Lot II	27.12.2024 — 26.12.2026	27.12.2026 — 26.12.2034	4.3210
Lot III	27.12.2024 — 26.12.2027	27.12.2027 — 26.12.2034	4.8650
Lot IV	27.12.2024 — 26.12.2028	27.12.2028 — 26.12.2034	5.3090
Lot V	27.12.2024 — 29.04.2026	04.30.2026 — 26.12.2034	3.8940
Lot VI	27.12.2024 — 29.04.2027	04.30.2027 — 26.12.2034	4.5250
Lot VII	27.12.2024 — 29.04.2028	04.30.2028 — 26.12.2034	5.0300
Lot VIII	27.12.2024 — 29.04.2029	04.30.2029 — 26.12.2034	5.4460
Fair value of share options granted			10,512,200

The vesting of options granted on 24 October and 27 December 2024 are conditional upon the achievement of certain performance condition set out in the respective letters of grant including , among others, performance evaluation results of the grantees and contribution to the Group during the vesting period, the grantees receive different levels of ratings which may affect the vesting period and the number of options to be vested.

BOPM was used to determine the fair value of the option granted. Key assumptions, such as risk-free rate and volatility, are required to be determined by the directors of the Company with best estimate.

The key inputs into the model of the Post-IPO share option were as follows:

	Share option granted on 19 May 2022	Share option granted on 21 July 2022	Share option granted on 9 November 2022	Share option granted on 10 November 2022	Share option granted on 28 December 2022
Weighted average share price	HK\$16.88	HK\$20.80	HK\$11.11	HK\$11.20	HK\$12.96
Exercise price	HK\$16.88	HK\$20.80	HK\$11.11	HK\$11.20	HK\$12.96
Expected volatility	41.16%	41.14%	41.46%	41.50%	41.14%
Risk-free rate	2.90%	2.91%	4.00%	3.98%	3.56%
Expected dividend yield	2.14%	1.77%	2.54%	2.62%	2.16%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

The key inputs into the model of the Post-IPO share option were as follows: (Continued)

	Share option granted on 19 April 2023	Share option granted on 20 July 2023	Share option granted on 23 August 2023	Share option granted on 20 October 2023
Weighted average share price	HK\$9.62	HK\$8.16	HK\$7.20	HK\$5.82
Exercise price	HK\$9.71	HK\$8.16	HK\$7.79	HK\$5.99
Expected volatility	51.62%	51.06%	50.83%	50.44%
Risk-free rate	3.18%	3.64%	4.05%	4.40%
Expected dividend yield	1.87%	2.21%	1.81%	2.23%

	Share option granted on 27 March 2024	Share option granted on 04 July 2024	Share option granted on 24 October 2024	Share option granted on 27 December 2024
Weighted average share price	HK\$6.60	HK\$8.68	HK\$10.82	HK\$11.26
Exercise price	HK\$6.85	HK\$9.24	HK\$11.16	HK\$11.26
Expected volatility	49.67%	49.17%	52.74%	52.38%
Risk-free rate	3.72%	3.53%	3.17%	3.69%
Expected dividend yield	1.52%	1.15%	0.92%	0.89%

The directors of the Company estimated the risk-free rate based on the yield of the China government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (ii) The Post-IPO share option scheme (Continued)

Details of specific categories of options are as follows: (Continued)

The key inputs into the model of the Post-IPO share option were as follows: (Continued)

Monte Carlo model was used to determine the fair value of the conditional option granted. The fair value of the conditional options at the date of grant was HK\$160,448,000 (equivalent to approximately RMB148,517,000). The key inputs into the model were as follows:

	Conditional Share options granted on 27 December 2024
Weighted average share price	HK\$11.26
Exercise price	HK\$11.26
Expected life	6.01 years
Expected volatility	46.42%
Risk-free rate	3.51%
Expected dividend yield	0.67%

The directors of the Company estimated the risk-free rate based on the yield of the China government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

During the year, the Group recognised the total expense of RMB90,391,000 (2023: RMB160,577,000) in relation to the Post-IPO share options granted by the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (iii) Share Award Scheme

On 2 September 2021 (“**Adoption date**”), the Company’s Restricted Share Award Plan (the “**Restricted Share Award Scheme**”) was adopted with a duration of 10 years commencing from the Adoption date. The purposes of the Restricted Share Award Scheme are (i) to recognise and reward the contribution of certain employees, directors, advisors and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group (the “**Eligible Participants**”); and (ii) to attract suitable personnel for further development of the Group.

The Group has set up Giant Bliss to administrate and hold the Company’s shares before they are vested and transferred to the Eligible Participants. The vested shares are transferred to Eligible Participants at no cost except that the expenses attributable or payable in respect of the transfer of such shares of the Company shall be borne by the Eligible Participants.

The fair value of the share awarded was determined based on the market value of the Company’s shares at the grant dates. The vesting period under the Restricted Share Award Scheme ranges from three months to five years.

During the year ended 31 December 2024, the share awarded were granted on 27 March, 4 July, 24 October and 27 December. The estimated fair values of the share awarded granted on those dates are HK\$2,574,000, HK\$6,250,000, HK\$724,105,000, and HK\$15,944,000 respectively.

At 31 December 2024, the number of shares which had been granted and remained unvested under the Restricted Share Award Scheme was 91,125,350 (2023: 35,462,900), representing 1.5% (2023: 0.6%) of the shares of the Company in issue at that day. The total number of shares awarded which may be granted under the Restricted Share Award Scheme shall not exceed 5% of the total issued share capital of the Company. The total number of shares which may be subject to an award or awards to a Eligible Participant shall not in aggregate exceed 1% of the total number of issued shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

### (iii) Share Award Scheme (Continued)

The following table discloses movements of the Restricted Share Award Scheme held by directors and employees during the years ended 31 December 2024 and 2023:

	Outstanding at 1 January 2023	Granted during the year	Vested during the year	Lapsed during the year	Outstanding at 31 December 2023	Granted during the year	Vested during the year	Lapsed during the year	Outstanding at 31 December 2024
Shares granted on 24 December 2021:	3,475,600	—	(1,083,475)	(339,525)	2,052,600	—	(477,500)	(1,019,225)	555,875
Shares granted on 4 January 2022:	860,000	—	(215,000)	(15,000)	630,000	—	(210,000)	(20,000)	400,000
Shares granted on 19 April 2022:	6,028,000	—	(908,500)	(711,000)	4,408,500	—	(1,239,500)	(590,750)	2,578,250
Shares granted on 21 July 2022:	896,000	—	(206,500)	(77,500)	612,000	—	(159,000)	(345,000)	108,000
Shares granted on 10 November 2022:	804,000	—	(256,000)	(140,000)	408,000	—	(108,875)	(51,375)	247,750
Shares granted on 28 November 2022:	798,500	—	(47,500)	(608,500)	142,500	—	(47,500)	—	95,000
Shares granted on 19 April 2023:	—	1,727,000	—	(175,000)	1,552,000	—	(314,250)	(760,000)	477,750
Shares granted on 20 July 2023:	—	1,917,000	—	(1,617,000)	300,000	—	(55,000)	(95,000)	150,000
Shares granted on 23 August 2023:	—	25,099,400	—	(390,600)	24,708,800	—	(5,885,400)	(1,690,775)	17,132,625
Shares granted on 20 October 2023:	—	648,500	—	—	648,500	—	(105,000)	(341,000)	202,500
Shares granted on 27 March 2024:	—	—	—	—	—	390,000	—	(40,000)	350,000
Shares granted on 04 July 2024:	—	—	—	—	—	720,000	—	(60,000)	660,000
Shares granted on 24 October 2024:	—	—	—	—	—	66,922,800	—	(171,200)	66,751,600
Shares granted on 27 December 2024:	—	—	—	—	—	1,416,000	—	—	1,416,000
Total	12,862,100	29,391,900	(2,716,975)	(4,074,125)	35,462,900	69,448,800	(8,602,025)	(5,184,325)	91,125,350

The vesting of share awarded granted on 24 October and 27 December 2024 are conditional upon the achievement of certain performance condition set out in the respective letters of grant including , among others, performance evaluation results of the grantees and contribution to the Group during the vesting period, the grantees receive different levels of ratings which may affect the vesting period and the number of options to be vested.

During the year, the Group recognised the total expense of RMB 99,221,000 (2023: RMB103,175,000) in relation to the Restricted Share Award Scheme shares granted by the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 28. Share-Based Payment Transactions (Continued)

Equity-settled share option scheme of Transpire Bio Holdings Limited (“**Transpire Bio**”)

### (iv) 2024 equity incentive plan

On 31 May 2024, a share option scheme (the “**2024 equity incentive plan**”) was adopted by the board of directors of Transpire Bio, incorporated in the Cayman, Islands, for the purpose of attracting and retaining the services of the directors, senior management and other employees for their contribution to the Transpire Bio. Under the 2024 equity incentive plan, the board of directors of Transpire Bio may grant options to eligible employees, including directors of Transpire Bio and its subsidiaries, to subscribe for shares in Transpire Bio.

The share options have graded vesting terms, and will be vested from the grant date up to 3 years generally on the condition that employees remain in service without any performance requirements.

During the year, 1,132,582,500 share options were granted on 31 May 2024 under the equity incentive plan. The fair value of the options determined at the date of grant using the Binomial Option Pricing model was USD3,602,000 (equivalent to approximately RMB22,652,000). The key inputs into the model were as follows:

	Share options granted on 31 May 2024
Weighted average share price	USD0.0041
Exercise price	USD0.0041
Expected life	10 years
Risk-free rate	4.50%
Expected dividend yield	0.00%

The directors of Transpire Bio estimated the risk-free rate based on the yield of the US government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

During the year, the Group recognised the total expense of RMB7,623,000 in relation to the 2024 equity incentive plan.

## 29. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which include lease liabilities disclosed in Note 24 and advances drawn on bills receivables discounted disclosed in Note 26, net of cash and cash equivalents and equity of the Group, comprising share capital, retained profits and other reserves.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 29. Capital Risk Management (Continued)

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as new debt or the redemption of existing debt.

## 30. Financial Instruments

### a. Categories of financial instruments

	31/12/2024 RMB'000	31/12/2023 RMB'000
<b>Financial assets</b>		
Amortised cost	21,024,983	19,329,235
Measured at FVTPL		
— swap contracts	857	—
	21,025,840	19,329,235
<b>Financial liabilities</b>		
Amortised cost	3,424,808	2,183,526
Lease liabilities	306,003	383,372
	3,730,811	2,566,898

### b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, investment notes, short-term bank deposits over three months, long-term bank deposits, restricted bank deposits, bank balances and cash, trade and bills payables, other payables, advances drawn on bills receivables discounted with recourse and lease liabilities. Details of the financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Market risk

##### Currency risk

Certain trade and bills receivables, other receivables, short-term bank deposits over three months, bank balances and cash, trade and bills payables, other payables and lease liabilities are denominated in foreign currencies of respective group entities which expose the Group to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, the Group will monitor its foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities as at 31 December 2024 and 2023 are as follows:

	Assets		Liabilities	
	31/12/2024 RMB'000	31/12/2023 RMB'000	31/12/2024 RMB'000	31/12/2023 RMB'000
US\$	1,696,410	406,908	71,054	66,372
CNY	697,753	104,534	10,776	3,177
HK\$	160,743	13,562	1,697	348
IDR	4,591	3,223	81,536	49,792
Euro	7,849	3,179	1,389	19,118
GBP	1,684	2,067	170	215
Other	270	539	—	—
	2,569,300	534,012	166,622	139,022

##### Sensitivity analysis

The above GBP and other denominated assets are insignificant to the Group. Accordingly, no sensitivity analysis is prepared in management's opinion.

The following table details the Group's sensitivity to a 10% (2023:10%) increase and decrease in the relevant foreign currencies, against the functional currency of the respective group entities. 10% (2023:10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 10% (2023:10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the relevant foreign currencies strengthens 10% (2023:10%) against the functional currency. For a 10% (2023:10%) weakening of the relevant foreign currencies against the functional currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Market risk (Continued)

#### Sensitivity analysis (Continued)

	31/12/2024 RMB'000	31/12/2023 RMB'000
US\$	138,254	28,980
CNY	58,393	8,615
HK\$	13,819	1,144
IDR	(6,540)	(3,958)
Euro	549	(1,355)

#### Interest rate risk

The Group is exposed to fair value interest rate risk in relation to investment notes, short-term bank deposits over three months, long-term bank deposits, restricted bank deposits, advances drawn on bills receivables discounted with recourse, and lease liabilities and cash flow interest rate risk in relation to bank balances due to the fluctuation of the prevailing market interest rate.

The management of the Group considers that the impact to profit or loss for respective years are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

#### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group.

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

At 31 December 2024, the Group had concentration risk as 57% (2023: 47%) of the total gross trade receivables was due from the Group's largest debtor, and 79% (2023: 78%) of the total gross trade receivables was due from the five largest debtors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

##### *Group's exposure to credit risk*

In addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets, except for trade receivables, that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12m ECL.

##### *Trade receivables*

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items individually.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

##### *Bills receivables*

In order to minimise the credit risk on bills received from customers, the Group will only accept bills issued by certain licensed banks with high credit ratings. Before accepting any bills from customers, the Group will verify the validity of each bill. In this regard, the management of the Group considers that the Group's credit risk associated with its bills receivables is limited.

##### *Other receivables and rental deposits*

For other receivables and rental deposits, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12m ECL since the management of the Group assesses that there has not been any significant increase in credit risk since initial recognition.

In determining the expected credit losses, the Group determines the ECL on these items individually based on past default experience of the counterparty and reputation.

##### *Long-term bank deposits, other financial assets, restricted bank deposits, short-term bank deposits over three months and bank balances*

The long-term bank deposits, other financial assets, restricted bank deposits, short-term bank deposits over three months and bank balances are determined to have low credit risk. The credit risk on long-term bank deposits, other financial assets, restricted bank deposits, short-term bank deposits over three months and bank balances are limited because majority of the counterparties are reputable banks and the risk of default is low.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, the Group applied internal credit rating for its customers. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Descriptions	Trade receivables	Other financial assets
Group A	The counterparty has a low risk of default based on historical repayment records and has a good reputation	Lifetime ECL — not credit-impaired	12-month ECL — not credit-impaired
Group B	The counterparty has high creditability but sometimes repays after due dates in full	Lifetime ECL — not credit-impaired	12-month ECL — not credit-impaired
Group C	The counterparty usually settles in full after due dates with a higher risk of default	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Group D	There is evidence indicating that the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

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

	Notes	External	Internal	12-month or	Gross carrying	
		credit rating	credit rating	lifetime ECL	amounts	
					2024	2023
					RMB'000	RMB'000
Financial assets at amortised cost						
Long-term bank deposits	15(a)	(Note ii)	N/A	12-month ECL — not credit-impaired	3,106,699	1,017,889
Investment notes	17	(Note ii)	N/A	12-month ECL — not credit-impaired	2,552,717	—
Short-term bank deposits over three months	15(c)	(Note ii)	N/A	12-month ECL — not credit-impaired	7,319,610	10,835,877
Bank balances	15(d)	(Note ii)	N/A	12-month ECL — not credit-impaired	5,170,700	5,332,076
Restricted bank deposits	15(b)	(Note ii)	N/A	12-month ECL — not credit-impaired	590,195	4,116
Trade receivables	19	N/A	Group A	Lifetime ECL — not credit-impaired	63,392	68,982
			Group B	Lifetime ECL — not credit-impaired	1,675,751	1,766,515
			Group C	Lifetime ECL — not credit-impaired	364,078	55,916
Bills receivables	19	N/A	N/A	12-month ECL — not credit-impaired	17,918	15,023
Other receivables and rental deposits	20	N/A	(Note i)	12-month ECL — not credit-impaired	200,237	251,069

Notes:

- i. For the purposes of internal credit risk management, the Group uses past due information, historical repayment records and past experience to assess whether credit risk has increased significantly since initial recognition.

As at 31 December 2024, the gross carrying amount of rental deposits amounted to approximately RMB27,498,000 (2023: RMB30,860,000) and the management of the Group makes periodic individual assessment on the recoverability of rental deposits based on the landlord's credit quality.

- ii. The external credit ratings range from A1 to Caa2 quoted from the rating scale of an international credit rating agency.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

For trade receivables which are not credit-impaired, lifetime ECL of approximately RMB36,314,000 (2023: RMB18,228,000) were made as at 31 December 2024 for average loss rates ranging from 0.1% to 6.4% (2023: from 0.1% to 9.5%).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

In the opinion of the management of the Group, the trade receivables within Group A, B, and C at the end of the reporting period which have been past due 90 days or more are not considered as in default by considering the expected subsequent and historical repayment from the trade debtors.

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

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2023	12,481	—	12,481
New financial assets originated	18,228	4,137	22,365
Impairment losses reversed	(12,481)	—	(12,481)
Write-offs	—	(4,137)	(4,137)
As at 31 December 2023	18,228	—	18,228
New financial assets originated	36,314	2,194	38,508
Impairment losses reversed	(18,228)	—	(18,228)
Write-offs	—	(2,194)	(2,194)
As at 31 December 2024	36,314	—	36,314

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### b. Financial risk management objectives and policies (Continued)

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group and the Company's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due for the foreseeable future after taking into account of the expected working capital requirements for the next twelve months from the end of the reporting period.

#### Liquidity tables

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1 to 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2024								
Trade and bill payables		843,020	442,955	83,601	—	—	1,369,576	1,369,576
Other payables		480,732	—	—	—	—	480,732	480,732
Lease liabilities	4.75–4.90	10,611	32,843	83,094	195,931	4,696	327,175	306,003
Advances drawn on bills receivables discounted with recourse	1.52	236,500	588,000	750,000	—	—	1,574,500	1,574,500
		1,570,863	1,063,798	916,695	195,931	4,696	3,751,983	3,730,811
As at 31 December 2023								
Trade and bill payables	—	1,002,359	249,246	18,199	—	—	1,269,804	1,269,804
Other payables	—	520,699	—	—	—	—	520,699	520,699
Lease liabilities	4.75–4.90	12,922	24,223	95,909	272,730	10,621	416,405	383,372
Advances drawn on bills receivables discounted with recourse	1.60	6,387	129,636	257,000	—	—	393,023	393,023
		1,542,367	403,105	371,108	272,730	10,621	2,599,931	2,566,898

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 30. Financial Instruments (Continued)

### c. Fair value measurements of financial instruments

The following provides information about how the Group determines fair values of financial instruments.

#### (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets were measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets were determined.

Financial assets	Fair values as at 31 December		Fair value hierarchy	Valuation technique and key inputs
	2024 RMB'000	2023 RMB'000		
<b>The Group</b>				
Financial assets at FVTPL				
— swap contracts	<b>857</b>	—	Level 2	Discounted cash flow.  Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There is no transfer between different levels of the fair value hierarchy during the year ended 31 December 2024.

#### (ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

The fair values of these financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 31. Reconciliation of Liabilities Arising from Financing Activities

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

	Dividend payable RMB'000	Interest payable RMB'000	Advances drawn on bills receivables discounted with recourse RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	222	—	101,744	456,810	558,776
Financing cash flows	(718,891)	(6,740)	419,359	(194,403)	(500,675)
Repayment of advances drawn on bills receivables (Note)	—	—	(128,080)	—	(128,080)
Dividend declared (Note 11)	719,067	—	—	—	719,067
Recognition of lease liabilities	—	—	—	165,006	165,006
Early termination of leases	—	—	—	(62,588)	(62,588)
Interest expenses	—	6,740	—	20,452	27,192
Foreign exchange translation	—	—	—	(1,905)	(1,905)
Others	(222)	—	—	—	(222)
At 31 December 2023	176	—	393,023	383,372	776,571
Financing cash flows	(552,391)	(21,356)	1,265,114	(161,933)	529,434
Repayment of advances drawn on bills receivables (Note)	—	—	(83,637)	—	(83,637)
Dividend declared (Note 11)	552,822	—	—	—	552,822
Recognition of lease liabilities	—	—	—	147,463	147,463
Early termination of leases	—	—	—	(79,950)	(79,950)
Interest expenses	—	21,356	—	16,507	37,863
Foreign exchange translation	—	—	—	544	544
Others	(167)	—	—	—	(167)
At 31 December 2024	440	—	1,574,500	306,003	1,880,943

Note: During the year, advances drawn on discounted bills with recourse of RMB83,637,000 (2023: RMB128,080,000) have been settled by the issuers of the bills to the relevant financial institutions directly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 32. Commitments

	31/12/2024 RMB'000	31/12/2023 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	707,750	494,304

The Group has commitment for future minimum lease payments in respect of short term leases as follows:

	31/12/2024 RMB'000	31/12/2023 RMB'000
Within one year	9,648	6,777

## 33. Retirement Benefit Plans

The Group operates numbers of defined contribution plans across its geographies, the PRC retirement benefit scheme is the retirement arrangement of material size. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The amounts of contributions made by the Group in respect of the retirement benefits scheme during the year are disclosed in Notes 9 and 10.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 34. Related Party Transactions

- (a) The Group had significant transactions and balances with related parties, some of which are also deemed to be connected parties pursuant to the Listing Rules. Other than as disclosed elsewhere in these consolidated financial statements, the Group entered into the following transactions with the related party:

Name of related party	Name of transaction	2024 RMB'000	2023 RMB'000
EVE Energy Co. Ltd, Shareholder of the Company	Purchase of raw material	497,563	548,638

The transaction on the above falls under the definition of “connected transaction” or “continuing connected transaction” under the Listing Rules.

### (b) Compensation of key management personnel

The remuneration of key management personnel, including members of the board of directors and other members of senior management, during the year was as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other allowances	10,576	10,718
Performance related bonuses	6,746	97
Retirement benefit schemes contributions	303	274
Share-based payment expenses	12,557	18,694
	30,182	29,783

The remuneration of directors and key executives is determined with regard to the performance of individuals and market trends.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35. Statement of Financial Position and Reserves of the Company

	31/12/2024 RMB'000	31/12/2023 RMB'000
<b>Non-current assets</b>		
Investments in subsidiaries	7,844,854	6,993,368
Amounts due from subsidiaries	1,282,766	516,212
	9,127,620	7,509,580
<b>Current assets</b>		
Bank balances and cash	91,337	634,546
Short-term bank deposits over three months	1,149,238	50,334
Other receivables, deposits and prepayments	2,610	3,533
	1,243,185	688,413
<b>Current liabilities</b>		
Other payables and accrued expenses	1,990	1,199
Amounts due to subsidiaries	2,889,860	327,680
	2,891,850	328,879
<b>Net current (liabilities) assets</b>	(1,648,665)	359,534
<b>Total assets less current liabilities</b>	7,478,955	7,869,114
<b>Net assets</b>	7,478,955	7,869,114
<b>Capital and reserves</b>		
Share capital (Note 27)	431,299	428,272
Reserves (Note i)	7,047,656	7,440,842
<b>Total equity</b>	7,478,955	7,869,114

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35. Statement of Financial Position and Reserves of the Company (Continued)

Note:

(i) Movement in the Company's reserves:

	Share premium RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Share award reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	8,669,968	1,313	467,869	93,281	(232,032)	(1,089,848)	7,910,551
Loss and total comprehensive expense for the year	—	—	—	—	—	(11,249)	(11,249)
Recognition of share-based payment expenses	—	—	193,284	103,175	—	—	296,459
Exercise of share options	150,478	—	(132,261)	—	—	—	18,217
Vesting of share under share award scheme	7,707	—	—	(60,723)	—	—	(53,016)
Dividends recognised as distribution (Note 11)	(720,120)	—	—	—	—	—	(720,120)
At 31 December 2023	8,108,033	1,313	528,892	135,733	(232,032)	(1,101,097)	7,440,842
Gain and total comprehensive expense for the year	—	—	—	—	—	14,900	14,900
Recognition of share-based payment expenses	—	—	99,131	99,221	—	—	198,352
Exercise of share options	119,667	—	(94,096)	—	—	—	25,571
Lapsed of share options	—	—	(128,106)	—	—	128,106	—
Vesting of share under share award scheme	13,257	—	—	(85,389)	—	—	(72,132)
Lapsed of share under share award scheme	—	—	—	(54,683)	—	54,683	—
Dividends recognised as distribution (Note 11)	(559,877)	—	—	—	—	—	(559,877)
At 31 December 2024	7,681,080	1,313	405,821	94,882	(232,032)	(903,408)	7,047,656

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. Particulars of Principal Subsidiaries of the Company

Details of the principal subsidiaries held by the Company at the end of the reporting periods are set out below:

Name of Subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2024	2023	
Smoore Group Limited	British Virgin Islands ("BVI")	US\$10	100%	100%	Investment holding
Smoore HK	Hong Kong, China	HK\$5,648,193,348	100%	100%	Investment holding and export sales of vaping devices and supply chain service
SBI Limited	BVI	US\$22,000	100%	100%	Investment holding
Smoore Shenzhen	Mainland China	RMB66,631,579	100%	100%	Investment holding, research and development, manufacturing and sales of vaping devices
東莞市麥克電子科技 有限公司	Mainland China	RMB3,000,000	100%	100%	Manufacturing of vaping devices
深圳市麥克兄弟科技 有限公司	Mainland China	RMB3,000,000	100%	100%	Manufacturing of vaping devices
深圳市韋普萊思科技 有限公司	Mainland China	RMB1,000,000	100%	100%	Manufacturing of vaping devices
Moore Jiangmen	Mainland China	RMB350,000,000	100%	100%	Research, development and manufacturing and sale of vaping devices
東莞市麥克新材料 科技有限公司	Mainland China	RMB500,000	100%	100%	Manufacturing, research and development of new materials
Maishi Technology	Mainland China	RMB20,000,000	100%	100%	Research, development and sales of vaping devices and HNB devices

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. Particulars of Principal Subsidiaries of the Company (Continued)

Details of the principal subsidiaries held by the Company at the end of the reporting periods are set out below: (Continued)

Name of Subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2024	2023	
江門思摩爾科技 有限公司	Mainland China	RMB1,000,000	100%	100%	Manufacturing and sales of new material
Spectrum Dynamic Research	United States	—	100%	100%	Research and development
深圳摩爾霧化健康 醫療科技有限公司	Mainland China	RMB10,000,000	100%	100%	Manufacturing, research, development and sales of atomization products in medical treatment
江門思摩爾新材料科技 有限公司	Mainland China	RMB10,000,000	100%	100%	Manufacturing research and development of new materials
東莞思維爾科技 有限公司	Mainland China	RMB1,000,000	100%	100%	Manufacturing of vaping accessories
海南摩爾兄弟科技 有限公司	Mainland China	RMB10,000,000	100%	100%	Research and development
PT Smoore Technology Indonesia	Indonesia	US\$82,480,000	100%	100%	Research, development and manufacturing of vaping devices
Giant Bliss	BVI	—	100%	100%	Trustee
Power Source Inc	United States	—	100%	100%	Sales of vaping devices
深圳傳思生物科技 有限公司	Mainland China	RMB1,000,000	100%	100%	Research and development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 36. Particulars of Principal Subsidiaries of the Company (Continued)

Details of the principal subsidiaries held by the Company at the end of the reporting periods are set out below: (Continued)

Name of Subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2024	2023	
Transpire Bio Inc.	United States	US\$30	100%	100%	Research and development
Smoores UK CO., LTD	United Kingdom	US\$42,576	100%	100%	Sales of vaping devices
Smoores Labs	United States	US\$1,000,000	100%	100%	Research and development
TranspireBio Holdings Limited	Cayman	—	100%	100%	Investment holding
TranspireBio Technology Limited	BVI	—	100%	100%	Investment holding
Transpirebio HK Limited	Hong Kong, China	—	100%	100%	Investment holding
Transpire Bio UK	United Kingdom	—	100%	100%	Research and development

These Mainland China subsidiaries are registered as limited liability companies under the Mainland China laws.

None of the subsidiaries had issued any debt securities at the end of the year.

## 37. COMPARATIVE FINANCIAL INFORMATION

Certain comparative financial information set out in the consolidated financial statements have been reclassified to conform with current year's presentation.

## 38. EVENTS AFTER THE REPORTING PERIOD

Save for the event of the Company disclosed in note 28, the Group and the Company has no significant events took place subsequent to 31 December, 2024.