

紐曼思健康食品控股有限公司

Stock code : 2530

# 2024

## ANNUAL REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wang Ping (*Chairman, Chief Executive Officer*)  
Ms. Cui Juan

### Non-executive Director

Mr. Chan Hok Leung

### Independent Non-executive Directors

Ms. Yim Wing Yee  
Mr. Lau Kwok Fai Patrick  
Mr. Yu Tsz Ngo

### Company Secretary

Mr. Tang Tsz Tsun  
(resigned with effect from 1 February 2025)  
Mr. Cheng King Tong  
(appointed with effect from 1 February 2025)

## AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. Wang Ping  
Mr. Tang Tsz Tsun  
(resigned with effect from 1 February 2025)  
Mr. Cheng King Tong  
(appointed with effect from 1 February 2025)

## AUDIT COMMITTEE

Ms. Yim Wing Yee (*Chairperson*)  
Mr. Lau Kwok Fai Patrick  
Mr. Yu Tsz Ngo

## REMUNERATION COMMITTEE

Mr. Wang Ping (*Chairperson*)  
Ms. Yim Wing Yee  
Mr. Lau Kwok Fai Patrick  
Mr. Yu Tsz Ngo

## NOMINATION COMMITTEE

Mr. Wang Ping (*Chairman*)  
Ms. Yim Wing Yee  
Mr. Lau Kwok Fai Patrick  
Mr. Yu Tsz Ngo

## PRINCIPAL SHARE REGISTRAR

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKS

China Merchant Bank Shanghai Branch  
No. 161, Lu Jia Zui Dong Road  
Pudong District, Shanghai  
PRC

China Construction Bank Shanghai Branch  
No. 900, Lujiazui Ring Road  
Pudong District, Shanghai  
PRC

Industrial and Commercial Bank of China Limited  
Shanghai Beicai Branch  
No. 146, Lianxi Road  
Pudong District, Shanghai  
PRC

The Hongkong & Shanghai Banking Corporation  
Limited, Main Office  
HSBC Building  
1 Queen's Road Central  
Hong Kong

## LEGAL ADVISERS (AS TO HONG KONG LAW)

Anthony Siu & Co.  
18/Floor, 9 Queen's Road Central  
Hong Kong

## AUDITOR

Forvis Mazars CPA Limited  
Certified Public Accountants and Registered Public  
Interest Entity Auditor  
42/F, Central Plaza  
18 Harbour Road, Wan Chai  
Hong Kong

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Numans Health Food Holdings Company Limited, I am pleased to present the audited consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2024.

This past year has been a transformative period for the Company, particularly marked by our successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 January 2025. This milestone not only enhances our visibility in the market but also strengthens our ability to access capital to support our growth ambitions. Despite the challenges faced in the preceding year, including shifts in consumer behavior and an economic landscape impacted by external factors, our commitment to improving our business and service levels remains unwavering.

In 2024, we experienced a decline in revenue of approximately 34.9%, resulting in total revenue of RMB277.5 million. This decrease was largely influenced by the stockpiling effect and shifts in consumer purchasing power have created a challenging environment for many in the industry.

Despite these headwinds, I am encouraged by the stability shown in various aspects of our operations. Our gross profit margin remained strong at 76.1% in 2024 as compared to 75.2% in 2023, indicating a leading and premium position of our brands.

Looking ahead, we remain optimistic about the growth potential within the nutritional product industry in the People's Republic of China (the “**PRC**”). Our strategic focus will be to amplify our marketing efforts and strengthen our brand presence, particularly through online and offline channels. We believe these initiatives will not only bolster our revenue but also enhance our market position in the years to come.

As a responsible public company, we are committed to maintaining high standards of corporate governance and transparency. Our aim is to ensure that we deliver value not only to our shareholders but also to our customers and the communities we serve.

## ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to our dedicated team, whose hard work and commitment have been instrumental during this challenging year. I also extend my appreciation to our shareholders for your continued support and confidence in Numans. Together, I believe we can navigate the challenges ahead and achieve new milestones in our journey.

Thank you for your unwavering support.

**Mr. Wang Ping**

*Chairman*

Hong Kong, 21 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

The Company's listing on the Stock Exchange (the "**Listing**") on 10 January 2025, represented a significant milestone in its business journey. This listing status has unlocked access to international capital markets, while also elevating the Group's brand visibility, strengthening its market presence, and boosting confidence among customers, suppliers, and other stakeholders. Leveraging its proprietary brands, "紐曼思" and "紐曼斯" ("**Nemans**" in English), and a strategic focus on amplifying marketing efforts through diverse channels to heighten public awareness, the Group is well-positioned to navigate future economic cycles and tackle upcoming challenges with confidence.

The Group is confident in the growth prospects of the PRC's nutritional product industry, particularly in the maternal and children segment, which has demonstrated steady growth driven by increasing health awareness and rising disposable income. To capitalise on these opportunities, the Group is committed to ramping up its marketing efforts throughout 2025. This strategic initiative aims to bolster brand visibility, extend market reach, and strengthen the sales and distribution network. Through a comprehensive blend of online and offline marketing strategies, the Group intends to enhance brand recognition and drive sales. Notably, the Group will procure brand marketing and promotional solutions from e-commerce platforms to attract traffic and enhance product visibility, while also expanding its offline sales networks into less penetrated regions across the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Revenue

The Group is principally engaged in the marketing, sales and distribution of finished nutritional products in the PRC. The Group sold its nutritional products under its proprietary brands, namely "紐曼思" and "紐曼斯" (in English, "**Nemans**"), which can be broadly categorised into five main types, namely algal oil DHA, probiotics, vitamins, multi-nutrients and algal calcium products.

Revenue of the Group had decreased by approximately RMB149.0 million or 34.9% in FY2024, primarily due to (i) the effect of stockpiling behaviour by consumers due to the release of radioactive water by Japan in the second half of 2023 which dampened sales in 2024 as the maternal and children nutritional product market faced reduced demand following the spike in 2023; and (ii) the temporary economic downturn in the PRC during the first half of 2024.

The Group's revenue are primarily derived from algal oil DHA products which contributed approximately 96.1% and 94.7% for FY2024 and FY2023. The reminder are derived from probiotics, vitamins, multi-nutrients, algal calcium and milk powder products. Set out below the sales volume and average selling price of the Group's algal oil DHA products:

	FY2024		FY2023	
	Sales volume Unit'000	Average selling price RMB/Unit	Sales volume Unit'000	Average selling price RMB/Unit
Algal oil DHA products	1,276	209.0	1,918	210.7

The following table sets forth the breakdown of the Group's revenue by sales channels for the FY2024 and FY2023:

	FY2024 Revenue		FY2023 Revenue	
	RMB'000	%	RMB'000	%
<b>Online sales channel</b>				
Direct sales to e-commerce companies	181,818	65.5	236,930	55.5
Sales through online shopping platforms to our customers	28,117	10.1	56,467	13.2
Others (Note)	13,513	4.9	18,130	4.3
<b>Subtotal</b>	<b>223,448</b>	<b>80.5</b>	311,527	73.0
<b>Offline sales channel</b>				
Sales to regional distributors	50,742	18.3	108,523	25.5
Others (Note)	3,305	1.2	6,495	1.5
<b>Subtotal</b>	<b>54,047</b>	<b>19.5</b>	115,018	27.0
<b>Total</b>	<b>277,495</b>	<b>100.0</b>	426,545	100.0

Note: Others include direct sales to retail outlets and miscellaneous sales.

The Group's online sales channel remained as its major sales channel that contributed approximately 80.5% of revenue for the year ended 31 December 2024.

### Cost of sales

The Group's cost of sales included costs of inventories and transportation charge. For FY2024, the Group's cost of sales amounted to approximately RMB66.4 million, representing a decrease of RMB39.3 million or 37.2% from approximately RMB105.7 million for FY2023. Such decrease in cost of sales was in line with the decrease in revenue for FY2024.

### Gross profit and gross profit margin

For the year ended 31 December 2024, the Group achieved a gross profit of RMB211.1 million, representing a decrease of 34.2% as compared to the previous year. Despite the decrease in revenue, the Group maintained a relatively high gross profit margin of 76.1% for FY2024 (FY2023: 75.2%).

### Other income

Other income of the Group mainly included government grants, compensation from litigation claims, compensation income from customers and interest income. Other income of the Group amounted to approximately RMB17.5 million and RMB13.5 million for the year ended 31 December 2024 and 2023, respectively.



### Selling and distribution expenses

The Group's selling and distribution expenses mainly included promotion expenses, compensation to regional distributors, staff costs, platform management service fee, platform service fee, courier expenses and depreciation of right-of-use assets. Selling and distribution expenses of the Group amounted to approximately RMB90.6 million and RMB102.6 million for the year ended 31 December 2024 and 2023, respectively.

### Administrative and other operating expenses

The Group's administration and other operating expenses mainly included staff costs, legal and professional fees, stamp duties and additional taxes, depreciation of property, plant and equipment and right-of-use assets. Administration and other operating expenses of the Group amounted to approximately RMB23.8 million and RMB24.2 million for the year ended 31 December 2024 and 2023, respectively.

### Income tax expenses

The Group's current tax expense was in respect of the PRC enterprise income tax ("PRC EIT") at a statutory rate of 25%. The Group is not subject to Hong Kong profits tax as the Group had no assessable profit in Hong Kong.

The Group's income tax expenses decreased by 30.3% to approximately RMB24.6 million for FY2024 (FY2023: RMB35.3 million), mainly driven by the decrease in profit before tax of 48.9%.

### Profit for the year

As a result of the foregoing, the profit for the year ended 31 December 2024 attributable to owners of the Company dropped by 53.0% to approximately RMB74.9 million (2023: approximately RMB159.3 million).

As a non-HKFRS measure, the adjusted net profit, adding back the non-recurring Initial Listing expenses, amounted to RMB87.0 million and RMB172.3 million, for the year ended 31 December 2024 and 2023, respectively. The Initial Listing expenses amounted to RMB12.1 million and RMB13.0 million for the year ended 31 December 2024 and 2023, respectively.

### Liquidity, Financial Resources and Capital Structure

For the year ended 31 December 2024, the Group financed its operations primarily through cash generated from the Group's operation.

As at 31 December 2024, the Group's net current assets amounted to approximately RMB358.6 million (as at 31 December 2023: RMB382.7 million), and its liquidity as represented by current ratio (total current assets/total current liabilities) was 10.6 times (as at 31 December 2023: 7.8 times). The Group's cash and cash equivalent balances amounted to approximately RMB235.8 million (as at 31 December 2023: RMB262.6 million). As at 31 December 2024, the Group's total equity amounted to approximately RMB376.5 million (as at 31 December 2023: RMB410.1 million).

As at 31 December 2024, the Group had no bank loans (as at 31 December 2023: Nil), and therefore the gearing ratio was not applicable (2023: not applicable). On 10 January 2025, the ordinary shares of the Company were listed on the Main Board of the Stock Exchange by way of global offering (the "**Global Offering**") and the Company completed the share offer of its 250,000,000 ordinary shares, comprising 100,000,000 Hong Kong offer shares and 150,000,000 international placing shares, with a par value of HK\$0.001 each at an offer price of HK\$0.80 per share. The Company believes that the proceeds from the Global Offering would allow the Group to continue with its future business development to increase its marketing efforts through different marketing means to enhance public awareness of its brands.

### Capital Expenditure and Commitments

As at 31 December 2024, the Group had no significant capital expenditure and commitment.

### Pledge of Assets

As at 31 December 2024, the Group did not pledge any assets (2023: nil).

### Contingent Liabilities

At 31 December 2024, the Group did not have any significant contingent liabilities (2023: nil).

### Foreign Exchange Risk

The Group's transactions are mainly denominated in RMB, US\$ and HK\$.

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

	Financial assets		Financial liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
RMB	997	1,718	(31)	(39)
US\$	21,623	1,934	—	—
HK\$	1,423	4,068	(1)	(3,923)

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of RMB, US\$ and HK\$ had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	2024 RMB'000	2023 RMB'000
+10%	2,401	376
—10%	(2,401)	(376)

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

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2024 and 2023.



### Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for Reporting Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures. As of 31 December 2024, the Group did not hold any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group).

### EMPLOYEES AND REMUNERATION POLICY

The Group employed 44 employees as of 31 December 2024 (2023: 46). For the year ended 31 December 2024, the staff cost of the Group (including Directors' remuneration) amounted to approximately RMB11.7 million (2023: RMB16.6 million). To promote employees' knowledge and technical expertise, the Group offers training programmes to employees from time to time according to their job duties. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Those who meet or exceed their performance expectation will also be rewarded discretionary bonuses.

### SIGNIFICANT BUSINESS DEVELOPMENT AFTER THE END OF THE REPORTING PERIOD

Save for the Global Offering, there are no significant events affecting the Group which have occurred after the end of the Reporting Period and up to the date of this report.

### DIVIDEND

After taking full consideration of the Group's financial position, net cash flow and capital expenditures, the Board is pleased to recommend a payment of a final dividend of RMB5.00 cents (equivalent to HK5.37 cents) per ordinary share for the year ended 31 December 2024. Subject to approval at the forthcoming annual general meeting on Friday, 30 May 2025 (the **"2025 AGM"**), the said final dividend will be payable on or about Wednesday, 10 July 2025 to the shareholders whose names appear on the register of members of the Company on Friday, 6 June 2025.

### USE OF PROCEEDS

The shares of the Company (the **"Shares"**) were listed on the Main Board of the Stock Exchange on 10 January 2025 (the **"Listing Date"**) with net proceeds received by the Company from the share offer in the amount of approximately HK\$124.0 million after deducting underwriting commissions and other related expenses. As at the date of this report, the Board has no intention to change the proposed use of proceeds as stated in the prospectus of the Company dated 30 December 2024 (the **"Prospectus"**). Please refer to the section headed **"Future Plans and Use of Proceeds"** in the Prospectus for details. In the meantime, the unutilised portion of proceeds continues to be maintained in deposits with licensed banks.

**CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining the shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Friday, 30 May 2025, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending the 2025 AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 26 May 2025.

For the purposes of determining the shareholders' eligibility for the proposed final dividend, the register of members of the Company will be closed from Thursday, 5 June 2025 to Friday, 6 June 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 4 June 2025.

# PROFILE OF DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY

## DIRECTORS AND SENIOR MANAGEMENT

### Executive Directors

**Mr. Wang Ping (王平先生)**, aged 55, was appointed as our Director on 21 January 2019. He was appointed as the Chairman on 27 March 2019. He is the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Wang is mainly responsible for overseeing our overall management and operations, investment strategies and business development, and has more than 20 years of experience in enterprise operation and management, and has been managing our Group since its establishment. Prior to establishing our Group, Mr. Wang served as department manager of Yantai Youse Metals Group Operation Co., Ltd.\* (煙台有色金屬集團經營有限公司) from May 1996 to September 2000, and as chairman of Shanghai Lehua Technology Development Co., Ltd.\* (上海樂化科技發展有限公司) from October 2000 to November 2002. He has been appointed as the executive director, legal representative and general manager of Gold Nemans (Shanghai) Foods Co., Limited (金紐曼思(上海)食品有限公司) ("**Gold Nemans**") since December 2010 and up to March 2014. Mr. Wang is currently an executive director and legal representative of Shanghai Aumay Dairy Company Limited (上海澳美澳乳業有限公司) ("**Aumay Dairy**"), an executive director, legal representative and general manager of Shanghai Rujian International Trading Co., Ltd. (上海乳健國際貿易有限公司) ("**Rujian International**") and a director of each of Numans Holdings Limited (紐曼思控股有限公司) ("**Numans HK**") and Numans (Global) Sales Limited ("**Numans Sales**"). He is the spouse of Ms. Cui Juan.

Mr. Wang obtained a master degree in business administration from the University of Wales in December 2013.

**Ms. Cui Juan (崔娟女士)**, aged 53, was appointed as our Director on 27 March 2019. Ms. Cui is mainly responsible for overseeing our overall management and operations, investment strategies and business development, and has approximately 10 years of experience in enterprise operation and management. She has been appointed as a director of Hontat (Shanghai) Nutritional Food Co., Ltd. (瀚達(上海)營養食品有限公司) ("**Hontat Nutritional**") since April 2011 to October 2013, and the legal representative and general manager of Hontat Nutritional since April 2011 to June 2014. She has also been the executive director and legal representative of Gold Nemans since March 2014 and a director of Numans Sales since November 2023. She is the spouse of Mr. Wang Ping.

Ms. Cui's other working experience is set forth in the table below:

Company Name	Principal business activities of the company	Position and responsibilities	Period
Shanghai branch office of Hung & Kit (Holdings) Limited* (香港洪吉控股有限公司上海分公司)	Agency service for American Airlines in the PRC	Ticket Executive (票務主管) and Customer Relationship Manager	From December 2002 to February 2007
Hong Kong Airlines Limited	Airline operation	Sales Supervisor — Group	From November 2008 to March 2017

Ms. Cui completed her Master of Business Administration (MBA) degree at the City University in Malaysia in June 2018.

\* For identification purpose only

### Non-executive Director

**Mr. Chan Hok Leung (陳學良先生)**, aged 62, was appointed as our non-executive Director on 27 March 2019. Mr. Chan is primarily responsible for advising on corporate and business strategies of our Group. He holds the following academic qualifications:

- bachelor of commerce and administration degree from the Victoria University of Wellington, New Zealand awarded in 1988;
- master of business administration degree (with distinction) from the University of Warwick, the U.K. awarded in 2000; and
- master of science degree in hotel and tourism management (with distinction) from the Hong Kong Polytechnic University awarded in 2009.

Mr. Chan has over 30 years of experience in the corporate finance industry. He has a regulatory background with in-depth knowledge of the Listing Rules, the GEM Listing Rules and the Takeovers Code. From June 1994 to November 2007, Mr. Chan held various positions at the SFC, starting as a manager and serving as director of the corporate finance department prior to his departure in 2007. He served as an executive director of Asian Capital (Corporate Finance) Limited (currently known as Neutral Financial Holding Company Limited) and Asian Capital Holdings Limited (currently known as Kingwisoft Technology Group Company Limited), a company listed on GEM of the Stock Exchange (stock code: 8295) from November 2009 to October 2016 and from June 2010 to June 2016, respectively. From January 2017 to January 2019, Mr. Chan was employed as a managing director of Cypress House Capital Limited (currently known as First Prosperous Capital Company Limited). From January 2019 to 31 May 2024, Mr. Chan worked at China Sunrise Capital Limited (formerly known as First Capital International Finance Limited) with his last position being managing director in the investment banking division. Mr. Chan is a licensed person and a responsible officer of Asian Capital Limited, registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He also serves as a managing director of its corporate finance division. Since March 1999, Mr. Chan has been serving as a director of Carling Associates Limited. He was admitted as an associate and a fellow of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) since January 1993 and September 1997, respectively.

Mr. Chan was the director of the following company which was incorporated in Hong Kong and was dissolved and the relevant details are as follows:

Company	Nature of business	Nature of dissolution	Date of dissolution	Reason for dissolution
Chizin Enterprises Limited	Property investment	Deregistration <sup>(Note)</sup>	8 April 2004	Cessation of business

*Note:* Under section 291AA of the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong), an application for deregistration can only be made if (a) all members of such company agree to such deregistration; (b) such company has never commenced business, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.

Mr. Chan has confirmed that the above company was solvent at the time of dissolution, and there was no wrongful act on his part leading to the dissolution of the company and such dissolution has not resulted in any liability or obligation imposed against him.

### Independent non-executive Directors

**Ms. Yim Wing Yee (嚴詠怡女士)**, aged 45, was appointed as our independent non-executive Director on 5 December 2024. Ms. Yim is the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee.

Ms. Yim has over 18 years of experience in the areas of assurance, accounting, corporate finance advisory and compliance services for licensed corporations and multinational companies. Ms. Yim worked at BKR Lew & Barr Limited (currently known as East Asia Sentinel Limited (衛亞會計師事務所有限公司) (“EASL”)) from January 2005 to February 2007 with her last position as an audit senior. Ms. Yim then served as a senior associate and manager of assurance department of PricewaterhouseCoopers (羅兵咸永道會計師事務所) from April 2007 to October 2009 and from October 2009 to February 2010, respectively. Ms. Yim subsequently rejoined EASL in February 2010 as a manager of technical and standards division and has been serving as a director of EASL since August 2013. She has provided auditing services to several companies listed on the Stock Exchange over the past 8 years.

Ms. Yim has been admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2008, a fellow member of the Association of Chartered Certified Accountants (英國特許公認會計師公會) in the United Kingdom since March 2011, and an associate of the Institute of Chartered Accountants in England and Wales (英格蘭及威爾士特許會計師公會) since January 2021.

Ms. Yim graduated from Oxford Brookes University (牛津布魯克斯大學) with a bachelor of science degree in applied accounting in January 2005 through distance learning.

**Mr. Lau Kwok Fai Patrick (劉國輝先生)**, aged 52, was appointed as our independent non-executive Director on 5 December 2024. Mr. Lau is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr. Lau has more than 28 years of experience in the fields of accounting, auditing, financial management and corporate governance.

From September 1996 to November 1997, Mr. Lau served as an auditor of Glass Radcliffe Chan & Wee Certified Public Accountants (currently known as Baker Tilly Hong Kong Limited (天職香港會計師事務所有限公司)), where he was mainly responsible for auditing and accountancy work. From December 1997 to April 1999, Mr. Lau was an associate of PricewaterhouseCoopers (羅兵咸永道有限公司), where he was mainly responsible for auditing work. From October 1999 to June 2011, Mr. Lau successively served in various positions in KPMG (畢馬威會計師事務所), with his last position as a manager of KPMG Advisory (China) Limited (畢馬威企業諮詢(中國)有限公司), where he was mainly responsible for providing financial advisory services, conducting financial due diligence, corporate reorganisation and liquidation work. Mr. Lau held/holds (as the case may be) positions in the following listed companies:

Period	Company name and stock code	Position
From July 2011 to June 2016 and from December 2011 to June 2016	China City Railway Transportation Technology Holdings Company Limited (中國城市軌道交通科技控股有限公司) (currently known as BII Railway Transportation Technology Holdings Company Limited (京投軌道交通科技控股有限公司)), a company engaged in intelligent railway transportation services, civil communication transmission services and business development investment and is listed on the Main Board of the Stock Exchange (stock code: 1522)	Deputy general manager and financial controller; company secretary and authorised representative
From July 2016 to October 2019 and from May 2018 to October 2019	International Alliance Financial Leasing Co., Ltd. (國際友聯融資租賃有限公司), (currently known as Alliance International Education Leasing Holdings Limited (友聯國際教育租賃控股有限公司)) a finance leasing company listed on the Main Board of the Stock Exchange (stock code: 1563)	Chief financial officer; company secretary and authorised representative
From September 2017 to July 2020	Jinhai Medical Technology Limited (今海醫療科技股份有限公司) (formerly known as Kakiko Group Limited and Jinhai International Group Holdings Limited), a company mainly engaged in providing manpower outsourcing services, dormitory services and construction services and is listed on the Main Board of the Stock Exchange (stock code: 2225)	Independent non-executive director
December 2020 to 4 January 2024	Sundy Service Group Co. Ltd. (宋都服務集團有限公司), a company mainly engaged in providing integrated property management services and is listed on the Main Board of the Stock Exchange (stock code: 9608)	Independent non-executive director



## Profile of Directors, Senior Management and Company Secretary

Period	Company name and stock code	Position
Since January 2018	FDB Holdings Limited (豐展控股有限公司) (formerly known as Steering Holdings Limited (旭通控股有限公司) and Dafy Holdings Limited (達飛控股有限公司)), a construction consultancy company listed on the Main Board of the Stock Exchange (stock code: 1826)	Independent non-executive director
Since February 2020	Ximei Resources Holdings Limited (稀美資源控股有限公司), a producer of tantalum- and niobium-based metallurgical products listed on the Main Board of the Stock Exchange (stock code: 9936)	Independent non-executive director
Since May 2022	Neo-Concept International Group Holdings Limited, a one-stop apparel solution service provider listed on the Nasdaq Stock Market (stock symbol: NCI)	Chief financial officer
Since March 2023	Zhongtian Construction (Hunan) Group Limited (中天建設(湖南)集團有限公司), a general contracting construction company and is listed on the Main Board of the Stock Exchange (stock code: 2433)	Independent non-executive director

Mr. Lau obtained an honours diploma in accounting from Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University (香港樹仁大學)) in July 1996. He completed the diploma in insolvency from The Hong Kong Institute of Certified Public Accountants in June 2004. He further obtained a master of science in corporate governance and directorship degree with distinction from Hong Kong Baptist University (香港浸會大學) in November 2014.

Mr. Lau was admitted as a member of the Association of Chartered Certified Accountants (英國特許公認會計師公會) in the United Kingdom since December 2002. He was admitted as an associate of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) since July 2003. He was admitted as a fellow of the Association of Chartered Certified Accountants in the United Kingdom since December 2007.

**Mr. Yu Tsz Ngo (余子敖先生)**, aged 39, was appointed as our independent non-executive Director on 5 December 2024. Mr. Yu is a member of the Remuneration Committee, Audit Committee and Nomination Committee.

Mr. Yu has over 16 years of experience in the related fields of finance, auditing, accounting, corporate governance practices, and company secretarial matters. From January 2007 to February 2012, Mr. Yu successively served various positions in Deloitte Touche Tohmatsu (德勤•關黃陳方會計師行), with his last position as an audit manager, where he was mainly responsible for auditing and accountancy work. From August 2013 to November 2020, he was a partner of H.F. Tam & Co. (currently known as CTY&Co. (樂誼會計師事務所)). He is currently the director of Marksman Corporate Services Limited (晴熹商業服務有限公司) and a co-founder and director of Marksman Corporate Consulting Limited (晴熹企業顧問有限公司) (formerly known as JMG Corporate Consulting Limited (博碩企業顧問有限公司)), respectively, and a partner of IPA CPA Limited (專致會計師事務所有限公司). Mr. Yu held/holds (as the case may be) positions in the following listed companies:

Period	Company name and stock code	Position
From January 2022 to November 2023	Palace Banquet Holdings Limited (首豐控股有限公司) (currently known as Welife Technology Limited (維力生活科技有限公司), a company engaged in offering Cantonese dining service and banquet service in Hong Kong and is listed on the Main Board of the Stock Exchange (stock code: 1703)	Company secretary
From May 2015 to May 2020 and since December 2021	Steering Holdings Limited (旭通控股有限公司) (currently known as FDB Holdings Limited (豐展控股有限公司)), a construction consultancy company listed on the Main Board of the Stock Exchange (stock code: 1826)	Company secretary
Since May 2021	WElli Holdings Limited (偉立控股有限公司), a PRC-based cigarette packaging paper manufacturer and is listed on the Main Board of the Stock Exchange (stock code: 2372)	Company secretary
Since September 2021	Hing Ming Holdings Limited (興銘控股有限公司), a temporary suspended working platform rental service provider and is listed on GEM of the Stock Exchange (stock code: 8425)	Company secretary
Since September 2022	China Health Group Inc. (中國醫療集團有限公司) carrying on business in Hong Kong as 萬全醫療集團 (formerly known as Venturepharm Laboratories Limited (萬全科技藥業有限公司)), a digital healthcare service provider and is listed on GEM of the Stock Exchange (stock code: 8225)	Company secretary
Since June 2023	GC Construction Holdings Limited, a wet trades contractor and is listed on the Main Board of the Stock Exchange (stock code: 1489)	Company secretary
Since November 2023	Globavend Holdings Limited, an emerging e-commerce logistics provider providing end-to-end logistics solution and is listed on the Nasdaq Stock Market with ticker symbol: GVH	Chief financial officer

Mr. Yu obtained a bachelor's degree of commerce (accounting and finance) and a master's degree of applied finance from Monash University in Australia in December 2005 and December 2006, respectively.

Mr. Yu was admitted as an associate and a member of the Certified Public Accountants Australia (澳洲會計師公會) since January 2006 and January 2011, respectively, and a fellow member of the Hong Kong Institute of Certified Public Accountants since September 2018.

Save as disclosed herein, each of our Directors has confirmed that he/she (a) did not hold any directorship in other public companies, the securities of which are listed on any securities markets in Hong Kong or overseas, in the last three years immediately preceding the date of this report; (b) did not hold any other positions in our Company or other members of our Group as at the date of this report; and (c) did not have any relationships with any other Directors, senior management or substantial Shareholders or Controlling Shareholders, if any, of our Company. Save as disclosed in the section headed "Substantial Shareholders" in the Prospectus and the paragraph headed "Statutory and General Information — 3. Further information about our Directors and substantial Shareholders" in Appendix IV to the Prospectus and in this report, each of our Directors did not have any interests in our Shares within the meaning of Part XV of the SFO.

#### **Under Rule 3.09D of the Listing Rules**

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 6 August 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

#### **Under Rule 3.13 of the Listing Rules**

Each of the independent non-executive Directors confirms (i) his or her independence as regards to each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company; and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments.

Except as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters that need to be brought to the attention of our Shareholders in connection with the appointment of our Directors, and there is no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

## SENIOR MANAGEMENT

**Mr. An Yong (安勇先生)**, aged 47, is currently a general manager of Aumay Dairy, and he served as a general manager of Gold Nemans between June 2011 and November 2020. Mr. An is mainly responsible for the overall day-to-day operations and management of our Group.

Mr. An has over 17 years of experience in the food industry. Prior to joining our Group, Mr. An worked as district manager of China Shineway Pharmaceutical Group Limited (中國神威藥業集團有限公司) from February 2004 to May 2005. He worked as deputy project manager of Inner Mongolia Mengniu Dairy (Group) Co., Ltd.\* (內蒙古蒙牛乳業(集團)股份有限公司) from June 2005 to May 2011.

Mr. An obtained a Master of Business Administration degree from Peking University in the PRC in January 2017.

**Ms. Song Xufang (宋旭芳女士)**, aged 41, has been serving as the assistant to the general manager of our Group since February 2011. Ms. Song is mainly responsible for administration and day-to-day management of our Group. Ms. Song worked as the assistant to the general manager of Rujian International from December 2009 to January 2011. She is currently a supervisor of each of Gold Nemans and Aumay Dairy. Ms. Song has been an executive director of Hontat Nutritional since March 2018.

Ms. Song has over 15 years of experience in office administration and management. Prior to joining our Group, she worked as OA system administrator of Shanghai Computer Printing Company Co., Ltd.\* (上海電腦打印有限公司) from November 2006 to June 2007. She worked as the assistant to the general manager of Shanghai Lehua Technology Development Co., Ltd.\* (上海樂化科技發展有限公司) from March 2008 to November 2009. Ms. Song has been serving as an executive director of Jiangsu Kairuite Environmental Technology Engineering Company Limited\* (江蘇凱瑞特環保科技工程有限公司) from December 2017 to December 2022.

Ms. Song obtained a bachelor degree in computer science and technology from Nanjing Audit University (南京審計大學) (formerly known as Nanjing Audit Institute (南京審計學院)) in June 2006.

Ms. Song was the director of the following company which was established under the laws of the PRC and was dissolved and the relevant details are as follows:

Company	Nature of business	Date of dissolution	Reason for dissolution
Shanghai Xinda Road & Bridge Engineering Technology Co., Ltd. 上海辛達路橋工程技術有限公司	Road and bridge technology	November 2018	Unsatisfactory business performance of the company

Ms. Song has confirmed that the above company was solvent at the time of dissolution, and there was no wrongful act on her part leading to the dissolution of the company and such dissolution has not resulted in any liability or obligation imposed against her.

**Ms. Sun Mei (孫梅女士)**, aged 42, has been serving as the financial manager of Gold Nemans since February 2014. Ms. Sun is mainly responsible for the accounting and financial management of our Group. Ms. Sun worked as accountant of Rujian International from October 2010 to May 2011 and Hontat Nutritional from June 2011 to January 2014. She is currently a supervisor of Rujian International.

Ms. Sun has over 15 years of experience in accounting and financial management. Prior to joining our Group, she worked as accountant of Shanghai Jingye Accounting Consultation Company Limited\* (上海敬業會計諮詢有限公司) from October 2008 to October 2010. She worked as accountant of China Railway 19th Bureau Group 5th Engineering Company Limited\* (中鐵十九局集團第五工程有限公司) from July 2014 to July 2019.

Ms. Sun obtained a bachelor degree in accounting from Shenyang University (沈陽大學) in July 2006. She was qualified as a PRC intermediate accountant\* (中級會計師) conferred by the Ministry of Finance of the PRC in May 2007.

**Mr. Wang Kan (王侃先生)**, aged 41, has been serving as the head of external trade of Gold Nemans since November 2011. Mr. Wang Kan is mainly responsible for procurement management of our Group. He joined our Group and worked as an international trade officer in Rujian International in March 2010.

Mr. Wang Kan has over 15 years of experience in procurement management. Prior to joining our Group, Mr. Wang Kan worked as a vouching clerk in Shanghai Jialinjie Textile Co., Ltd\* (上海嘉麟傑紡織品有限公司) from July 2007 to November 2007. He worked as a sales assistant in Zhongfang United Import & Export Co., Ltd\* (中紡聯合進出口股份有限公司) from May 2008 to February 2010.

Mr. Wang Kan obtained a bachelor degree in Marketing (International Marketing) and a diploma in International Trade (Sino-Australia Cooperation) from Shanghai University of International Business and Economics (上海對外貿易大學) (formerly known as Shanghai Institute of International Business and Economics (上海對外貿易學院)) in July 2007 and July 2005, respectively.

**Ms. Gu Ying (顧瑩女士)**, aged 42, has been serving as the head of customer service of Gold Nemans since January 2011. Ms. Gu is mainly responsible for e-commerce sales and customer service of our Group. She joined our Group and has been working as a customer service officer in Rujian International since January 2010.

Ms. Gu has over 15 years of experience in customer service. Prior to joining our Group, she worked as customer service staff in Shanghai Dipai Digital Technology Development Company Limited (上海迪派數碼科技發展有限公司) from October 2003 to August 2005. She worked as customer service executive in Shanghai Ditai Development Company Limited (上海帝泰發展有限公司) from August 2005 to April 2006. She worked as customer service and project assistant of Shanghai Huaguan Electronic Equipment Company Limited (上海華冠電子設備有限責任公司) from October 2006 to August 2007.

Ms. Gu obtained a bachelor degree in administrative management from Shanghai Ocean University\* (上海海洋大學) in January 2012.

**Mr. Tang Tsz Tsun (鄧子駿先生)**, resigned as the financial controller and Company Secretary with effect from 1 February 2025.

**Mr. Cheng King Tong (鄭璟瑋先生) (“Mr. Cheng”)** was appointed as the financial controller and company secretary with effect from 1 February 2025. Mr. Cheng currently serves as the managing director of Apex Partners Consulting Limited that provides accounting and business consulting services for corporations. Mr. Cheng has over ten years of experience in auditing, accounting, corporate finance and compliance advisory of listed companies in Hong Kong. Mr. Cheng is a member of CPA Australia and holds a Bachelor of Commerce degree in Accounting and Economics from the University of New South Wales in Australia. Mr. Cheng possesses the qualifications of a company secretary as required under Rule 3.28 of the Listing Rules. For details, please refer to the announcement of the Company dated 28 January 2025.

**Ms. Meng Yao (孟瑤女士)**, aged 33, is currently the head of legal department of our Group and a supervisor of Hontat Nutritional. She is mainly responsible for the corporate legal compliance related matters of our Group. Ms. Meng joined us as a legal counsel in Aumay Dairy in February 2022.

Prior to joining our Group, Ms. Meng worked as a legal assistant of Beijing Dacheng Law Offices from May 2017 to May 2018. She served as a trainee solicitor from July 2020 to December 2020 at Shanghai Xinyi Law Firm\* (上海市信義律師事務所). She served as a legal assistant from December 2020 to January 2022 at Shanghai SunHold Law Firm\* (上海申浩律師事務所).

Ms. Meng obtained a bachelor degree in law from Beijing Normal University, Zhuhai\* (北京師範大學珠海分校) in July 2014. She further obtained a master degree in law from Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in June 2020. She also received a Legal Professional Qualification Certificate from the Ministry of Justice of the PRC in March 2016.

### COMPANY SECRETARY

**Mr. Tang Tsz Tsun (鄧子駿先生)**, resigned as the financial controller and Company Secretary with effect from 1 February 2025. Mr. Cheng was appointed as the Company Secretary with effect from 1 February 2025. See paragraph headed “Senior management” for his biographical details.



# DIRECTORS' REPORT

The Board is pleased to present this report of the Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## GENERAL INFORMATION

The Company was incorporated in Cayman Islands as an exempted company with limited liability on 21 January 2019. The Shares were listed on the Main Board of the Stock Exchange on 10 January 2025 under the stock code 2530.

## PRINCIPAL BUSINESS

The Company is an investment holding company. The Group is principally engaged in the sales, including marketing, selling and distributing, of nutritional products. Analysis of the principal activities of the Group during the year ended 31 December 2024 is set out in the note 1 to the consolidated financial statements.

## BUSINESS REVIEW AND RESULTS

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this report of the Directors.

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statement of profit or loss and other comprehensive income on pages 79 to 145 of this annual report.

## BOARD OF DIRECTORS

The Board currently comprises six Directors, consisting of two executive Directors, one non-executive Director and three Independent non-executive Directors:

### Executive Directors

Mr. Wang Ping (*Chairman, Chief Executive Officer*)

Ms. Cui Juan

### Non-executive Director

Mr. Chan Hok Leung

### Independent Non-executive Directors

Ms. Yim Wing Yee

Mr. Lau Kwok Fai Patrick

Mr. Yu Tsz Ngo

Pursuant to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office only until the next first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Pursuant to Article 84(1) of the Articles of Association, at each annual general meeting 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 provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting by rotation at least once every three years. A retiring Director shall be eligible for re-election.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of some major risks and uncertainties involved in the Group's operations:

- (1) The brand, market reputation and consumer perception contribute significantly to its continued success and growth. Any failure to maintain, or any damage to, our brand, market reputation and/or consumer perception could materially and adversely affect the results of operations and prospect;
- (2) We are exposed to concentration risk of sales of finished algal oil DHA products;
- (3) We are exposed to concentration risk of our suppliers for the supply of nutritional products;
- (4) We may not be able to adequately protect our intellectual property rights and we are involved in intellectual property proceedings;
- (5) We rely on online sales channels to sell and distribute our products; and
- (6) The expansion plans, particularly its plans to expand its business into various new geographic areas, are subject to uncertainties and risks, and the Group may not be able to successfully manage its expanded operations.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building a sustainable business and minimising the Group's operational impact on the environment.

During the year ended 31 December 2024, the Group is subject to various environmental protection laws and regulations. The Group was not aware of any material non-compliance with the laws and regulations relating to environment protection that would have a significant impact on the Group during the year ended 31 December 2024.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For the year ended 31 December 2024, the Group has complied with the "comply or explain" provisions in the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules.

Further details of the Group's environmental, social and governance matters including environmental policies and performance are set out in the section headed "**Environmental, Social and Governance Report**" of this annual report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is subject to various laws and regulations in PRC, in relation to its business in the PRC, including but not limited to the PRC laws and regulations of the requirements for nutritional products, intellectual property rights, laws and regulations related to foreign investments in the PRC, laws and regulations related to overseas listing, and other related laws and regulations.

To the best knowledge of the Board and the Company, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group and have obtained all material licenses, approvals and permits from relevant regulatory authorities for the operations of the Group in the PRC. During the year ended 31 December 2024, there had been no material breach of or non-compliance with the applicable laws and regulations by the Group.

## SIGNIFICANT LEGAL PROCEEDINGS

Save as disclosed in the Prospectus, the Group is not aware of any litigation or legal proceedings that would have material adverse impact on the business operation of the Group for the year ended 31 December 2024.

## KEY RELATIONS WITH STAKEHOLDERS

The Group recognises the importance of maintaining a good relationship with its stakeholders, including Shareholders, employees, customers, suppliers, business partners are key to the Group's success. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

### Customers

The products of the Group were generally distributed in the PRC and were mainly sold to e-commerce companies, regional distributors as well as customers through online shopping platforms.

The Group's largest customer and top five customers accounted for approximately 36.8% (2023: 32.2%) and 73.8% (2023: 65.6%) of the Group's total revenue, respectively.

None of our Directors, their close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the date of this report had any interest in any of our five largest customers during 2024 and 2023.

### Suppliers

The Group mainly procure finished products from the suppliers, and the direct suppliers shall be responsible for processing or arranging processing companies to process the Group's products. The Group procured finished algal oil DHA and probiotics products from our direct suppliers established in the PRC, the U.S. and Hong Kong.

The Group's largest supplier and top five suppliers accounted for approximately 48.8% (2023: 49.6%) and 89.1% (2023: 92.3%) of the Group's total purchase, respectively.

None of our Directors, their close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the date of this report had any interest in any of our five largest suppliers during 2024 and 2023.

## SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme adopted by the Company on 5 December 2024.

### (1) Purpose

The purpose of the Share Option Scheme is to incentivise and reward an Eligible Person (as defined below) for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

### (2) Who may participate

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to any of the following classes of participants:

- (i) any director and employee of any member of our Group;
- (ii) any director or employee of any of the holding companies, fellow subsidiaries or associated companies of our Company; and
- (iii) any person (including an entity) that provides services to us on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of our long term growth (the "**Service Provider(s)**").

The basis of eligibility of any of the participants shall be determined by the Board from time to time. In assessing the eligibility of any participant, the Board will consider all relevant factors as appropriate, including, among others, (i) work performance; (ii) years of service; and (iii) potential or actual contribution to the business of the Group (if the participant is an employee or a director of any member of our Group), the actual degree of involvement in and/or cooperation with us and length of our business relationship with the participant (if the participant is a Service Provider). The basis of eligibility of any of the Service Provider participants to the grant of any options shall be determined by us from time to time on the basis of their contribution to our development and growth, the degree of involvement in and/or cooperation with our Group and length of our business relationship with the Service Provider participant, and the actual or potential support, advice, efforts and contributions the Service Provider participant has exerted and given towards our success.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

### (3) Scheme Mandate Limit and the Service Provider Sublimit

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue as of the Listing Date (and as at the date of this report), being 100,000,000 Shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and any Other Scheme (as defined below) of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

Subject to above, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to Service Providers shall not exceed 10,000,000 Shares, representing 1% of the total number of Shares in issue on the Listing Date (the "**Service Provider Sublimit**").

The Service Provider Sublimit was determined with reference to the potential dilution effect arising from grants to Service Providers, the actual or expected improvement of our financial performance that is attributable to the Service Providers and the time for using the Service Provider in the activities of our Group. Considering the fact that the individual limit under Rule 17.03D(1) of the Listing Rules is also 1%, there is no other share schemes involving grant of new options over our Shares, our hiring practice and organisational structures and that Service Providers have contributed or is expected to contribute to our long-term growth of our Group's business, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable.

The Board may, with the approval of the Shareholders in general meeting, refresh the Scheme Mandate Limit and the Service Provider Sublimit once every three years provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes ("**Other Schemes**") of our Company as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the refreshment of the Scheme Mandate Limit and the Service Provider Sublimit. Refreshments of Scheme Mandate Limit (and the Service Provider Sublimit) to be made within a three-year period must be approved by the Shareholders (other than our Controlling Shareholders and their associates, or if there is no Controlling Shareholder, other than the Directors (excluding independent non-executive Directors), and the chief executive of our Company and their respective associates) pursuant to Rule 17.03C(1) of the Listing Rules. The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit and/or the Service Provider Sublimit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any Other Schemes of our Company to the Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

Our Company may grant options under the Share Option Scheme and any Other Schemes of our Company beyond any of the limits as set out above to such extent as may be permitted under the Listing Rules from time to time.

#### **(4) Maximum entitlement of each individual**

No options shall be granted to any Eligible Person under the Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion.

Any further grant of options to an Eligible Person in excess of this 1% limit or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates) abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the options to be granted (and options previously granted to such Eligible Person in the 12-month period) and such other information required under the Listing Rules.

The number and terms (including the Option Price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price under Rule 17.03E of the Listing Rules.

#### **(5) Duration of Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date, after which period no further options will be granted but the provisions of the 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 are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.



## (6) Time of vesting and exercise of options

Any option shall be vested on an Option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an Option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed 10 years from the offer date of the option or such longer period as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Option Period**").

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 needs to be achieved by an Option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

## 7. Price of Shares

The subscription price for a Share in respect of any particular option granted under the Share Option Scheme (which shall be payable upon exercise of the option) shall be a price solely determined by the Board and notified to all Eligible Person and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer to grant option (the "**Offer Date**") (provided that the new issue price shall be used as the closing price for any business day falling within the period before the listing of Shares where the Company has been listed for less than five business days as of the Offer Date); and (iii) the nominal value of the Share. A consideration of HK\$1.0 is payable on acceptance of the offer of an option or options.

Since the adoption of the Share Option Scheme to 31 December 2024, no option was granted, exercised, cancelled, expired or lapsed and there is no outstanding share option under the Share Option Scheme since the Listing Date and up to the date of this report.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in note 25 to the consolidated financial statements in this annual report. Such transactions were either (i) fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules; or (ii) did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 23 to the consolidated financial statements in this annual report. On the date of Listing and up to the date of this annual report, the issued share capital of the Company was 1,000,000,000 shares with nominal value of HK\$0.001 per Share.

As at 31 December 2024 (i.e., prior to the listing on the Stock Exchange), the issued share capital of the Company was 200 shares with nominal value of HK\$0.001 per Share.

## RESERVE

Details of movements in the reserves of the Group during the year ended 31 December 2024 are set out on page 81 in the consolidated financial statement of changes in equity in this annual report.

## DISTRIBUTABLE RESERVES

As at 31 December 2024, the Group's reserve available for distribution to shareholders amounted to approximately RMB376.5 million (as at 31 December 2023: RMB410.1 million).

## BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the Company had no bank loans and other borrowings (as at 31 December 2023: Nil).

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended 31 December 2024 are set out in note 13 to the consolidated financial statements.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 31 to the consolidated financial statements.

## DEBENTURE ISSUED

The Group did not issue any debenture during the year ended 31 December 2024, since the date of Listing and up to the date of this report.

### FINAL DIVIDEND

After taking full consideration of the Group's financial position, net cash flow and capital expenditures, the Board has resolved a payment of a final dividend of RMB5.00 cents (equivalent to HK5.37 cents) per ordinary share for the year ended 31 December 2024. Subject to approval at the forthcoming annual general meeting on Friday, 30 May 2025 (the "**2025 AGM**"), the said final dividend will be payable on or about Wednesday, 10 July 2025 to the shareholders whose names appear on the register of members of the Company on Friday, 6 June 2025.

### EQUITY-LINKED AGREEMENT

Save for the Global Offering, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group, or existed during the year ended 31 December 2024 and up to the date of this annual report.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

### TAX RELIEF AND EXEMPTION

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

### PERMITTED INDEMNITY

Pursuant to the Articles of Associations and subject to the applicable laws and regulations, every Director and other officer shall be entitled to be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge his duties or in relation thereto.

Such permitted indemnity provision has been in force for the Listing. The Company has arranged appropriate liability insurance coverage for the Directors since the date of Listing and up to the date of this report.

### SERVICE AGREEMENTS OF DIRECTORS

Each Director has entered into a service contract with the Company for a term of three years commencing from 5 December 2024, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 5 December 2024, which may be terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors has entered into any service contract/letter of appointment with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the total number of employees of the Group was 44 (2023: 46). The Company has established a remuneration committee for developing remuneration policy, reviewing the remuneration structure of the Directors and senior management of the Group. Total staff costs (including Directors' emoluments, salaries, bonus, and pension scheme contributors) were approximately RMB11.7 million (2023: RMB16.6 million).

The remuneration package of the employees including salary, bonus, allowance, benefits in kind (including contributions to pension schemes) and pension or allowance on the retirement. Remuneration packages for the Group's employees mainly comprise basic salary and bonus. The Group annually reviews their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. Moreover, the Group provides comprehensive training programs to its employees to enhance the technical skills to further their career development. The Group provides both in house and external trainings for its employees to improve their skills and knowledge. The Company also adopted Share Option Scheme, details of which are set out in the section headed "Share Option Scheme" in this report of the Directors.

The Company confirms that none of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group is required to participate in a defined contribution scheme administered and operated by the local municipal governments (the "**Defined Contribution Scheme**"). The Group and its employees are required to make monthly contributions calculated at certain proportion of the employees' basic salaries to the Defined Contribution Scheme. The only obligation of the Group with respect to the Defined Contribution Scheme is to make the required contribution to the scheme. There is no forfeited contribution under the Defined Contribution Scheme available to reduce the existing level of contributions in future years.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent and remain so as of the date of this annual report.

## DIRECTORS' RIGHTS TO ACQUIRE SHARE OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year and up to the date of this report, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended 31 December 2024 and up to the date of this report.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to the Company, as at date of Listing and up to the date of this report, the interests and short positions of the Directors and the chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### Interests in Shares and underlying Shares

Name of Director or Chief Executive	Nature of Interest	Number of Shares	Approximately Percentage <sup>(1)</sup>
Wang Ping ("Mr. Wang") <sup>(3)</sup>	Interests in controlled corporation	750,000,000 (L)	75.00%
Cui Juan ("Ms. Cui") <sup>(3)</sup>	Interest of spouse	750,000,000 (L)	75.00%

Notes:

(L) denotes long position

(1) The calculation is based on the total number of 1,000,000,000 issued Shares as at the date of Listing and as at the date of this report.

(2) Far-East Fortune Management (China) Company Limited ("Far-East") is directly owned as to 91% to Mr. Wang and 9% by Ms. Cui. Mr. Wang and Ms. Cui is therefore deemed to be interested in all the Shares held by Far-East.

(3) Mr. Wang and Ms. Cui are the spouse of one another, and are therefore deemed to be interested in any Shares in which one another is interested.

Save as disclosed above, so far as the Directors are aware, as at the date of Listing and up to the date of this report, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code.

## SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of Listing and up to the date of this report, so far as is known to Directors or chief executive of the Company are aware, the following persons (other than the Directors and chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholder	Nature of Interest	Number of Shares	Approximately Percentage <sup>(1)</sup>
Far-East	Beneficial owner	750,000,000 (L)	75.00%

Notes:

(L) denotes long position

(1) The calculation is based on the total number of 1,000,000,000 issued Shares as at the date of Listing and as at the date of this report.

Save as disclosed herein, as at the date of Listing and up to the date of this report, the Company had not been notified by any person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the year ended 31 December 2024 and up to the date of this report.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and since the date of Listing and up to the date of this report.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, AGREEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance (including provision of services) in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director or any entity connected with a Director or the controlling shareholders of the Company had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the Reporting Period and since the date of Listing and up to the date of this report.



### USE OF NET PROCEEDS

The Shares were listed on the Stock Exchange on 10 January 2025 by way of Global Offering, raised total net proceeds of approximately HK\$124.0 million (the “**Net Proceeds**”) from the Global Offering after deduction of the underwriting fees and other estimated expenses payable by the Company in connection with the Global Offering. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the Company intends to utilise the additional net proceeds on a pro rata basis for the purposes as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. It is expected that the Company will gradually utilise the residual amount of the net proceeds in accordance with such intended purposes based on actual business needs.

### ANNUAL GENERAL MEETING

The 2025 AGM will be scheduled on Friday, 30 May 2025. A notice convening the 2025 AGM of the Company will be issued and dispatched to the Shareholders of the Company in due course.

### CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

For the purposes of determining the shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Friday, 30 May 2025, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the 2025 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 26 May 2025.

For the purposes of determining the shareholders' eligibility for the proposed final dividend, the register of members of the Company will be closed from Thursday, 5 June 2025 to Friday, 6 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 4 June 2025.

### CORPORATE GOVERNANCE PRACTISE

The Company is committed to maintaining a high level of corporate governance practices.

The Company's corporate governance report is set out on pages 34 to 50 in this annual report. Details of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are given in the same report. The Audit Committee has reviewed and discussed with management the annual results and the consolidated financial statements for the year ended 31 December 2024.

### PUBLIC FLOAT

As at the date of this report and based on the information publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the public float as required under the Listing Rules.

### AUDIT COMMITTEE

The Audit Committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely Ms. Yim Wing Yee, Mr. Lau Kwok Fai Patrick and Mr. Yu Tsz Ngo. Ms. Yim Wing Yee is the chairman of the Audit Committee.

The Audit Committee has, together with the management of the Company, reviewed the consolidated financial statements of the Group for the year ended 31 December 2024 and the accounting principles and policies adopted by the Group. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, internal control and financial reporting matters with senior management members of the Group. The Audit Committee considers that this report is in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

### AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by Forvis Mazars CPA Limited, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. There was no change in auditor of the Company in the preceding three years.

### APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners for their support and contribution to the Group.

By Order of the Board

**Numans Health Food Holdings Company Limited**

**Mr. Wang Ping**

*Chairman and executive Director*

Hong Kong, 21 March 2025

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report in the annual report of the Company.

The Company's Shares have been listed on the Main Board of the Stock Exchange since 10 January 2025 (the "**Listing Date**"). As the Company was not listed as at 31 December 2024, the CG Code was not applicable to the Company during the year ended 31 December 2024 but has applied to the Company since the Listing Date.

## CORPORATE GOVERNANCE PRACTICES

With an aim to preserving the high levels of corporate governance and business ethics is one of the Group's major objectives. The Group believes that conducting business in an ethical and reliable manner will optimize its long term interests and those of the shareholders.

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Part 2 of the Appendix C1 to the Listing Rules. In accordance with the code provision D.1.2 of the CG Code, during the period from the Listing Date to the date of this report (the "**Relevant Period**"), senior management of the Group have provided and will continue to provide to all members of the Board with updates on any material changes to the performance, position and prospects of the Company, which is considered with sufficient details to provide the general updates of the Company to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision D.1.2 of CG Code and/or the respective Listing Rules.

In the opinion of the Directors, the Company has fully complied with the CG Code during the Relevant Period except from the deviation of the code provision C.2.1 of the CG Code. The Company will continue to review the current corporate governance structure from time to time and shall make necessary changes when appropriate and report to Shareholders accordingly.

## CORPORATE CULTURE, VALUES, STRATEGY

The Board has established and on-going strengthened the Group's purpose, values and strategy, and is satisfied itself that these and the Group's culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically and responsibly.

The core purpose of the Group is to create value for its shareholders. The Group strives to uphold its position as the leading player in the industry of nutritional products, and a place where its employees are proud to work for. The mission of the Group is to lead the development of the industry and set the industry benchmarks. In this connection, the Group endeavours to provide products and services to its employees, customers, shareholders, the community, and the environment in a lawfully, ethically and responsibly way.

The Group's corporate culture is centered on adherence to high ethical standards and practices, striving for sustainable development.

### Chairman and Chief Executive Officer

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. The Company does not have a separate chairman and chief executive officer and Mr. Wang Ping currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable the Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider whether separation of the roles of chairman of the Board and the chief executive officer of the Company is necessary.

### Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in the Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions, and the Model Code has been applicable to the Company during the Relevant Period.

All Directors have confirmed, following specific enquiry made by the Company with each of the Directors, that they have complied with the required standards set out in the Model Code during the Relevant Period.

## CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Board has strengthened and reappraised the Group's purpose, values and strategy, and is satisfied itself that these and the Group's culture are aligned. All directors must act with integrity, lead by example, and promote the desired culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically and responsibly.

The Board oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interest of the Company. The Directors are responsible for ensuring the Group keeps proper accounting records which disclose at any time the financial position of the Group from which the financial statements of the Group could be prepared in accordance with statutory requirements and the appropriate accounting policies. The Board has delegated the authority and responsibilities for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties. The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

### Strategies of the Company

Our business objectives are to achieve sustainable growth, increase our market share and strengthen our market position in the maternal and children nutritional product market in the PRC. In furtherance of these objectives, we plan to adopt the following business strategies: (i) intensify our marketing efforts through different marketing means to enhance public awareness of our brands; and (ii) promotion of our products in Hong Kong and expansion of our sales network to Hong Kong. For further details, please refer to the paragraph headed "Business — Our business strategies" in the Prospectus.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the businesses, strategic decisions and performance of the Group and takes decisions objectively in the best interests of the Company and its shareholders as a whole.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board currently comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Members of the Board are listed below:

Members of the Board	Position	Date of appointment as Director
<b>Executive Directors</b>		
Mr. Wang Ping	Chairman, Chief Executive Officer	21 January 2019
Ms. Cui Juan		27 March 2019
<b>Non-executive Director</b>		
Mr. Chan Hok Leung		27 March 2019
<b>Independent Non-executive Directors</b>		
Ms. Yim Wing Yee		5 December 2024
Mr. Lau Kwok Fai Patrick		5 December 2024
Mr. Yu Tsz Ngo		5 December 2024

*Notes:*

- (1) The biographies of the Directors are set out in the section headed "Directors and Senior Management" from pages 10 to 19 of this annual report.
- (2) Mr. Wang Ping and Ms. Cui Juan are the spouse of one another.

To the best knowledge of the Company, save as disclosed above, there have been no relationships (neither financial, business nor family or other material/relevant relationships) among members of the Board as at the date of this report.

All Directors, including 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 carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Board currently has two female Directors. The Board has achieved gender diversity and thus fulfils the requirement under Rule 13.92 of the Listing Rules. The Company believes that such merit-based selection process based on the Board Diversity Policy and the nature of our business is in the best interests of our Company and shareholders as a whole.

### Independent Non-executive Directors

Throughout the Relevant Period, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board, with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from each independent non-executive Director a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules for the Relevant Period. The Company is of the view that all independent non-executive Directors are independent.

### Responsibilities of the Board of Directors and Senior Management

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring business and performance. The functions and duties of the Board include but are not limited to, convening general meetings, reporting on the performance of the Board's work at the general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating the annual financial budget and final accounts, formulating our proposals for profit distributions, and formulating proposals for increase or reduction of the capital as well as exercising other powers, functions and duties as conferred by the Articles of Association.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Company with department heads accountable for different aspects of the business/functions, while reserving certain key matters in making strategic decision for its approval. When the Board delegates aspects of its management and administration functions to management, it gives clear directions as to the powers of the senior management, in particular, with respect to the circumstances where the senior management need to report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. To oversee particular aspects of the Company's affairs, the Board has established Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The independent non-executive Directors are particularly responsible for supervising and providing an independent judgement on the Board. They take the lead where potential conflicts of interests arise and monitor the Company's performance in achieving agreed corporate goals and objectives and the relevant reporting.

In compliance with code provision C.1.8 of the CG Code, the Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

### **Director's Appointment, Re-election and Removal**

All Directors (including independent non-executive Directors) have entered into service contracts/appointment letters with the Company which may be subject to termination in accordance with their respective terms and may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 5 December 2024, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from 5 December 2024, which may be terminated by not less than three months' notice in writing served by either party on the other.

All Directors will hold office subject to provision of retirement and rotation of directors under the Articles of Association. Pursuant to Article 84(1), at each annual general meeting one-third of the Directors for the time being, or, if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years.

Pursuant to Article 83(3), any Director appointed by the Board to fill a casual vacancy shall hold office only until the next first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

Pursuant to the Article 83(5), the Shareholders may by ordinary resolution remove any Director (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another person in his stead. Any Director so appointed shall be subject to retirement by rotation pursuant to the Article 84(1).

### **Training and Continuous Professional Development of Directors**

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director shall receive a formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the purpose of the Company. Additionally, in preparation for the Listing, the Directors have received formal and comprehensive training regarding their responsibilities and obligations under the Listing Rules and relevant laws and regulations as well as the governance policy of the Company.



To ensure that each Director has a better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors, to ensure that he has a proper understanding of the Company's operation with the fiduciary duty of being a Director under relevant laws, rules and regulations.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a director. All Directors have perused reading materials and updated information on the latest developments of the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. All Directors had provided their relevant training records for the year ended 31 December 2024 to the Company.

The Company will constantly update the Directors on the latest developments regarding the Listing Rules and other applicable regulatory and statutory requirements from time to time, to keep abreast of the Director's acknowledgment in the latest change in Listing Rules, applicable law or regulation and corporate governance practices.

During 2024 and the Relevant Period, the current Board members participated in the following training programs:

Name of Directors	Attending training organised by the legal advisor of the Company before the Listing	Reading regulatory updates
<b>Executive Directors</b>		
Mr. Wang Ping	✓	✓
Ms. Cui Juan	✓	✓
<b>Non-executive Director</b>		
Mr. Chan Hok Leung	✓	✓
<b>Independent Non-executive Directors</b>		
Ms. Yim Wing Yee	✓	✓
Mr. Lau Kwok Fai Patrick	✓	✓
Mr. Yu Tsz Ngo	✓	✓

All the Directors have been updated with the latest development regarding to corporate governance, environmental, social and governance, and connected transactions. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

### Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of skills, experience and diversity perspectives of the Board that are relevant to the business growth so as to support the execution of our business strategy. Pursuant to the board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board comprises six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. Directors have a balanced mix of knowledge and experiences, including business management, strategic development, administration and management, finance, auditing and accounting experiences. The Board members also obtained degrees in various majors including business accounting and commerce. Furthermore, the ages of the Directors range from 39 to 61 years old. The Company has also taken, and will continue to take steps to promote gender diversity at all levels, including but not limited to at the Board and senior management levels, and ensure to have at least one female board member. In this regard, the Board comprises two female Directors, including one executive Director and one independent non-executive Director. The Company is also committed to adopting similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of its corporate governance and it will continue to apply the principle of appointments based on merits with reference to the Board diversity policy as a whole.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the board diversity policy (including gender balance) from time to time to ensure its continued effectiveness and the Company will disclose the implementation of the board diversity policy in its corporate governance report on an annual basis. Having reviewed the Board composition, the Board has complied with the board diversity policy and has achieved board gender diversity.

The Board also recognises the importance of diversity in the workforce (including senior management). The Group will continue to make ways in achieving gender diversity in the workforce at all levels. As at 31 December 2024, the Group's total number of workforce was 44, among which 31 of them were female. For more details, please refer to "Environmental, Social and Governance Report".

The Nomination Committee is responsible for the Board Diversity Policy. The Nomination Committee should review Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time to review the progress on achieving the objectives, and to make disclosure or its review results in the annual report of the Company annually.

### Board Independence Mechanism

The Company ensures independent views and input are available to the Board via the below mechanisms:

1. the Board composition and the independence of the independent non-executive Directors should be reviewed by the Nomination Committee on an annual basis, in particular the portion of the independent non-executive Directors;

2. a written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his independence to the Company. The Company considers all its independent non-executive directors to be independent;
3. the Directors who are also directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions in relation to the transactions with the controlling shareholders and/or its associates;
4. the chairman of the Board shall meet with independent non-executive Directors at least once annually; and
5. all members of the Board can seek independent professional advice at the Company's expense to assist the performance of their duties in accordance with the Company's policy.

The Board reviews the mechanisms for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

### Delegation by the Board

To oversee particular aspects of the Company's affairs, the Board has established the Board committees, including the Audit Committee, the Remuneration Committee and Nomination Committee (collectively, the **"Board Committees"**). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

### Board Meetings and General Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals in accordance with the CG Code. Notices of no less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are sent to the Directors or Board Committee members at least 3 days before the meetings, and all Directors have full and timely access to the senior management for any information to enable them to make informed decisions and perform their duties and responsibilities.

Minutes of meetings shall be kept by the company secretary of the Company with copies circulated to all Directors for information and records. Minutes of Board meetings and meetings of Board Committees are recorded in sufficient detail about the matters considered and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

The Company was listed on the Stock Exchange on 10 January 2025. During the period from the Listing Date and up to the date of this report, the Board convened one board meeting and one meeting for each of the Board committees. The Company did not hold any general meeting. The attendance of each Director at the above meetings is set out in the table below:

	Number of Meeting(s) Attended/Held			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
<b>Executive Directors</b>				
Mr. Wang Ping	1/1	N/A	1/1	1/1
Ms. Cui Juan	1/1	N/A	N/A	N/A
<b>Non-executive Director</b>				
Mr. Chan Hok Leung	1/1	N/A	N/A	N/A
<b>Independent Non-executive Directors</b>				
Ms. Yim Wing Yee	1/1	1/1	1/1	1/1
Mr. Lau Kwok Fai Patrick	1/1	1/1	1/1	1/1
Mr. Yu Tsz Ngo	1/1	1/1	1/1	1/1

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees are established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

### Audit Committee

The Company has established the Audit Committee of the Board with terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company. The Audit Committee comprises three members, all of which are independent non-executive Directors, Ms. Yim Wing Yee (chairperson), Mr. Lau Kwok Fai Patrick and Mr. Yu Tsz Ngo.

The primary duties of the Audit Committee are to review and approve the Group's financial reporting process and internal control system.

The following is a summary of work performed by the Audit Committee, which have been reported to the Board, during the Relevant Period:

- the integrity of the Group's annual accounts as well as the audit report prepared by the external auditor relating to accounting issues and major issues in course of audit;
- draft results announcement;

- effectiveness and sufficiency of the risk management and internal control systems;
- the contractual arrangements of the Group;
- the work scope of audit and reporting obligations of external auditor;
- the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and
- the engagement of the external auditor.

The Audit Committee has reviewed the consolidated financial statements of the Group for the Reporting Period and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, the Listing Rules, and other applicable legal requirements and that adequate disclosures have been made. Also, the Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. They also reviewed final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

### Remuneration Committee

The Company has established the Remuneration Committee of the Board with written terms of references in compliance with Rule 3.25 of the Listing Rules and the CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company. The Remuneration Committee comprises four members, including three independent non-executive Directors, Mr. Lau Kwok Fai Patrick (chairperson), Ms. Yim Wing Yee and Mr. Yu Tsz Ngo, and one executive Director, Mr. Wang Ping.

The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of the Group. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The following is a summary of works performed by the Remuneration Committee, which have been reported to the Board, during the Relevant Period:

- recommended to the Board on the Group's remuneration policy and structure for the Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- reviewed the management's remuneration proposals with reference to the Board's corporate goals and objectives, and
- made recommendations to the Board on the remuneration packages of the executive Directors and senior management.

The Remuneration Committee discussed and reviewed on the Group's remuneration policy and structures for the Directors and senior management remuneration, the establishment of a formal and transparent procedure for developing remuneration policy for the Company, made recommendation to the Board on the remuneration package to the executive Directors and senior management and fulfilled duties as required aforesaid.

### Remuneration of Directors and Senior Management

Details of the Directors' remuneration and the five highest paid individuals of the Group are set out in notes 7 and 8 to the consolidated financial statements.

The level of remuneration is mainly based on the experience, scope of duties, work performance and time committed to the Company, prevailing market rates, salaries paid by comparable companies and remuneration packages elsewhere in the Group. The remuneration paid to the senior management of the Company fell within the following band for the Reporting Period:

	Number of Individuals
Nil to HK\$1,000,000	3
HK\$1,000,001 to HK\$1,500,000	1

### Nomination Committee

The Company has established the Nomination Committee of the Board with written terms of references in compliance with CG Code. The terms of reference are available on the websites of the Stock Exchange and the Company. The Nomination Committee comprises four members, including one executive Director, Mr. Wang Ping (chairman), and three independent non-executive Directors, Ms. Yim Wing Yee, Mr. Lau Kwok Fai Patrick and Mr. Yu Tsz Ngo.

The primary duties of the Nomination Committee are to make recommendations to the Board on appointment of Directors and the management of the Board succession. The following is a summary of works performed by the Nomination Committee, which have been reported to the Board, during the Relevant Period:

- reviewed the structure, size and composition of the Board;
- assessed the independence of Independent Non-executive Directors;
- reviewed the retirement and re-appointment of Directors whose terms of office were subject to renew in the annual general meeting, and made recommendation to the Board; and
- reviewed the Board Diversity Policy of the Company.

The Nomination Committee assessed the independence of independent non-executive Directors, considered the re-appointment of the retiring Directors, reviewed the board diversity policy of the Company, reviewed the structure, size and composition of the Board and fulfilled duties as required aforesaid.

### Nomination Policy

The Company has adopted a nomination policy (the “**Nomination Policy**”), which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

Selection and recommendation of candidates will be based on the nomination procedures and the process and criteria as set out in the Nomination Policy and a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services, personal integrity and time commitments of the proposed candidates. The Company should also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision is based on merit and contribution that the selected candidates will bring to the Board.

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code. The Board recognises that corporate governance should be the collective responsibility of the Directors, which include:

- (a) to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company’s compliance with the CG Code and disclosure in the Corporate Governance Report.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board confirms its responsibility for the Company’s risk management and internal control systems and reviews the effectiveness of such systems. Risk management and internal control measures are designed to manage, but not eliminate, the risk of failure in operational systems and achievement of the Group’s objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.



The Audit Committee is to oversee the internal control procedures and accounting and financial reporting matters of the Group. Pursuant to its terms of reference, one of the duties and obligations of the Audit Committee is to ensure the Group's compliance with the relevant regulatory requirements and to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters on a regular basis. We have strengthened our internal audit system to ensure the appropriate functioning of the risk management and operation oversight systems. The Group will continue to conduct internal control procedures and enhance its internal control measures, and will review the situation annually.

The Board, as supported by the Audit Committee as well as the management, has reviewed the report from the management and findings from the internal control department, and reviewed the risk management and internal control systems, including the financial, operational and compliance controls. The review process comprises, among other things, meetings with management of business groups, internal control department, and the external auditor, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company. We also intend to engage an internal control consultant to review our internal control system on an annual basis to ensure that effective internal control procedures are in place.

The Company has procedures and internal controls for the handling and dissemination of inside information. In practice, employees of the Group who become aware of any events and/or matters which he/she considers potentially inside information, will report to the designated personnel of the Company who, if considered appropriate, will pass such information to the Board for the purpose of considering and deciding whether or not such information constitutes inside information and disclosure of which shall be made immediately.

The Board considered the risk management and internal control systems of the Company during the Relevant Period were effective and adequate.

## ANTI-CORRUPTION AND WHISTLEBLOWING POLICY

The administration department at the headquarters of the Company is responsible for design and implementation of our anti-bribery and corruption policies and procedures. The Company provides anti-bribery and corruption trainings to the senior management and employees.

The Company has a zero-tolerance policy towards acceptance of any bribes by the employees. The Company has established a whistle blower program, including a dedicated hotline and a whistle blower box, to receive reports of corruption charges, with the option of anonymity. Any employee found in breach of the Group's anti-bribery and corruption policies and procedures will be disciplined or dismissed depends on the severity of the case.

With respect to procurement, the Company has centralised the procurement system, thereby minimising the risk of corruption or abuse. In addition, the Company requires the suppliers to sign an anti-bribery and corruption undertaking to the Group to ensure their understanding and compliance with the Group's anti-bribery and corruption policies.

## AUDITOR'S REMUNERATION

The total fee paid/payable to the external auditor of the Company is set out below:

Categories of the services	Fee paid/payable HK\$
Audit services for the audit of the consolidated financial statements of the Group for the year ended 31 December 2024	1,250,000
Non-audit services	
— provision of agreed — upon procedures on preliminary announcement of annual result for the year ended 31 December 2024	150,000
— attendance of AGM	50,000
<b>Total</b>	<b>1,450,000</b>

In addition to the above, Forvis Mazars CPA Limited was acting as the reporting accountants and auditors of the Company in respect of the Listing with total fee of HK\$6,200,000. Such professional fee have been/will be recognised in various accounting periods.

## DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 96 to 97 of this annual report.

### COMPANY SECRETARY

Mr. Tang Tsz Tsun ("**Mr. Tang**") has tendered his resignation as the company secretary of the Company with effect from 1 February 2025. Following the resignation of Mr. Tang, Mr. Cheng King Tong was appointed as the company secretary of the Company with effect from 1 February 2025. For details, please refer to the announcement of the Company dated 28 January 2025. During the year ended 31 December 2024, Mr. Cheng has received no less than 15 hours relevant professional training to update his skill and knowledge.

### DIVIDEND POLICY

In compliance with code provision F.1.1 of the CG Code, the Company has adopted and formulated dividend policy (the "**Dividend Policy**"). The factors of determination whether the Board to recommend the payment of dividend to Shareholders including but not limited, the general business conditions, financial condition and results of operation, expected capital requirements and future expansion plans, future prospects, statutory and regulatory restrictions, contractual restrictions on the payment of dividends, Shareholders' interests, and other factors the Board may deem relevant. The Company in the general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. Any final dividend declared by the Company must be approved by an ordinary resolution of the Shareholders at the general meeting, and, in particular, must not exceed the amount recommended by the Board. Any future dividend declaration and distribution by the Company will be at the discretion of the Board. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution, including share premium.

The Dividend Policy will be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

### INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance, and strategies. The Company also recognises the importance of timely and non selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meeting (the "**AGM**") provides opportunities for communication between the Company and the Shareholders. The chairman of the Board and the chairpersons of the Board Committees of the Company or their delegates will attend the AGMs to answer Shareholders' questions and solicit and understand the views of Shareholders and stakeholders. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company maintains a website at [www.numans.cc](http://www.numans.cc), where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access. For the shareholders' inquiry, please refer to the shareholders' rights below.

As there are various means of communication between shareholders and the Company as prescribed above, the Board has considered the existing communication with shareholders is effective during the year ended 31 December 2024 and the Relevant Period.

### **SHAREHOLDERS' RIGHTS**

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

#### **Procedures for Shareholders to Convene Extraordinary General Meeting and Putting Forward Proposal**

Pursuant to Article 58 of the Articles of Association, extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings, on a one vote per share basis in the share capital of the Company, and the foregoing shareholders shall be able to add resolutions to the meeting agenda. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting.

Shareholders who wish to propose a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

#### **Procedures for Shareholders to Propose a Person for Election as a Director**

The notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the headquarters and principal place of business in the PRC or at the Hong Kong Share Registrar of the Company. The period for lodgement of the notices required will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven clear days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven clear days.

For further details, please refer to "Procedures for Shareholders to propose a person for election as a Director" on the website of our Company.

#### **Procedure in relation to Raising Enquiry and Concerns**

Shareholders wishing to make any enquiry to the Board may do so in writing to the Company since verbal or anonymous ones would not generally be dealt with by the Company.

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the head office and principal place of business in Hong Kong of the Company at 18th Floor, Nine Queen's Road Central, Hong Kong, by mail, email to [ir@numans.cc](mailto:ir@numans.cc) for the attention to the Board and Company secretary.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

As part of its regular review, the Board, during the Reporting Period and the Relevant Period, has reviewed the designs and implementation of communication channels in relation to investors relations and communication with the Shareholders for the year ended 31 December 2024 and the Relevant Period and is of the view that both investors relations and the Shareholders communication implemented are effective and adequate.

### **CHANGES IN CONSTITUTIONAL DOCUMENTS**

Since the date of Listing, the Company did not make any changes to its constitutional documents. The current version of the Articles of Association and the Memorandum of Association are available on the websites of the Company and the Stock Exchange.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE REPORT

This is the Environmental, Social and Governance (“**ESG**”) report of Numans Health Food Holdings Company Limited (the “**Company**”, together with its subsidiaries the “**Group**”, “**Numans**”, or “**We**”), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix C2 of the Listing Rules set out by The Stock Exchange of Hong Kong Limited. The Group has complied with all “Comply or Explain” provisions set out in the ESG Reporting Guide during the reporting period from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”, or “**2024**”).

## Reporting Boundary

This report covers the Group’s overall environmental and social performance in sales, including marketing, selling and distributing, of Numans “DHA Series Products” (the “**Nutritional Products**”), in the People’s Republic of China (the “**PRC**” or “**Mainland China**”), during the Reporting Period unless otherwise specified.

The scope encompasses all sites with major operations during the Reporting Period, including 4 combined offices and warehouses located in Shanghai, the PRC, covering a total area of 3,917.88 m<sup>2</sup>. There were no manufacturing operations conducted by the Group during the Reporting Period.

## Reporting Principles

The preparation of the ESG Report has applied the following principles as stipulated by the ESG Reporting Guide:

*Materiality* — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section “Stakeholder Engagement and Materiality” in the Report.

*Quantitative* — key performance indicators (“**KPI(s)**”) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

*Balance* — performance of the Group was presented in an unbiased and impartial manner. Reasons for omission have been disclosed if the omission is inevitable.

*Consistency* — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

## THE GROUP'S SUSTAINABILITY COMMITMENT

### Board Statement

Sound corporate governance forms the foundation of our operations. We believe that establishing and implementing comprehensive ESG principles and practices will enhance the investment value of our enterprise and provide long-term returns to our stakeholders. The Board of Directors (the “**Board**”) has overall responsibility for overseeing sustainability issues related to our operations and strategy. By setting a strategic direction, the Board establishes a clear vision that guides our ESG measures and reflects our core values.

Our Board has adopted the following approaches to identify, manage, and review material ESG issues, during the Reporting Period:

1. **Identify:** Our Board engaged key stakeholders to identify material ESG issues and risks inherent in our business operations. We believe that open dialogue with stakeholders is crucial for maintaining business sustainability.
2. **Assess:** In addition to assessing the performance of our ESG measures through discussions with stakeholders, our Board engaged a third party to evaluate our performance concerning environmental protection and climate change.
3. **Review:** The Board reviewed progress against ESG-related goals to guide our Group toward improved ESG performance. Our ESG Policy includes systematic risk management practices to ensure effective financial and operational functions, compliance controls, material controls, asset management, and risk management.

The Board is fully responsible for supervising sustainability issues related to operations and strategy. To facilitate better implementation, an ESG Working Group (the “**working group**”) has been established at the management level. Currently, the working group composed of senior management members Mr. An Yong, Ms. Meng Yao, and Mr. Wang Kan, addresses matters related to ESG performance. Below are the responsibilities of the working group:

### Policy and Implementation

- Address ESG-related matters and ensure effective policies and measures are in place.
- Discuss potential improvements to ESG policies and measures.
- Set ESG goals and review progress to identify areas for improvement.

### Reporting and Communication

- Report the Group's ESG performance to the Board.
- Facilitate regular communication with various departments to ensure alignment.
- Collect feedback from stakeholders on environmental performance to ensure the feasibility of environmental goals.



### **Risk Management**

- Assist with risk management tailored to specific business needs to minimize risk exposure.

### **Compliance and Governance**

- Ensure compliance with legal regulations and develop internal control systems for governance, operational management, compliance, and financial reporting.

### **Evaluation and Improvement**

- Propose new ideas, highlight issues, and offer actionable solutions based on the Group's situation.
- Evaluate the annual environmental impact of business operations and adjust goals as necessary.

On the social front, the Group adheres to the law and upholds principles, providing equal opportunities for all employees. We will provide suitable ESG training for employees based on operational needs and establish relevant policies to regulate personal behaviour, ensuring compliance with applicable laws and regulations.

### **Commitments and Missions on ESG**

The Group embraces the principles of ESG, aligning them with key themes such as high-quality national development, ecological civilization protection, and law-based corporate governance. These principles are essential for evaluating sustainable development.

The Group recognizes that fostering ESG initiatives requires comprehensive changes. Therefore, it is committed to integrating ESG concepts with quality management and supply chain management. This integration is viewed as a vital driver for long-term growth and value creation.

The Group is dedicated to enhancing sustainable business value through a modern enterprise management and investment evaluation system, thereby supporting the high-quality development of the national economy.

## Certification

The Group maintains a strong commitment to delivering high quality Nutritional Products that comply with globally recognized standards. During the Reporting Period, the Group has obtained the following awards:



**Ginkgo Award:** 2024 Quality Service Brand Award  
(銀杏獎：2024年度優質服務品牌獎)



Jingzhun Tong 2024 Leading Navigator 618:  
**Industry Breakthrough Growth Award** —  
Numans JD Self-operated Flagship Store  
(京准通2024年領航618：  
行業突破增長獎 — 紐曼思京東自營旗艦店)



Kidswant Global Partners Conference:  
**2024 Best Popularity and Reputation Award**  
(孩子王全球合作夥伴大會：  
2024年最佳人氣口碑獎)

Note: Award names mentioned above are translated from Chinese.

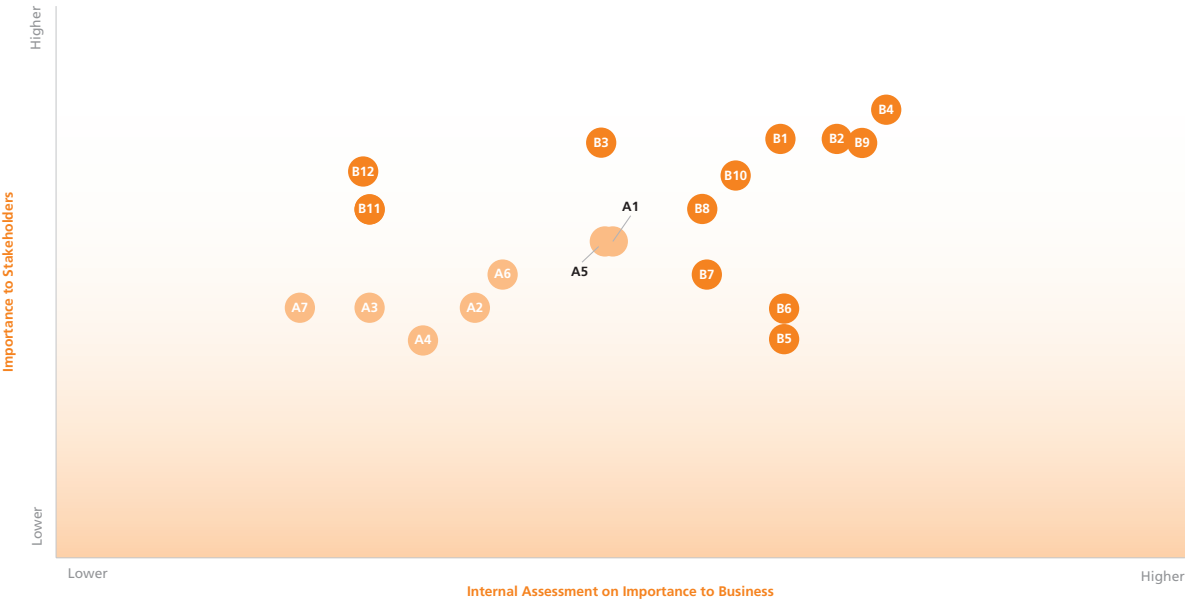
## STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input from its stakeholders as they are important parts of the Group. Both internal and external stakeholders are regularly communicated with through various channels. The engaged stakeholders and the respective communication channels are listed below.

Stakeholder Groups	Communication Channels
Employees	— Meetings and conferences
Shareholders	— Annual Reports — Annual general meetings — Social media — Hotlines
Clients	— Meetings — Seminars
Service providers	— Meetings — Seminars
Regulators	— Meetings and conferences — Consultation discussions
Media	— Annual Reports — Social media — Press release — Industrial conferences

The following matrix shows the results of the stakeholder engagement.

Materialilty of Different Topics from Stakeholder Engagement



Environmental

- A1 Energy
- A2 Water
- A3 Air Emission
- A4 Waste and Effluent
- A5 Other Raw Materials Consumption
- A6 Environmental Protection Measures
- A7 Climate Change

Social

- B1 Employment
- B2 Occupational Health and Safety
- B3 Development and Training
- B4 Labour Standards
- B5 Supplier Management
- B6 Intellectual Property
- B7 Data Protection
- B8 Customer Service
- B9 Product/Service Quality
- B10 Anti-corruption
- B11 Community Investment
- B12 Clinical Trial Safety

Responses to the survey show that all topics of the social aspects are regarded as more important than those of the environmental aspects. Five of the most material topics are:

- Employment
- Occupational Health and Safety
- Labour Standards
- Product/Service Quality
- Anti-corruption

Materiality Topics	The Group's Responses
Employment	<ul style="list-style-type: none"> <li>• Fair and inclusive hiring processes</li> <li>• Equal opportunities for career advancement</li> <li>• Competitive compensation and benefits</li> </ul>
Occupational Health and Safety	<ul style="list-style-type: none"> <li>• Regular safety training</li> <li>• Compliance with health and safety regulations</li> <li>• Proactive reporting and continuous improvement</li> </ul>
Labour Standards	<ul style="list-style-type: none"> <li>• Adherence to labour standards and regulations</li> <li>• Fair employment practices and compliance with laws</li> <li>• Respectful and inclusive work environment</li> <li>• No discrimination, harassment, or forced labour</li> </ul>
Product/Service Quality	<ul style="list-style-type: none"> <li>• Strict adherence to the Product Quality Law of the PRC ensures high safety and quality standards.</li> <li>• Regular third-party evaluations and internal checks uphold product quality and safety standards.</li> </ul>
Anti-corruption	<ul style="list-style-type: none"> <li>• Strict regulations prevent bribery, extortion, fraud, and money laundering.</li> <li>• Comprehensive anti-corruption training is provided to all employees and directors.</li> </ul>

### STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at (NMSGGroup@numans.cc).

## A. ENVIRONMENTAL

Types of emission the Group involved in the Reporting Period were mainly petrol, diesel, and electricity. The business straightly abides by the national laws and regulations regarding air, water, and land pollution, which include but are not limited to:

- Atmospheric Pollution Prevention and Control Law of the PRC
- Water Pollution Prevention and Control Law of the PRC
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste
- Regulations on the Prevention and Control of Soil Pollution in Fujian Province

### A1. Emissions

#### A1.1 Air Emissions

During the Reporting Period, the Group-owned vehicles consumed a total of 1,800 litres of petrol and 500 litres of diesel. The following table provides an overview of the annual air emissions associated with this fuel consumption:

Air Emissions	Annual Total (kg)
Sulphur oxides	0.03
Nitrogen oxides	15.93
Particulate matters (PM)	1.53

#### A1.2 Greenhouse Gas Emission and Reduction Target

The below table shows the breakdowns of greenhouse gas ("GHG") emissions of the Group during the Reporting Period:

Scope of GHG emissions	Emission Sources	2024 Emission (in tCO <sub>2</sub> e)	Total Emission (in percentage)
<b>Scope 1</b>			
Direct Emission	Mobile source <sup>1</sup> : Petrol Diesel	6.13	8%
<b>Scope 2</b>			
Indirect Emission	Purchased electricity <sup>2</sup>	67.82	90%
<b>Scope 3</b>			
Other Indirect Emission	Paper waste disposal	—	2%
	Electricity used for freshwater processing	1.15	
	Electricity used for wastewater processing	0.57	
	Business air travel	—	
<b>Total</b>		<b>75.67</b>	<b>100%</b>
<b>Intensity (tCO<sub>2</sub>eq/m<sup>2</sup>)</b>		<b>0.02</b>	

*Note 1:* The emission factor for petrol consumption was referred to Appendix C2 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited.

*Note 2:* The emission factor for electricity consumption was referred to the National Emission Factors for Mainland China, outlined by the Ministry of Ecology and Environment of the PRC in 2024.

*Note 3:* No paper waste and business air travel were recorded during the Reporting Period.

The Group's primary source of emissions is electricity used for daily office operations. Additionally, the Group operates 1 private van and 1 forklift, relying basically on outsourced delivery services for distribution, resulting in minimal GHG emissions within the reporting scope.

During the Reporting Period, the Group's operations resulted in the emission of 75.67 tonnes of carbon dioxide equivalent ("tCO<sub>2</sub>eq") greenhouse gases, primarily carbon dioxide, methane, and nitrous oxide. The annual emission intensity was calculated to be 0.02 tCO<sub>2</sub>eq/m<sup>2</sup> of total area covered within the reporting scope.

#### *GHG Emissions Reduction Target*

We target to reduce GHG emissions intensity (tCO<sub>2</sub>eq/m<sup>2</sup>), by 30% by 2031, with 2021 as the base year.

GHG Emission Reduction Target	2021 Baseline	2024 Performance
Reduce GHG emissions intensity, by 30% by 2031	0.01	0.02

In alignment with the trend of shifting towards electric vehicles as replacements for traditional fossil fuel-powered vehicles in the PRC, we foresee a transition towards electric vehicle adoption within our operations. With this gradual pace of electric vehicle adoption, we are highly confident in transitioning all existing vehicles to electric vehicles, thus establishing our targets for GHG emission intensity at a 30% decrease by 2031.

### **A1.3 Waste Handling**

The Group's non-hazardous waste mainly consisted of packaging material disposal. Recyclable waste was collected and processed by qualified waste treatment companies, while non-recyclable waste was managed by property management or cleaning companies for disposal or landfilling. As a result, no weighted data on non-hazardous waste was available during the Reporting Period. In addition, the Group did not generate any hazardous waste during the Reporting Period.



Since our business operations did not generate a significant amount of waste, no specific targets were set. However, we will continue to manage our existing waste reduction policies in the long term. These policies include:

- Minimizing the production of all types of waste where applicable.
- Handling waste in compliance with national and local laws and regulations.
- Sourcing materials responsibly and sustainably, prioritizing suppliers with environmentally sound practices.
- Reusing and recycling as much of our used materials such as paper and product packaging as possible.

## A2. Use of Resources

### A2.1 Energy Consumption and Efficiency

The total energy consumption was 147,345.91 kWh, with an energy intensity of 37.61 MWh/m<sup>2</sup>.

The Group's electricity resources are primarily used for daily office operations. To promote energy conservation, the Group has implemented several measures to manage energy resources responsibly for the benefit of both the business and society. Effective energy management strategies have been designed and executed. In the office, signage has been posted to remind employees to turn off lights and other electrical appliances, encouraging a reduction in idle energy consumption.

The Group has set a 10-year target for reducing the energy consumption intensity (kWh/m<sup>2</sup>) by 30%, with 2021's level as a baseline.

Energy Saving Target	2021 Baseline	2024 Performance
Reduce energy consumption intensity, by 30% by 2031	0.02	0.04

### A2.2 Water Consumption and Efficiency

Water consumption by the Group was 2,642.01 m<sup>3</sup>, with water intensity of 0.67 m<sup>3</sup>/m<sup>2</sup>.

The Group promotes water conservation actively and encourage employees to turn off taps when not in use. In line with this commitment, the Group has set a target to reduce water consumption intensity (m<sup>3</sup>/m<sup>2</sup>) by 10% compared to 2024 levels over the next five years. This target reflects the Group's dedication to sustainable water management and resource conservation.

Additionally, there were no issues in sourcing water that met the required standards and purposes.

### A2.3 Packaging Materials

The Group used 56.19 tonnes of packaging materials during the Reporting Period. See below chart for the breakdowns of packaging materials used:



The Group's business requires packaging materials such as cardboard boxes, while the product bottles are made from recyclable plastic. The cardboard boxes can be decomposed and reused, and the bottles are also recyclable. Furthermore, the Group has made efforts to incorporate environmentally friendly materials into its product packaging. By utilizing recyclable materials and integrating eco-friendly alternatives, the Group aims to minimize packaging waste and contribute to the overall reduction of its environmental footprint throughout the product lifecycle.

### A3. The Environment and Natural Resources

As we are primarily engaged in marketing, selling, and distributing Nutritional Products in the PRC without operating our own production facilities, we believe that our business operations do not pose any significant threats to the environment. However, we are committed to complying with all applicable environmental laws and regulations. During the Reporting Period, we did not record any material non-compliance with environmental requirements that resulted in prosecution or conviction. Additionally, our business nature did not incur significant costs related to compliance with environmental regulations.

As part of our environmental policy, we have established the following commitments:

- Achieve carbon neutrality by 2050
- Comply with global and local environmental laws and regulations
- Continuously improve environmental and resource management
- Enhance employee awareness of resource conservation and environmental protection

Through the implementation of these measures and initiatives, the Group aims to uphold its commitment to sustainability and become a responsible leader in the industry.

A4. Climate Change

Governed by the Group’s Risk Management Policy, we have established systematic risk management practices to ensure the effective operation of our financial and operational functions, compliance mechanisms, material control, and risk management. Our Board and the ESG Working Group are tasked with evaluating and determining the Group’s ESG risks, ensuring the implementation of appropriate and effective ESG risk management and internal control systems. We recognize ESG risks and actively engage in environmentally responsible practices. We comply with environmental protection laws and regulations while adopting measures to enhance resource efficiency, increase energy conservation, and reduce waste.

An ESG risk assessment has been conducted, evaluating the likelihood and impact of each identified risk, classified into three levels: high, medium, and low.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

A warming planet presents a wide array of risks for businesses, including disrupted supply chains, rising insurance costs, and labour challenges. As the threat of climate change escalates, accompanied by physical damages, shifts in market perception, and a growing public preference for environmentally friendly products and services, the financial, reputational, and strategic risk implications are becoming increasingly significant. Climate change will undoubtedly remain a pressing concern for our Group and the industry as a whole in the foreseeable future. We have identified the following climate-related risks:

Climate-related Risk	Timeframe	Potential financial impacts	Likelihood	Impact
<b>Physical Risks</b>				
<b>Extreme weather</b>	Short term	Climate change affects all regions around the world. Extreme weather events, such as typhoons, storm surges and rainstorms, will hinder and disrupt our production, transportation and ultimately our revenue.	Low	Low
<b>Extreme weather</b>	Long term	Continuous extreme weather may affect the growth of the plants and the stock of marine life which may affect the stability of the supply of the raw materials of our products and also may affect the composition of the nutrient of the raw materials. As a result, this situation may affect the stability of product supply and product quality. Furthermore, we also foresee an increase in the frequency of blackouts due to the heavy load on the electricity grid caused by climate change, which may lead to unpredictable disturbances to our operations.	Low	Low
<b>Transition Risks</b>				
<b>Tightening of climate-related policies</b>	Short term	Tightened environmental policies increase the cost of fulfilling such requirements. It might also raise the operating costs, insurance costs and penalties for non-compliance.	Low	Low
<b>Cost to transition to lower emissions technology</b>	Short term	Substitution of existing technology and equipment with lower emissions or resource-saving options to comply with the new energy and sustainability standards incur investment and maintenance costs.	Low	Low
<b>Changing customer behavior</b>	Long term	A change in customer or user behaviour and preferences leads to a loss in customer and income if there is a failure to meet stakeholders' expectations on climate risk management and goals.	Low	Low
<b>Reputation risk</b>	Long term	The change in customer or user preferences may increase the chance of receiving negative stakeholder feedback about the existing products and services. It may affect the reputation of the Group.	Low	Low

#### *Physical Risks and Mitigation Strategies*

Climate change presents risks that impact all regions globally. Extreme weather events, such as typhoons, storm surges, and heavy rainstorms, can disrupt production and transportation, ultimately affecting our revenue. Additionally, we anticipate an increase in blackout frequency due to heightened demand on the electricity grid, leading to unpredictable disruptions in our operations.

To address physical risks associated with extreme weather, we advise employees to seek safety during such events until conditions permit a return to normal activities. We are committed to enhancing internal awareness and training regarding climate risks, thereby strengthening our Group's resilience to the adverse effects of extreme weather. Furthermore, we implement industry best practices tailored to identified climate-related risks, aiming to improve energy efficiency across our operations. All employees are encouraged to focus on daily procedures that contribute to our climate change mitigation objectives.

#### *Transition Risks and Mitigation Strategies*

Transition risks refer to financial risks linked to the adjustment towards a lower-carbon economy, driven by factors such as changes in climate policy, technological advancements, or shifts in market sentiment.

Tighter environmental regulations can increase compliance costs, operational expenses, insurance premiums, and penalties for non-compliance. Additionally, replacing existing technology and equipment with lower-emission or resource-saving alternatives to meet new energy and sustainability standards can incur significant investment and maintenance costs.

Changes in customer behaviour and preferences may lead to revenue loss if we fail to meet stakeholder expectations regarding climate risk management and sustainability goals. This shift can also heighten the risk of negative feedback from stakeholders, potentially damaging our Group's reputation.

To mitigate transition risks, we prioritize understanding stakeholder preferences related to climate performance and disclosure. We ensure transparent communication with stakeholders and adjust our marketing strategies accordingly to align with their expectations.

#### *Opportunities Under Climate Change*

We understood that there is growing preference for clean, pollution-free and healthy dietary supplement products in the PRC, and our DHA and probiotics products continuously use raw materials supplied by leading DHA (algal oil) and probiotics raw materials suppliers which took into account sustainability issues in their businesses, it is an opportunity for our business to grow by adapting our marketing strategies in the long term.

The Group recognizes the significance of addressing climate change and has taken proactive measures to mitigate its impact. We have prioritized the implementation of a paperless office to reduce resource usage. In response to the growing demand for low-carbon products, the Group is also exploring opportunities for logistics with a reduced carbon footprint and optimizing our upstream supply chain while adopting environmentally friendly packaging solutions. These initiatives demonstrate our commitment to sustainable practices and our dedication to minimizing our carbon footprint in line with market demands and the global climate crisis.

## B. SOCIAL

### Employment and Labour Practices

The Group recognizes the importance of its social performance to stakeholders. Through stakeholder engagement surveys, social topics have been identified as highly material.

To ensure responsible social performance, the Group prioritizes compliance with laws and the development of relevant policies. It actively promotes employee rights and opportunities while pursuing customer satisfaction. By prioritizing social responsibility, the Group aims to be an industry leader in social performance. This commitment extends to labour welfare, equality, health, and high product quality as the Group strives to make a positive impact in these essential areas.

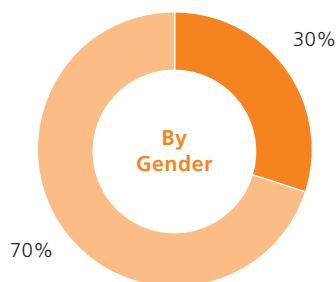
The Group strictly complies with respective employment laws and regulations of the PRC as follows:

- Labour Law
- Labour Contract Law
- Regulations on Paid Annual Leave for Employees

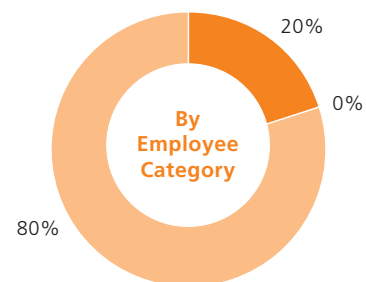
### B1. Employment

#### Employment Figures

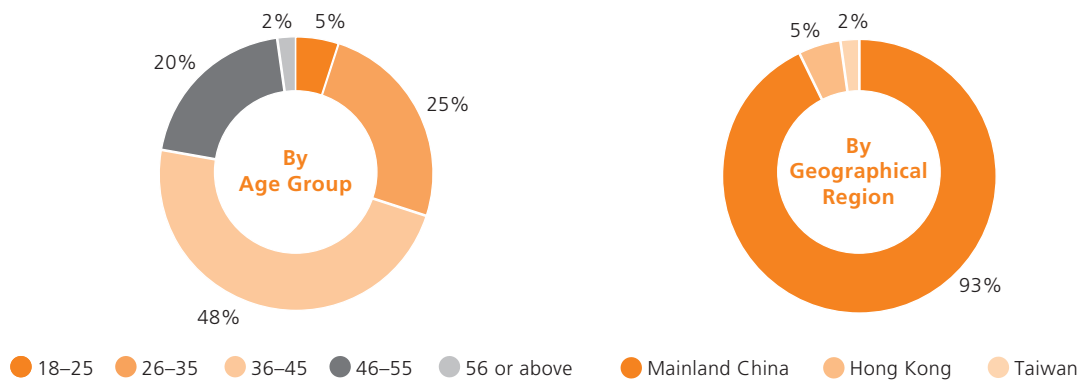
The Group had a total number of 44 employees as of 31 December 2024, of which most of the employees are from the PRC, and all of them are full-time employees. The below charts show the distribution of different categories:



● Male ● Female

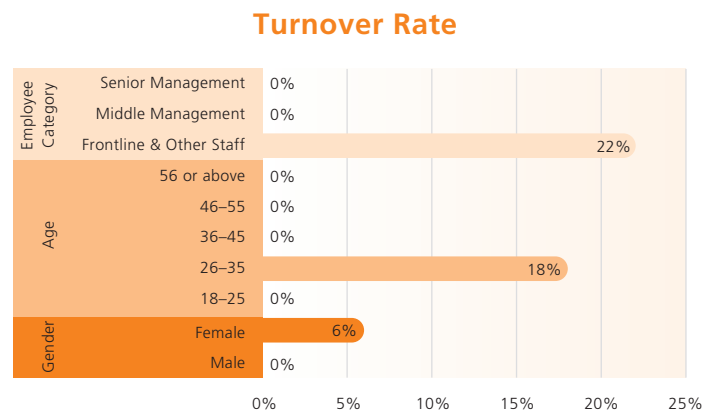


● Senior Management ● Middle Management  
● Frontline Staff and Other Employees



#### Turnover Figures

During the Reporting Period, 2 full-time employees left the Group, all from the PRC. The overall turnover rate was 5%. The below chart show the distribution of different categories:



*Note:* The turnover rate for each category is calculated by dividing the number of employees who left by the total number of employees in that specific category as of the end of the Reporting Period.

#### a) Competitive Compensation and Benefits Package

Employees receive a basic salary along with various allowances based on their job positions, age, additional work hours, and performance-based year-end bonuses. Basic social insurance coverage includes benefits for pension, medical care, work-related injuries, unemployment, and maternity leave. The Group offers several types of leave, including annual, sick, work-related injury, marriage, maternity, and compassionate leave. We regularly review employee salaries in relation to business growth and market trends, ensuring that our compensation is generally aligned with reasonable rates compared to industry standards.



## b) Equal Opportunity

The Group is deeply committed to promoting equal opportunities and fair treatment for all employees. We ensure that recruitment processes, training and development programs, job advancement opportunities, and compensation and benefits are provided without discrimination. Employees are not disadvantaged based on factors such as gender, ethnic background, religion, colour, age, marital status, family status, retirement, disability, pregnancy, or any other characteristic protected by law.

## c) Employee Communication

Within the Group, there is a strong emphasis on employee communication. Regular employee communication meetings and company annual dinner are held to foster open dialogue and exchange of ideas. Moreover, the Group encourages employee engagement and aims to create an inclusive and interactive work environment.

## B2. Employee Health and Safety

Ensuring best practices for occupational health and safety is a key focus for the Group, recognized as one of our five most important priorities. We adhere to occupational health-related laws and regulations in the PRC to mitigate health risks for our employees. These regulations include, but are not limited to:

- Labour Law of the PRC
- Law of the PRC on the Prevention and Treatment of Occupational Diseases
- Fire Protection Law of the PRC

The Group actively promotes safety measures and strictly complies with relevant regulations. The Group implements comprehensive occupational health and safety measures, including compliant fire safety devices and indoor air purification systems to ensure a safe working environment. The Group values at the raising awareness of occupational health and safety among our employees. During the Reporting Period, the Group provided a total of 88 training hours to all the employees focus on the related topic.

During the Reporting Period, the Group reported no work injury cases, also there were no work-related fatality in the past three years, including the Reporting Period.

### Occupational Health and Safety Data

Work-related fatality	0
Work injury cases >3 days	0
Work injury cases <3 days	0
Total lost days due to work injury	0

**B3. Development and Training**

The Group provides employees with compulsory induction training and various internal training programs. These programs cover areas such as work safety, anti-corruption, and company's product knowledge training. The objective of these trainings is to enhance employees' knowledge, skills, productivity, and effectiveness in their respective roles, as well as their understanding of relevant laws, regulations, policies, procedures, and work safety.

Furthermore, during the Reporting Period, each employee received 6 hours of training. Below shows the breakdown of the training data by employment category and gender.

	<b>% of Employees Trained</b>	<b>Average Training Hours Per Employee</b>
<b>By Employee Category</b>		
Senior Management	100%	6
Middle Management	100%	6
Frontline & Other Staff	100%	6
<b>By Gender</b>		
Male	100%	6
Female	100%	6

**B4. Labour Standards**

Labour standards are a crucial aspect of the Group, given the nature of our business. We strictly comply with all labour laws and regulations to protect children and prevent child labour, adhering closely to the PRC Law on the Protection of Minors.

During the recruitment process, we verify candidates' ages by requesting identification documents. The Group strictly prohibits the recruitment of child labour or forced labour, ensuring that all employees are hired through legal channels that meet legitimate employment requirements. If any non-compliance is discovered, we take immediate action to terminate contracts with subcontractors or employees involved and conduct thorough investigations to prevent recurrence.

No instances of non-compliance were reported during the Reporting Period.

**Operating Practices****B5. Supply Chain Management**

The Group engaged 35 major suppliers during the Reporting Period, receiving services and supplies including:

- Raw material sale
- Finished product production
- Packaging material

The geographical regions of the suppliers are shown in the table below:

Geographical Regions	Numbers
Mainland China	32
The United States	1
Hong Kong SAR	2
<b>Total</b>	<b>35</b>

The Group places a strong emphasis on its own ESG performance and extends this focus to its suppliers and business partners. Our goal is to influence and raise awareness among suppliers and partners across various industries, positioning ourselves as a leader and role model in promoting corporate responsibility.

To ensure compliance with our standards, the Group's supplier contracts include provisions related to employment, the elimination of child labour, social responsibility, professional ethics, and environmental protection. Suppliers are required to strictly adhere to these policies, which are agreed upon at the time of signing the contract. Additionally, the Group prioritizes suppliers that can provide environmentally friendly packaging and low-carbon logistics.

#### B6. Product Responsibility

The Group's Nutritional Products mainly distribute to the Mainland China market. Hence, the Group follows strictly the laws and regulations of the PRC, including but not limited to:

- Advertising Law
- Interim Provisions on the Release of Food Advertisements
- Trademark Law
- Anti-Unfair Competition Law
- Food Safety Law
- Food Labelling Management Regulations
- Commodity Barcode Management Measures
- Consumer Rights and Interests Protection Law
- Civil Code
- Personal Information Protection Law
- Cybersecurity Law
- Criminal Law

#### *Health and Safety, Advertising, and Labelling*

The Group provides finished Nutritional Products that meet the highest standards of safety, quality, and reliability. We strictly comply with the Product Quality Law of the PRC and other relevant regulations concerning product quality.

In the event of health and safety issues related to our products or services, the Group establishes specialized teams or appoints designated personnel to oversee the entire resolution process. We rigorously adhere to national laws and regulations to safeguard public health and safety, ensuring legal compensation and recalling affected products as necessary. In cases of larger-scale health and safety concerns, we not only enhance our existing practices but also issue necessary public statements.

When facing advertising or labelling issues, the Group promptly assesses the associated risks and takes appropriate actions, such as product recalls or corrective measures. We actively address any legal consequences arising from these issues to prevent escalation and mitigate negative impacts on public perception.

No material non-compliance cases related to health and safety, advertising, labelling, or privacy concerning our products and services were recorded during the Reporting Period.

#### *Customer Service*

The Group has implemented a third-party customer service system to handle customer complaints effectively. The general process followed upon receiving a complaint includes accurately understanding the issue, verifying the concerns raised, formulating a solution, and engaging in friendly negotiations with the complainant to reach a final resolution. Feedback is also provided to relevant departments for continuous improvement.

During the Reporting Period, the Group received a total of 370 complaints related to product quality and delivery. Complaints are initially followed up by the Customer Service Department. Those related to product quality are thoroughly investigated by the Company's Procurement Department. Resolutions are achieved through effective communication with clients and product enhancements. No product recalls were deemed necessary.

#### *Intellectual Property*

Save as disclosed in the Prospectus of the Company, the Group did not encounter any major intellectual property issues. During the Reporting Period, there were no significant cases of non-compliance related to confidential information.

#### *Product Quality Assurance*

The Group is committed to maintaining the highest standards of quality for its finished Nutritional Products. For each batch acquired, our finished product suppliers provide detailed quality check reports. Additionally, we engage third-party experts to conduct product quality verifications and assessments, offering objective analyses to ensure our products meet stringent quality criteria.

In addition to third-party assessments, the Group performs regular site visits and product sampling checks. This proactive approach allows us to monitor the quality of the finished products supplied by our partners, ensuring they align with our specifications and safety standards.

*Data Protection*

The Group's data protection policy is designed to safeguard confidential information and trade secrets, including contact details, customer requirements, financial information, and marketing or business plans. All employees must acknowledge and agree to protect this information by signing their employment contracts. Violations of confidentiality regulations may lead to dismissal.

**B7. Anti-corruption**

The Group strictly regulates the discipline and professional conduct of its employees to prevent any potential bribery, extortion, fraud, money laundering, and gambling. The Group complied with relevant laws and regulations related to bribery, extortion, fraud, and money laundering of the PRC, including but not limited to:

- Criminal Law
- Anti-Unfair Competition Law
- Interim Provisions on the Prohibition of Commercial Bribery
- Anti-Money Laundering Law
- Interpretations of the Supreme Court on Several Issues Concerning the Specific Application of Laws in the Trial of Anti-Money Laundering and Other Criminal Cases
- Financial Institutions' Anti-Money Laundering Regulations
- Measures for the Management of Large-Amount and Suspicious Transactions of Foreign Exchange Funds of Financial Institutions

Whoever retaliates against those who have raised concerns under the policies will be subject to disciplinary actions. When the suspicious case is received, the Group undergoes investigation procedures with secured protection on the complainant's confidentiality. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the reporting period.

There were no significant legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

*Anti-corruption Training*

The Group prioritizes the promotion of an ethical work environment and the prevention of corruption. To support this commitment, we conduct comprehensive training programs focused on business ethics. These courses are designed to educate employees about the Company's policies and values, helping them establish a strong ethical foundation.

Our anti-corruption training program conducts twice a year on average, reaches 100% of employees, with each participant receiving 1 hours of instruction. This ensures that everyone is aware of the importance of integrity in the workplace. Additionally, all executive directors actively participate in the anti-corruption training, also receiving 2 hours of training.

These initiatives reflect the Group's dedication to fostering a culture of integrity, equipping employees with the knowledge and tools necessary to make ethical decisions in their roles.

#### **B8. Community Investment**

The Group recognizes the significance of community engagement and the social responsibilities that come with corporate citizenship. We encourage our employees to actively participate in community engagement and charitable events, fostering a culture of giving back.

While we did not engage in any community investment during this Reporting Period, we remain committed to exploring opportunities for meaningful contributions in the future.

# INDEPENDENT AUDITOR'S REPORT



## FORVIS MAZARS CPA LIMITED

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To the members of

**Numans Health Food Holdings Company Limited**

(incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Numans Health Food Holdings Company Limited (the **"Company"**) and its subsidiaries (hereinafter collectively referred to as the **"Group"**) set out on pages 79 to 145, which comprises the consolidated statement of financial position at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2024, and of its financial performance and 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 (the **"HKICPA"**) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## 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, we do not provide a separate opinion on these matters.



**Key audit matter****How our audit addressed the key audit matter*****Revenue recognition***

Refer to Notes 2 and 4 to the consolidated financial statements

Revenue of the Group is derived from sales, including marketing, selling and distributing, of nutritional products.

The Group offers marketing incentives, which include penalty imposed on and incentives offered to its selected customers. Included in the Group's marketing incentives, there are gross profit margin guarantees, trade discounts, volume-based rebates and penalty, and/or other price incentives (together, the "**Marketing Incentives**").

The Group estimates the Marketing Incentives using the expected-value method and assesses whether the estimated variable consideration is constrained with reference to the customers' historical records on volume-based rebates and penalty, other marketing incentives entitlement and accumulated purchases to date. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment.

In addition, the Group grants customers with the right to return the products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group recognises a right to returned goods asset and a corresponding adjustment to cost of sales for the expected return.

Our procedures, among others, included:

- understanding and evaluating key controls in respect of revenue recognition in regard to variable considerations, including the methodologies and assumptions adopted and assessing the inherent risk of material misstatements by considering the degree of estimation uncertainties and other inherent risk factors;
- performing retrospective review, on a sample basis, by comparing previous estimates to actual outcome for evaluating the outcome of prior period assessment, including the respective constraints and assessing the effectiveness of the estimation processes performed by the Group's management;
- examining, on a sample basis, the sales contracts with customers and identifying the terms and conditions relating to the arrangements of the Marketing Incentives and the product's return/refund in order to assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; and
- obtaining schedules for variable considerations and checking the reasonableness of the key parameters adopted and the accuracy of the data applied by (i) enquiring the Group's management for the rationale of estimations; (ii) inspecting, on a sample basis, the underlying documents, including sales contracts, monthly statements agreed with the customers and records of subsequent settlements and (iii) checking subsequent available information related to the Marketing Incentives and the products refund/return to assess the reasonableness of the estimation.

**Key audit matter****How our audit addressed the key audit matter*****Revenue recognition (Continued)***

With reference to its historical experience and its expectation of future returns as adjusted for current relevant information, the Group estimates the number of returns using the expected-value method and assesses whether the estimated variable consideration is constrained. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment.

We identified revenue recognition in regard to the variable consideration as a key audit matter because (i) revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the revenue by the Group's management to meet specific targets or expectations as estimating the considerations involves significant management's judgement and (ii) the amount of revenue was significant to the consolidated financial statements.

***Recognition of expenses for the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Initial Listing")***

Refer to Note 2 to the consolidated financial statements

Relevant costs incurred for the Initial Listing were allocated and classified among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively.

We identified the above matters as a key audit matter because the classification and allocation of relevant costs incurred for the Initial Listing involved a significant degree of the management's judgement.

Our procedures, among others, included:

- enquiring of the Group's management on the bases of classification and allocation for the relevant costs incurred for the Initial Listing and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and
- obtaining the schedules for listing costs and checking, on a sample basis, the expense items that made up the total costs incurred for the Initial Listing to invoices and agreements to confirm the nature of the items and checking whether the listing costs have been properly classified and allocated accordingly to the bases determined by the Group's management.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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, the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with HKSAAs, we exercise professional judgement 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 of the Company.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 the directors of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with 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.

**Forvis Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong, 21 March 2025

The engagement director on the audit resulting in this independent auditor's report is:

**She Shing Pang**

Practising Certificate number: P05510

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	277,495	426,545
Cost of sales		(66,435)	(105,678)
<b>Gross profit</b>		<b>211,060</b>	320,867
Other income	5(a)	17,454	13,474
Other (losses) gains, net	5(b)	(2,366)	390
Selling and distribution expenses		(90,569)	(102,578)
Administrative and other operating expenses		(23,754)	(24,249)
Interests on lease liabilities		(259)	(332)
Listing expenses		(12,099)	(12,951)
<b>Profit before tax</b>	6	<b>99,467</b>	194,621
Income tax expenses	9	(24,567)	(35,277)
<b>Profit for the year</b>		<b>74,900</b>	159,344
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on consolidation		1,540	3,492
<b>Total comprehensive income for the year</b>		<b>76,440</b>	162,836
		<b>RMB cents</b>	RMB cents
<b>Earnings per share attributable to owners of the Company</b>			
Basic and diluted	10	9.99	21.25

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Intangible assets	12	4,100	4,100
Property, plant and equipment	13	4,527	4,201
Right-of-use assets	14	4,209	5,625
Deferred tax assets	22	6,952	16,850
		<b>19,788</b>	30,776
<b>Current assets</b>			
Inventories	15	68,092	62,298
Trade and other receivables	16	57,743	77,327
Contract assets	17	34,147	37,056
Cash and cash equivalents	18	235,817	262,560
		<b>395,799</b>	439,241
<b>Current liabilities</b>			
Other payables	19	30,599	36,900
Lease liabilities	20	2,595	2,405
Provisions	21	—	—
Income tax payables		4,043	17,211
		<b>37,237</b>	56,516
<b>Net current assets</b>		<b>358,562</b>	382,725
<b>Total assets less current liabilities</b>		<b>378,350</b>	413,501
<b>Non-current liabilities</b>			
Lease liabilities	20	1,834	3,425
<b>NET ASSETS</b>		<b>376,516</b>	410,076



Consolidated Statement of Financial Position  
At 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
<b>Capital and reserves</b>			
Share capital	23	—*	—*
Reserves	24	376,516	410,076
<b>TOTAL EQUITY</b>		<b>376,516</b>	<b>410,076</b>

\* Represent amount less than RMB1,000.

*The consolidated financial statements on pages 79 to 145 were approved and authorised for issue by the board of directors on 21 March 2025 and signed on its behalf by*

**Wang Ping**  
Director

**Cui Juan**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital RMB'000 (Note 23)	Reserves				Total RMB'000
		Capital reserve RMB'000 (Note 24(a))	Translation reserve RMB'000 (Note 24(b))	Statutory reserve RMB'000 (Note 24(c))	Accumulated profits RMB'000	
At 1 January 2023	—*	67	3,891	9,854	233,428	247,240
<b>Profit for the year</b>	—	—	—	—	159,344	159,344
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on consolidation	—	—	3,492	—	—	3,492
<b>Total comprehensive income for the year</b>	—	—	3,492	—	159,344	162,836
<b>At 31 December 2023</b>	—*	67	7,383	9,854	392,772	410,076
At 1 January 2024	—*	67	7,383	9,854	392,772	410,076
<b>Profit for the year</b>	—	—	—	—	74,900	74,900
<b>Other comprehensive income</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on consolidation	—	—	1,540	—	—	1,540
<b>Total comprehensive income for the year</b>	—	—	1,540	—	74,900	76,440
<b>Transaction with owners</b>						
<i>Contributions and distributions</i>						
Dividends (Note 11)	—	—	—	—	(110,000)	(110,000)
<b>Total transaction with owners</b>	—	—	—	—	(110,000)	(110,000)
<b>At 31 December 2024</b>	—*	67	8,923	9,854	357,672	376,516

\* Represent amount less than RMB1,000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	99,467	194,621
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	4,036	4,904
Interests on lease liabilities	259	332
Interest income	(3,167)	(2,187)
Loss on disposal of property, plant and equipment, net	8	16
Write-down of inventories, excluding milk powder products	1,208	3,689
Provision of inventories, excluding milk powder products	1	2,155
Reversal of inventories loss on milk powder products	(142)	(415)
Changes in input valued-added taxes ("VAT") arising from reversal of inventories loss on milk powder products	(18)	(53)
Reversal of onerous contracts	—	(5,000)
Provision for loss allowances on trade receivables, net	4	174
Write-down of other receivables	70	207
Exchange differences	298	2,124
<b>Operating cash inflows before changes in working capital</b>	<b>102,024</b>	<b>200,567</b>
Changes in working capital:		
Inventories	(6,861)	(27,656)
Trade and other receivables	19,510	15,687
Contract assets	2,909	(8,902)
Other payables	(6,283)	(3,274)
<b>Cash generated from operations</b>	<b>111,299</b>	<b>176,422</b>
Income tax paid	(27,837)	(25,854)
<b>Net cash from operating activities</b>	<b>83,462</b>	<b>150,568</b>

Consolidated Statement of Cash Flows  
Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>INVESTING ACTIVITIES</b>		
Interest received	3,167	2,187
Payment for purchase of property, plant and equipment	(1,129)	(205)
Payment for purchase of intangible assets	—	(410)
<b>Net cash from investing activities</b>	<b>2,038</b>	<b>1,572</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liabilities	(3,226)	(3,454)
Interests on lease liabilities	(259)	(332)
Dividends paid	(110,000)	(80,000)
<b>Net cash used in financing activities</b>	<b>(113,485)</b>	<b>(83,786)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(27,985)</b>	<b>68,354</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>262,560</b>	<b>192,838</b>
Effect of exchange rate changes, net	1,242	1,368
<b>Cash and cash equivalents at the end of the reporting period, represented by cash on hand, cash at banks and assets with similar nature as cash</b>	<b>235,817</b>	<b>262,560</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

## 1. CORPORATE INFORMATION

Numans Health Food Holdings Company Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 21 January 2019. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 January 2025 (the “**Initial Listing**”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s principal place of business is situated at 18th Floor, Nine Queen’s Road, Central, Hong Kong and the Group’s headquarter is situated at Building 8 Lane 706, Wuxing Road, Pudong New Area, Shanghai, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries are principally engaged in sales, including marketing, selling and distributing, of nutritional products.

The immediate and ultimate holding company of the Company is Far-East Fortune Management (China) Co., Ltd. (“**Far-East Fortune**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling party is Mr. Wang Ping.

A summary of material accounting policies adopted by the Group in preparing the consolidated financial statements is set out below.

## 2. MATERIAL ACCOUNTING POLICIES

### Statement of compliance

The consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and all amounts have been rounded to the nearest thousand (“**RMB’000**”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current period.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Changes in accounting policies

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants

### Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, investment in a subsidiary is stated at cost less impairment loss (if any). The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The result of the subsidiary is accounted for by the Company on the basis of dividends received and receivable.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	20 years
Leasehold improvements	1 year to 3 years
Furniture, fixtures and office equipment	3 years to 5 years
Motor vehicles	4 years to 10 years

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.



## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Intangible assets

Intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset with an indefinite life is reviewed at the end of each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from being indefinite to finite is accounted for on a prospective basis.

Impairment assessments for intangible assets are set out in the accounting policy "Impairment of other assets" below.

### Patent

The initial cost of acquiring a patent is capitalised. Patent with indefinite useful lives is carried at cost less accumulated impairment losses.

### Financial instruments

#### Financial assets

##### *Recognition and derecognition*

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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. 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 the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade and other receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade and other receivables are initially measured at their transaction price.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### Financial assets (Continued)

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first interim reporting period following the change in the business model.

#### *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, contract assets and cash and cash equivalents.

#### Financial liabilities

##### *Recognition and derecognition*

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### Financial liabilities (Continued)

##### *Classification and measurement*

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include other payables. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

#### Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("**ECL**") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

##### *Measurement of ECL*

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### *Measurement of ECL (Continued)*

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information;
- (ii) nature of financial instruments;
- (iii) nature of collateral (if any);
- (iv) nature, size and industry of debtors;
- (v) geographical location of debtors; and
- (vi) external credit risk ratings (if available).

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset meets any of the following criteria:

- (i) 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); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset 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.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### *Assessment of significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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 in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

##### *Low credit risk*

A financial 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's cash and cash equivalents are determined to have low credit risk.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### Impairment of financial assets (Continued)

##### *Simplified approach of ECL*

For trade receivables and contract assets without significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The expected loss rate used is calculated for each categorised customers' portfolio based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of trade receivables and contract assets.

##### *Credit-impaired financial asset*

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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Write-off*

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice, if appropriate. Any subsequent recovery is recognised in profit or loss.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand, cash at banks and assets with similar nature as cash, which are not restricted as to use.

### Revenue recognition

#### Revenue from contracts with customers within HKFRS 15

##### *Nature of goods or services*

The nature of the goods or services provided by the Group is sales of nutritional products.

##### *Identification of performance obligations*

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

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

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

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



## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### Revenue from contracts with customers within HKFRS 15 (Continued)

##### *Timing of revenue recognition*

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

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

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

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

Revenue from sales of nutritional products is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

##### *Transaction price: significant financing components*

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customers of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.



## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### Revenue from contracts with customers within HKFRS 15 (Continued)

##### *Variable consideration*

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(i) Marketing incentives

The Group's marketing incentives include penalty imposed on and incentives offered to its selected customers. Included in the Group's marketing incentives, there are gross profit margin guarantees, trade discounts, volume-based rebates and penalty, and/or other price incentives (together, the "**Marketing Incentives**"). The Group estimates the Marketing Incentives using the expected-value method and assesses whether the estimated variable consideration is constrained with reference to the customers' historical records on volume-based rebates and penalty, other marketing incentives entitlement and accumulated purchases to date. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

(ii) Refund liabilities

The Group grants customers with the right to return the products. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group recognises a right to returned goods asset and a corresponding adjustment to cost of sales in respect of the right to recover the product when customers exercise their right of return. With reference to its historical experience and its expectation of future returns as adjusted for current relevant information, the Group estimates the number of returns using the expected-value method and assesses whether the estimated variable consideration is constrained. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

During the years ended 31 December 2024 and 2023, there are no significant product return from customers which is subject to refund liabilities.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition (Continued)

#### Revenue from contracts with customers within HKFRS 15 (Continued)

##### *Principal versus agent*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

The Group is acting as a principal as the Group controls the nutritional products before the goods are transferred to its customers and its performance obligation is to transfer those goods to its customers.

##### Revenue from other sources

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

##### Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the business of sales of nutritional products, the right to an amount of consideration becomes unconditional only when the consideration is billed subsequent to customers' acceptance on promised goods and the amount of consideration are confirmed between the Group and its customers. During the reporting periods, contract assets are recognised in regard to the unbilled revenue.

Contract liabilities in relation to the refundable receipts in advance are reported under "Other Payables".

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company and majority of its subsidiaries have RMB as their functional currency. The consolidated financial statements are presented in RMB and rounded to the nearest thousands unless otherwise indicated, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all of the group entities that have a functional currency different from the presentation currency ("**foreign operations**") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and
- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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

### Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's intangible assets, property, plant and equipment, right-of-use assets and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or the cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Provision

Provision is recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the period in which the expenditures are incurred. Provision is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Present obligations arising under onerous contracts are recognised and measured as a provision. Onerous contracts are considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The Group recognises any impairment loss that has occurred on assets used in fulfilling the contract before a separate provision for onerous contracts are established.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

### Leases

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

### The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. 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, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### The Group as lessee (Continued)

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option (if any) — in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leased properties	2 to 5 years
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.



## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### The Group as lessee (Continued)

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease 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.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Employee benefits

#### Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

#### Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group's entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

### Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising from an investment in a subsidiary, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.



## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Related parties

A related party is a person or entity that is related to the Group, that is defined as:

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

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Segment reporting

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

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

### Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

### Key sources of estimation uncertainty:

(i) *Useful lives of property, plant and equipment and right-of-use assets*

The management of the Group determines the estimated useful lives of the Group's property, plant and equipment and right-of-use assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) *Impairment of intangible assets, property, plant and equipment and right-of-use assets*

The management of the Group determines whether the Group's intangible assets, property, plant and equipment and right-of-use assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of intangible assets, property, plant and equipment and right-of-use assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from intangible assets, property, plant and equipment and right-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Critical accounting estimates and judgements (Continued)

#### Key sources of estimation uncertainty: (Continued)

(iii) *Estimation and constraint of variable consideration*

The sales contracts include rights to return/refund, gross profit margin guarantees, volume-based rebates and penalty and/or other marketing incentives that give rise to variable consideration. In estimating the variable consideration, the Group applies either the expected-value or the most-likely-amount method whichever better predicts the entitled amount.

The Group determines that using the expected-value method by categorising variable considerations into rights to return/refund, gross profit margin guarantees, volume-based rebates and penalty and/or other marketing incentives is appropriate to estimate the variable consideration, considering the factors of (i) large number of contracts that have similar characteristics and (ii) there are more than one thresholds for respective categories of variable considerations contained in the contracts.

Before including any estimated amount of variable consideration in the transaction price, the Group considers whether it is constrained based on the historical experience, business forecast and the current economic conditions.

(iv) *Provision for inventories losses*

The management of the Group reviews the inventory ageing analysis periodically and where applicable, makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(v) *Loss allowance for ECL*

The management of the Group estimates the loss allowances for trade and other receivables and contract assets by using various inputs and assumptions including risk of a default and expected loss rates. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and contract assets.

(vi) *Income taxes*

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

## 2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Critical accounting estimates and judgements (Continued)

#### Critical judgements made in applying accounting policies:

(i) *Recognition of expenses for the Initial Listing*

The management of the Group determines the allocation and classification of relevant costs incurred for the Initial Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively.

#### Future changes in HKFRSs

At the date of approving the consolidated financial statements, the HKICPA has issued the following new/ revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Annual Improvements to HKFRSs	Volume 11 <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <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>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Group's consolidated financial statements.

## 3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the reporting periods, as the Group manages its business as a whole as the businesses of sales of nutritional products and executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

### 3. SEGMENT INFORMATION (CONTINUED)

#### Geographical information

##### (a) Revenue from external customers

The Company is an investment holding company and the Group is principally engaged in the sales of nutritional products in the PRC during the years ended 31 December 2024 and 2023. The Group earns substantially all of its revenue from external customers attributed to its sales to the PRC.

##### (b) Specified non-current assets

The specified non-current assets information is based on the locations of assets and included the Group's intangible assets, property, plant and equipment and right-of-use assets (the "**Specified Non-current Assets**"). All of the Group's Specified Non-current Assets were located in the PRC.

#### Information about major customers

Details of the customers (presented by entities under common control) individually account for 10% or more of total revenue of the Group during the years ended 31 December 2024 and 2023 are as follows.

	2024 RMB'000	2023 RMB'000
<b>Sales of nutritional products</b>		
Customer A	35,891	Note
Customer B	102,067	137,180
Customer C	30,353	Note

Note: These customers contributed less than 10% of the Group's total revenue during the year ended 31 December 2023.

### 4. REVENUE

	2024 RMB'000	2023 RMB'000
<b>Revenue from contracts with customers within HKFRS 15</b>		
<i>At a point in time</i>		
Sales of nutritional products	277,495	426,545

Note: The revenue recognised for the year ended 31 December 2024, which was included in the contract liabilities in relation to refundable receipts in advance at the beginning of each reporting period, was approximately RMB308,000 (2023: RMB221,000) (Note 19).

Contract liabilities represent advance payments received from the customers for goods that have not been transferred to the customers. The contract liabilities fluctuated during the years ended 31 December 2024 and 2023 due to fluctuation in sales orders with advance payments.

## 5. OTHER INCOME AND OTHER (LOSSES) GAINS, NET

	Note	2024 RMB'000	2023 RMB'000
<b>5(a). Other income</b>			
Interest income		3,167	2,187
Government grants	5(i)	13,471	10,966
Compensation from litigation claims	5(ii)	183	60
Compensation from customers	5(iii)	324	164
Sundry income		309	97
		<b>17,454</b>	<b>13,474</b>
<b>5(b). Other (losses) gains, net</b>			
Exchange (losses) gains, net		(1,235)	1,163
Loss on disposal of property, plant and equipment, net		(8)	(16)
Write-down of inventories, excluding milk powder products	15	(1,208)	(3,689)
Provision for inventories, excluding milk powder products	15	(1)	(2,155)
Reversal of inventories loss on milk powder products	21	142	415
Changes in input VAT arising from reversal of inventories loss on milk powder products	21	18	53
Reversal of onerous contracts	21	—	5,000
Provision for allowances on trade receivables, net	27	(4)	(174)
Write-down of other receivables		(70)	(207)
		<b>(2,366)</b>	<b>390</b>
		<b>15,088</b>	<b>13,864</b>

## 5. OTHER INCOME AND OTHER (LOSSES) GAINS, NET (CONTINUED)

Notes:

- (i) Government grants represent fiscal supports that the relevant government authorities offered to the Group's entities operate in Shanghai, the PRC and carried out its businesses in designated tax incentives zones in the PRC. There was no unfulfilled condition or contingency relating to the government grants.
- (ii) These represented income from litigation claims regarding to the Group's registered trademarks.
- (iii) Compensation income from customers represents penalty levied on customers for unauthorised distribution of goods which were prohibited under the distribution agreements signed between the Group's entities and the customers.

## 6. PROFIT BEFORE TAX

This is stated after charging:

	2024 RMB'000	2023 RMB'000
<b>Staff costs (including directors' emoluments)</b>		
Salaries, discretionary bonus, allowances and other benefits in kind	9,512	14,426
Contributions to defined contribution plans	2,237	2,174
	11,749	16,600
<b>Other items</b>		
Costs of inventories sold	66,435	105,678
Auditors' remuneration	1,457	124
Depreciation of property, plant and equipment (charged to "selling and distribution expenses" and "administrative and other operating expenses", as appropriate) (Note 13)	795	1,394
Depreciation of right-of-use assets (charged to "selling and distribution expenses" and "administrative and other operating expenses", as appropriate) (Note 14)	3,241	3,510
Expenses recognised under short-term leases	74	74



## 7. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 21 January 2019. Mr. Wang Ping was appointed as an executive director of the Company on the same day. Ms. Cui Juan and Mr. Chan Hok Leung were appointed as an executive director and a non-executive director of the Company, respectively, on 27 March 2019. Ms. Yim Wing Yee, Mr. Lau Kwok Fai Patrick and Mr. Yu Tsz Ngo were appointed as independent non-executive directors of the Company on 5 December 2024.

Certain directors of the Company received remuneration from the Group during the years ended 31 December 2024 and 2023 for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company for the years ended 31 December 2024 and 2023 are set out below.

### Year ended 31 December 2024

	Directors' fees (Note i) RMB'000	Salaries, allowances and other benefits in kind (Note ii) RMB'000	Discretionary bonus RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Wang Ping (Note iii)	—	650	50	110	810
Ms. Cui Juan	—	325	25	91	441
<i>Non-executive director</i>					
Mr. Chan Hok Leung	32	—	—	—	32
<i>Independent non-executive directors</i>					
Ms. Yim Wing Yee	9	—	—	—	9
Mr. Lam Kwok Fai Patrick	13	—	—	—	13
Mr. Yu Tsz Ngo	13	—	—	—	13
	67	975	75	201	1,318



## 7. DIRECTORS' REMUNERATION (CONTINUED)

Year ended 31 December 2023

	Directors' fees (Note i) RMB'000	Salaries, allowances and other benefits in kind (Note ii) RMB'000	Discretionary bonus RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
<i>Executive directors</i>					
Mr. Wang Ping (Note iii)	—	600	144	131	875
Ms. Cui Juan	—	300	75	108	483
<i>Non-executive director</i>					
Mr. Chan Hok Leung	—	—	—	—	—
	—	900	219	239	1,358

*Notes:*

- (i) The remuneration was for their services as directors of the Company.
- (ii) The remuneration was for their services in connection with management of affairs of the Group.
- (iii) Mr. Wang Ping is an executive director, chairperson and chief executive officer of the Company.

During the years ended 31 December 2024 and 2023, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

## 8. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2024 and 2023 is as follows:

	Number of individuals	
	2024	2023
Director	1	1
Non-director	4	4
	5	5

## 8. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and other benefits in kind	2,446	7,505
Discretionary bonus	209	379
Contributions to defined contribution plans	449	413
	3,104	8,297

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	2024	2023
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$6,500,001 to HK\$7,000,000	—	1

During the years ended 31 December 2024 and 2023, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

## 9. TAXATION

	2024 RMB'000	2023 RMB'000
<b>Current tax</b>		
PRC enterprise income tax ("PRC EIT")	14,669	28,951
<b>Deferred taxation</b> (Note 22)		
Origination and changes in temporary differences	9,898	6,326
<b>Total income tax expenses for the year</b>	<b>24,567</b>	<b>35,277</b>

The Group entities established in the Cayman Islands and the BVI are exempt from income tax of those jurisdictions.

The Group's entities established/operated in the PRC are subject to the PRC EIT at a statutory rate of 25% during the years ended 31 December 2024 and 2023.

Hong Kong profit tax has not been provided as no assessable profit was generated by the Group in Hong Kong during the years ended 31 December 2024 and 2023.

Republic of Seychelles profit tax has not been provided as the Group has no business carried out in Republic of Seychelles for the years ended 31 December 2024 and 2023. During the years ended 31 December 2024 and 2023, Numans Sales (as defined in Note 31), being the Company's subsidiary incorporated in the Republic of Seychelles, carried on its business through receiving management services from other subsidiaries of the Group by paying management services fees ("**Management Services Fees**"). The Management Services Fees received by the Company's subsidiaries were subject to the PRC EIT at a tax rate of 25%.

According to the PRC EIT Law, dividends paid to foreign investors of foreign-invested companies are subject to withholding tax at a rate of 10%, unless otherwise provided in the relevant tax agreements entered into with the central government of the PRC. During the year ended 31 December 2024, dividends declared by the Group's subsidiaries established in the PRC were subject to such withholding tax.

## 9. TAXATION (CONTINUED)

### Reconciliation of income tax expenses

	2024 RMB'000	2023 RMB'000
Profit before tax	99,467	194,621
Income tax at statutory tax rate applicable in respective tax jurisdictions	15,020	32,513
Non-deductible expenses	3,481	1,314
Tax exempt revenue	(1)	(25)
Withholding tax on distributed profits	6,553	—
Utilisation of previously unrecognised tax losses	(1,475)	—
Unrecognised tax losses	989	1,475
Income tax expenses for the year	24,567	35,277

## 10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2024 RMB'000	2023 RMB'000
Profit for the year attributable to owners of the Company, used in basic earnings per share calculation	74,900	159,344
	'000	'000
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic earnings per share calculation	750,000	750,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share were on the basis as if the Capitalisation Issue (as defined in Note 23) had been effective on 1 January 2023.

Diluted earnings per share are same as the basic earnings per share as there was no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

## 11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Dividends of RMB550,000 per share declared to equity owners of the Company	110,000	—

## 12. INTANGIBLE ASSETS

	Patent RMB'000
<b>Cost</b>	
<b>At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024</b>	<b>4,100</b>

The patent is acquired for the business of sales of nutritional products. The Group's management is of the opinion that the patent has indefinite useful lives as it is transferable and able to renew with minimal cost, which is therefore carried at cost less accumulated impairment, if any.

The Group carries out impairment tests for intangible assets with indefinite useful lives by comparing their recoverable amounts to their carrying amounts at the end of each reporting period.

The recoverable amount of the patent with indefinite useful lives were assessed with reference to the value-in-use calculations using pre-tax cash flow projections which are approved by the Group's management covering a 3-year period at the end of reporting period. The significant inputs into value-in-use calculations are (i) the budgeted gross profits, which are determined based on the past performance and the expectation of market development on the corresponding products under the patent; (ii) a pre-tax discount rate of approximately 13.6% (2023: 13.6%) to derive the present value of future cash flows; and (iii) a long-term annual growth rate of approximately 4.0% (2023: 3.3%) for the year ended 31 December 2024. The management of the Group considered (i) the market information in the China's economy and (ii) the overall financial performance of the Group derived from this patent, which was adjusted by the consideration of the market information of the pre-tax discount rates from the entities with similar principal activities as the Group during the respective impairment assessment's periods.

At 31 December 2024 and 2023, the management of the Group was of the view that the patent with indefinite useful life was not impaired as the recoverable amounts of the patent at the end of the respective reporting date exceed the carrying amounts.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>Reconciliation of carrying amount — year ended 31 December 2023</b>					
At 1 January 2023	2,506	—	475	2,425	5,406
Additions	—	—	205	—	205
Disposals	—	—	(16)	—	(16)
Depreciation	(148)	—	(132)	(1,114)	(1,394)
At 31 December 2023	2,358	—	532	1,311	4,201
<b>Reconciliation of carrying amount — year ended 31 December 2024</b>					
At 1 January 2024	2,358	—	532	1,311	4,201
Additions	—	—	12	1,117	1,129
Disposals	—	—	(8)	—	(8)
Depreciation	(149)	—	(116)	(530)	(795)
At 31 December 2024	2,209	—	420	1,898	4,527
<b>At 31 December 2023</b>					
Cost	3,296	3,935	2,277	8,293	17,801
Accumulated depreciation	(938)	(3,935)	(1,745)	(6,982)	(13,600)
Net carrying amount	2,358	—	532	1,311	4,201
<b>At 31 December 2024</b>					
Cost	3,296	3,935	2,255	9,410	18,896
Accumulated depreciation	(1,087)	(3,935)	(1,835)	(7,512)	(14,369)
Net carrying amount	2,209	—	420	1,898	4,527

## 14. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> RMB'000
<b>Reconciliation of carrying amount — year ended 31 December 2023</b>	
At 1 January 2023	7,297
Additions	1,838
Depreciation	(3,510)
At 31 December 2023	5,625
<b>Reconciliation of carrying amount — year ended 31 December 2024</b>	
At 1 January 2024	5,625
Additions	1,825
Depreciation	(3,241)
At 31 December 2024	4,209
<b>At 31 December 2023</b>	
Cost	11,247
Accumulated depreciation	(5,622)
Net carrying amount	5,625
<b>At 31 December 2024</b>	
Cost	10,565
Accumulated depreciation	(6,356)
Net carrying amount	4,209

The initial lease terms of the Group's various leased properties used for its daily operations ranging from 2 to 5 years.

## 14. RIGHT-OF-USE ASSETS (CONTINUED)

### Extension and termination options

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties is normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased property without a significant cost or acquisition of a new property. The Group seldom exercises an option not previously included in its determination of the lease term, or seldom not to exercises an option previously included in its determination of the lease term.

During the year ended 31 December 2024, all of lease contracts for leased properties contains an extension or termination option, in which the total lease payment made amounted to approximately RMB3,559,000 (2023: RMB3,860,000) representing the total cash outflows for lease during the year ended 31 December 2024.

### Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

### Commitments under leases

At 31 December 2024, the Group was committed to short-term leases or low-value asset leases of approximately RMB29,000 (2023: RMB26,000).

## 15. INVENTORIES

	Note	2024 RMB'000	2023 RMB'000
Raw materials		6,806	9,100
Finished goods		83,308	115,726
		90,114	124,826
Less: Write-down of inventories (excluding milk powder products)	5(b)	(1,208)	(3,689)
Write-down of milk powder products	21	(20,813)	(20,751)
Provision for inventories loss (excluding milk powder products)	5(b)	(1)	(2,155)
Provision for inventories loss on milk powder products	21	—	(35,933)
		68,092	62,298



## 16. TRADE AND OTHER RECEIVABLES

	Note	2024 RMB'000	2023 RMB'000
<b>Trade receivables</b>			
From third parties		29,406	32,508
Less: Loss allowances	27	(1,951)	(2,150)
	16(a)	27,455	30,358
<b>Other receivables</b>			
Marketing Incentives receivables (Note i)		1,314	2,301
Prepaid promotional expenses		1,785	2,131
Other prepayments (Note ii)		3,487	824
Deposits paid to suppliers		17,329	39,080
VAT and other taxes recoverable		526	468
Other deposits and receivables		5,847	2,165
	16(c)	30,288	46,969
		57,743	77,327

*Notes:*

- (i) The amounts due were variable consideration receivables arising from volume-based penalty imposed on certain customers. The amounts are repayable upon billed.
- (ii) The amounts at 31 December 2024 included prepaid listing expenses of approximately RMB2,628,000 (2023: RMB86,000).

## 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

### 16(a). Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Within 30 days	19,229	24,744
31 to 60 days	5,490	3,738
61 to 90 days	2,203	41
Over 90 days	533	1,835
	27,455	30,358

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

	2024 RMB'000	2023 RMB'000
Not yet due	24,780	24,772
Past due:		
Within 30 days	1,131	3,813
31 to 60 days	1,543	1,495
61 to 90 days	1	41
Over 90 days	—	237
	2,675	5,586
	27,455	30,358

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

## 16. TRADE AND OTHER RECEIVABLES (CONTINUED)

**16(b).** Information about the Group's exposures to credit risks and loss allowances for trade and other receivables are included in Note 27.

**16(c).** At 31 December 2024 and 2023, the other receivables were expected to be recovered within 12 months.

**16(d).** The carrying amounts of the Group's trade and other receivables were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	41,358	73,889
United States dollars ("US\$")	13,862	1,885
Hong Kong dollars ("HK\$")	2,523	1,553
	57,743	77,327

## 17. CONTRACT ASSETS

At 31 December 2024 and 2023, contract assets represent unbilled revenue that the Group has right to receive consideration for goods transferred but not yet billed because the rights are conditional upon the satisfaction by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time when the amount of consideration is finally confirmed between the Group and its customers subsequent to the goods delivered to the customers.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract assets within HKFRS 15 during the reporting periods are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the reporting period	37,056	28,154
Unbilled revenue recognised	34,147	37,056
Transfer to trade receivables	(37,056)	(28,154)
At the end of the reporting period	34,147	37,056

At 31 December 2024 and 2023, the contract assets were expected to be recovered within 12 months.

## 17. CONTRACT ASSETS (CONTINUED)

Information about the Group's exposures to credit risks and loss allowances for contract assets is included in Note 27.

The carrying amounts of the Group's contract assets were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	28,675	23,537
US\$	5,176	13,247
HK\$	296	272
	34,147	37,056

## 18. CASH AND CASH EQUIVALENTS

The carrying amounts of the Group's cash and cash equivalents were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	161,437	180,048
US\$	73,749	80,141
HK\$	631	2,371
	235,817	262,560

The Group's cash and cash equivalents include cash on hand, cash at banks and assets with a similar nature as cash. Cash at banks earns interest at floating rates based on daily bank deposit rates.

## 19. OTHER PAYABLES

	Note	2024 RMB'000	2023 RMB'000
<b>Other payables</b>			
Contract liabilities — refundable receipts in advance	19(i)	1,071	308
Marketing Incentives payables	19(ii)	2,177	5,603
Salary payables		1,638	2,585
Deposits received from distributors	19(iii)	1,361	1,591
Due to distributors	19(iv)	4,030	6,636
Other accruals and other payables	19(v)	6,641	10,260
VAT and other taxes payables		13,681	9,917
		<b>30,599</b>	<b>36,900</b>

Notes:

- (i) Contract liabilities — refundable receipts in advance

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of refundable receipts in advance with customers within HKFRS 15 during the reporting periods are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the reporting period	308	221
Additions	1,071	308
Revenue recognised (Note 4)	(308)	(221)
At the end of the reporting period	<b>1,071</b>	<b>308</b>

The contract liabilities of approximately RMB1,071,000 (2023: RMB308,000) at 31 December 2024, represented the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied at the end of each reporting period. The Group expected the transaction prices of approximately RMB1,071,000 (2023: RMB308,000) at 31 December 2024, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

## 19. OTHER PAYABLES (CONTINUED)

Notes: (Continued)

- (ii) The amounts due were variable consideration payables arising from different kinds of the Marketing Incentives. The amounts are unsecured, interest-free and repayable upon billed.
- (iii) The amounts represent security deposits placed by the Group's distributors for obtaining rights for selling the Group's selected nutritional products in designated distribution channels.
- (iv) The amounts represent (i) receipts for the goods sold to customers in the regions designated to distributors through the Group's online store operated on third-party's online platform and (ii) payables arising from sales of goods in the regions with the Group's designated distributors among which the Group agreed to pay and the distributors agreed to be compensated in an agreeable amount.
- (v) The amount at 31 December 2024 included accrued listing expenses of approximately RMB1,750,000 (2023: RMB4,676,000).

The carrying amounts of the Group's other payables were denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	25,726	30,032
US\$	1,652	2,654
HK\$	3,221	4,214
	30,599	36,900

## 20. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Current portion	2,595	2,405
Non-current portion	1,834	3,425
	4,429	5,830

## 20. LEASE LIABILITIES (CONTINUED)

Commitments and present value of lease liabilities:

	Lease payments		Present value of lease payments	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Amounts payable:				
Within one year	2,734	2,618	2,595	2,405
More than 1 year but within 2 years	1,627	1,788	1,577	1,670
More than 2 years but within 5 years	258	1,806	257	1,755
	4,619	6,212	4,429	5,830
Less: future finance charges	(190)	(382)	—	—
Total lease liabilities	4,429	5,830	4,429	5,830

At 31 December 2024, the weighted average effective interest rates of the lease liabilities of the Group were approximately 4.54% (2023: 4.79%) per annum.

## 21. PROVISIONS

	RMB'000
<b>Obligations under an onerous contract</b>	
<b>At 1 January 2023</b>	17,952
Reversal of the provision for onerous contract (Notes 5 & 21(iii))	(5,000)
Transfer to provision on inventories loss on milk powder products and reversal of input VAT (Note 21(iii))	(12,952)
<b>At 31 December 2023, 1 January 2024 and 31 December 2024</b>	—



## 21. PROVISIONS (CONTINUED)

On 22 December 2021, one of the Company's subsidiaries, Gold Nemans, entered into an agreement with a Ausnutria Group (the "**Ausnutria Group**"), who is carrying out business in the PRC, for purchasing series models of milk powder products under the brand licensed by the Ausnutria Group (the "**Original Agreement**"). Pursuant to the Original Agreement, Gold Nemans had committed predetermined tonnages of milk powder products starting from the financial year of 2022. Upon entering into the Original Agreement, Gold Nemans paid a deposit to the Ausnutria Group and the milk powder products were delivered to Gold Nemans (the "**Original Batch of Milk Powders**") with further settlement during the period from January 2022 to September 2022.

In April 2022, it was announced that a batch of the milk powder products of the Ausnutria Group manufactured back in February 2020 was found to contain vanillin (香蘭素) during a sample testing conducted by the relevant authority in the PRC (the "**Incidental Event**"). Having the same brand name of milk powder products, the sales of Gold Nemans's milk powder products were indirectly affected by this Incidental Event.

In November 2022, the Ausnutria Group and Gold Nemans entered into a supplemental agreement to the Original Agreement (the "**Supplemental Agreement**"), pursuant to which, portion of purchase commitments for the financial year of 2022 and all of the predetermined purchase commitment for the financial year of 2023 under the Original Agreement are waived.

Subsequent to the Incidental Event, Gold Nemans had additionally paid a sum of approximately RMB20,149,000 during the year ended 31 December 2022 in order to fulfil the remaining purchase commitments under the Original Agreement. This batch of milk powder products was delivered to Gold Nemans during the year ended 31 December 2023 (the "**New Batch of Milk Powders**") and the remaining balance for the New Batch of Milk Powders has also been settled upon the New Batch of Milk Powders delivered to the Group.

Under the Supplemental Agreement, there is a term which needs Gold Nemans to compensate the Ausnutria Group on its costs consumed for acquiring raw materials for production of milk powder products (the "**Unavoidable Costs**") upon request. Such a term is only applicable to the costs consumed for the purchased raw materials before cancellation of all purchase commitments.

In October 2023, the Ausnutria Group and Gold Nemans entered into a termination agreement in regarding to the Original Agreement and Supplemental Agreement (the "**Termination Agreement**"), pursuant to which, the remaining purchase commitment under the Original Agreement that had not been waived under Supplemental Agreement are waived. In addition, the Group was released from Unavoidable Costs under the Termination Agreement.

## 21. PROVISIONS (CONTINUED)

Set forth below are the movements of provision on incidental losses on assets arising from sales of milk powder products based on the sequence of purchase of the committed milk powder products during the respective reporting period.

	Write-down of milk powder products (Note i) RMB'000	Provision for inventories loss on milk powder products (Note i) RMB'000	Changes in input VAT (Note i) RMB'000	Provision for loss allowance on deposits paid to the Ausnutria Group (Note ii) RMB'000	Provision for onerous contracts (Note iii) RMB'000	Total RMB'000
<b>At 1 January 2023</b>	17,699	20,687	4,990	20,149	17,952	81,477
Movements of incidental losses for the reporting period						
— Reversal of provision for inventories loss on milk powder products due to donations	—	(10,580)	(1,375)	—	—	(11,955)
— Reversal of provision for onerous contracts (Note 5(b))	—	—	—	—	(5,000)	(5,000)
— Reversal of provision for inventories loss on milk powder products due to sales during the year (Note 5(b))	—	(415)	(53)	—	—	(468)
— Transfers to write-down of milk powder products	3,052	(3,052)	—	—	—	—
— Transfers to provision for inventories loss on milk powder products	—	29,293	—	(17,830)	(11,463)	—
— Transfer to reversal of input VAT	—	—	3,808	(2,319)	(1,489)	—
<b>At 31 December 2023</b>	20,751	35,933	7,370	—	—	64,054

## 21. PROVISIONS (CONTINUED)

	Write-down of milk powder products (Note i) RMB'000	Provision for inventories loss on milk powder products (Note i) RMB'000	Changes in input VAT (Note i) RMB'000	Provision for loss allowance on deposits paid to the Ausnutria Group (Note ii) RMB'000	Provision for onerous contracts (Note iii) RMB'000	Total RMB'000
<b>At 1 January 2024</b>	<b>20,751</b>	<b>35,933</b>	<b>7,370</b>	<b>—</b>	<b>—</b>	<b>64,054</b>
Movements of incidental losses for the reporting period						
— Reversal of provision for inventories loss on milk powder products due to donations	—	(35,729)	(4,646)	—	—	(40,375)
— Reversal of provision for inventories loss on milk powder products due to sales during the year (Note 5(b))	—	(142)	(18)	—	—	(160)
— Transfers to write-down of milk powder products	62	(62)	—	—	—	—
<b>At 31 December 2024</b>	<b>20,813</b>	<b>—</b>	<b>2,706</b>	<b>—</b>	<b>—</b>	<b>23,519</b>

## 21. PROVISIONS (CONTINUED)

Notes:

- (i) Included in the Original Batch of Milk Powders, write-down of milk powder products of approximately RMB17,699,000 (excludes input VAT of approximately RMB2,301,000) was made by the Group for the obsolesced milk powder prior to 1 January 2023. This write-down was taken into account the realised revenue from sales of milk powder products before the Incidental Event and income received for selling the obsolesced milk powder products to a milk powder recycler prior to 1 January 2023.

In addition to the write-down of obsolesced milk powder products of approximately RMB17,699,000, provision for inventories loss on milk powder products of approximately RMB20,687,000 (excludes input VAT of approximately RMB2,689,000) was made on the remaining balance of the Original Batch of Milk Powders prior to 1 January 2023. During the year ended 31 December 2024, the Group had transferred provision for inventories loss on milk powder products of approximately RMB62,000 (2023: RMB3,052,000) to write-down of milk powder products and reversed approximately RMB35,871,000 (excludes input VAT of approximately RMB4,664,000) (2023: RMB10,995,000 (excludes input VAT of approximately RMB1,428,000)).

The transfer was due to the milk powder products became obsolesced during the years ended 31 December 2024 and 2023 whereas the amounts reversed of (i) approximately RMB35,729,000 (excludes input VAT of approximately RMB4,646,000) (2023: RMB10,580,000 (excludes input VAT of approximately RMB1,375,000)) during the year ended 31 December 2024, represented the donated portion of milk powder products for which the condition of the donated milk powder products were categorised as slow-moving due to the Incidental Event instead of obsolesced and (ii) approximately RMB142,000 (excludes input VAT of approximately RMB18,000) (2023: RMB415,000 (excludes input VAT of approximately RMB53,000)) during the year ended 31 December 2024, represented the costs of selling the slow-moving milk powder products.

Moreover, upon the milk powder products which were recognised under (i) provision for loss allowance on deposits paid to the Ausnutria Group and (ii) provision for onerous contracts were delivered to the Group during the year ended 31 December 2023, the corresponding provisions amounted to approximately RMB17,830,000 (excludes input VAT of approximately RMB2,319,000) and RMB11,463,000 (excludes input VAT of approximately RMB1,489,000), respectively, were transferred to provision for inventories loss on milk powder products as the management of the Group considered that the sales of these milk powder products were uncertain.

- (ii) The amount represents the loss allowance made on the deposits paid for the New Batch of Milk Powders.
- (iii) It represents the unavoidable costs which were non-cancellable costs for which Gold Nemans had the obligation to settle under the Original Agreement and Supplemental Agreement. The management of the Group considers the unavoidable costs is the potential net unavoidable costs for the Group to meet the obligations which exceed the economic benefits expected to be received. Such unavoidable costs include (i) amount to be paid for the New Batch of Milk Powders of approximately RMB11,463,000 (excludes expected input VAT of approximately RMB1,489,000) (Note 21(i)) and (ii) potential compensation to the Ausnutria Group under the Supplemental Agreement with maximum exposure of RMB5,000,000.

In October 2023, all purchase commitment under the Original Agreement and the Unavoidable Costs of RMB5,000,000 under the Supplemental Agreement were agreed to be cancelled by the Ausnutria Group and Gold Nemans.

## 22. DEFERRED TAXATION

	2024 RMB'000	2023 RMB'000
Deferred tax assets	6,952	16,850

The movements in the Group's deferred tax assets were as follows:

	Provision for impairment allowances for trade and other receivables RMB'000	Incidental losses on assets arising from sales of milk powder products/ donations of impaired milk powders products RMB'000	Unrealised profit RMB'000	Tax losses RMB'000	Accrued revenue and costs RMB'000	Total RMB'000
<b>At 1 January 2023</b>	494	15,369	1,938	5,337	38	23,176
Income tax credit (expense)	43	(1,359)	(1,615)	(3,386)	(9)	(6,326)
<b>At 31 December 2023 and 1 January 2024</b>	<b>537</b>	<b>14,010</b>	<b>323</b>	<b>1,951</b>	<b>29</b>	<b>16,850</b>
Income tax credit (expense)	1	(8,019)	70	(1,951)	1	(9,898)
<b>At 31 December 2024</b>	<b>538</b>	<b>5,991</b>	<b>393</b>	<b>—</b>	<b>30</b>	<b>6,952</b>

At 31 December 2024, the Group has tax losses of approximately RMB3,956,000 (2023: RMB13,704,000).

## 22. DEFERRED TAXATION (CONTINUED)

Deferred tax assets were recognised to the extent that it is probable that taxable profit will be available against which the tax losses can be utilised. At 31 December 2023, deferred tax assets of approximately RMB1,951,000 have been recognised in respect of tax losses of approximately RMB7,804,000, as it is forecasted that taxable profit will be available against which the tax losses can be utilised and in respect of the remaining tax losses of approximately RMB5,900,000, no additional tax losses recognised as it is not probable that taxable profit will be available against which the tax losses can be utilised.

During the year ended 31 December 2024, tax losses of approximately RMB13,704,000 which represented the recognised and unrecognised portion of tax losses at 31 December 2023 were fully utilised. At 31 December 2024, there were no additional tax losses recognised as it is not probable that taxable profit will be available against which the tax losses can be utilised. The tax losses can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years from the period in which the tax loss was incurred.

At 31 December 2024 and 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, the estimated withholding tax effects on the distribution of accumulated profits under the Group's subsidiaries established in the PRC were approximately RMB27,074,000 (2023: RMB29,141,000) at 31 December 2024.

## 23. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 January 2019. At the date of its incorporation, the authorised share capital of HK\$380,000 was divided into 380,000,000 ordinary shares at HK\$0.001 each and 200 ordinary shares were issued.

Pursuant to the resolution of the Company's sole shareholder passed on 5 December 2024, inter alia, the authorised share capital of the Company was increased from HK\$380,000 to HK\$5,000,000 by the creation of an additional 4,620,000,000 shares of HK\$0.001 each and the Capitalisation Issue (as defined below) was conditionally approved.

Pursuant to the resolution in writing of the Company's sole shareholder passed on 5 December 2024, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 749,999,800 shares of HK\$0.001 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$749,999.8 standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 10 January 2025.

On 10 January 2025, the shares of the Company were listed on the Main Board of the Stock Exchange and 250,000,000 new ordinary shares of HK\$0.001 each were issued at HK\$0.8 per share by way of global offering (the "**Global Offering**"). The gross proceeds from the Global Offering amounted to HK\$200,000,000.

## 24. RESERVES

### 24(a). Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the entities now comprising the Group before completion of the reorganisation carried out in the prior years less consideration paid to acquire the relevant interests (if any) in relation to that reorganisation.

### 24(b). Translation reserve

The translation reserve comprises all foreign exchange differences arising from the reorganisation as mentioned in above and the translation of foreign operations for consolidation.

### 24(c). Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Group's subsidiaries in the PRC are required to appropriate to the statutory reserve an amount not less than 10% of the amount of profit after tax (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered share capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The statutory reserve can be used to make up for losses, expand the existing operation and convert to additional capital.

At 31 December 2024 and 2023, the accumulated statutory reserves of the Group's subsidiaries established in the PRC had reached 50% of their respective registered share capital.



## 25. RELATED PARTY TRANSACTIONS

The Group had the following related parties' transactions during the years ended 31 December 2024 and 2023.

Remuneration for key management personnel (including directors) of the Group, representing amounts paid to the Company's directors (Note 7) and senior management personnel, is as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances, discretionary bonus, and other benefits in kind	4,070	7,231
Discretionary bonus	317	459
Contributions to defined contribution plans	867	400
	5,254	8,090

## 26. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### (a) Major non-cash transactions

The Group had the following major non-cash transactions:

- (i) During the year ended 31 December 2024, lease arrangements in respect of leased assets were entered into with a total capital value at the inception of leases of approximately RMB1,825,000 (2023: RMB1,838,000).
- (ii) During the year ended 31 December 2023, provision for loss allowance on deposits paid to the Ausnutria Group of approximately RMB17,830,000 and provision for onerous contracts of approximately RMB11,463,000 were transferred to provision for inventories loss on milk powder products (Note 21).
- (iii) During the year ended 31 December 2024, provision for inventories loss on milk powder products of approximately RMB62,000 (2023: RMB3,052,000) was transferred to write-down of milk powder products (Note 21).

## 26. ADDITIONAL INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

### (b) Reconciliation of liabilities arising from financing activities

The movements during the respective reporting period in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2024 RMB'000	Net cash flow RMB'000	Non-cash changes Declaration of dividends RMB'000	Addition of right-of-use assets RMB'000	At 31 December 2024 RMB'000
<b>Year ended 31 December 2024</b>					
Lease liabilities	5,830	(3,226)	—	1,825	4,429
Dividends payables	—	(110,000)	110,000	—	—
<b>Total liabilities from financing activities</b>	<b>5,830</b>	<b>(113,226)</b>	<b>110,000</b>	<b>1,825</b>	<b>4,429</b>

	At 1 January 2023 RMB'000	Net cash flow RMB'000	Non-cash changes Declaration of dividends RMB'000	Addition of right-of-use assets RMB'000	At 31 December 2023 RMB'000
<b>Year ended 31 December 2023</b>					
Lease liabilities	7,446	(3,454)	—	1,838	5,830
Dividends payables	80,000	(80,000)	—	—	—
<b>Total liabilities from financing activities</b>	<b>87,446</b>	<b>(83,454)</b>	<b>—</b>	<b>1,838</b>	<b>5,830</b>

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The accounting policies for financial instruments have been applied to the line items below:

	2024 RMB'000	2023 RMB'000
<i>Financial assets — at amortised cost</i>		
Trade and other receivables	51,945	73,904
Contract assets	34,147	37,056
Cash and cash equivalents	235,817	262,560
	321,909	373,520
<i>Financial liabilities — at amortised cost</i>		
Other payables	15,280	24,398

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

### Foreign currency risk

The Group's transactions are mainly denominated in RMB, US\$ and HK\$.

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

	Financial assets		Financial liabilities	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
RMB	997	1,718	(31)	(39)
US\$	21,623	1,934	—	—
HK\$	1,423	4,068	(1)	(3,923)

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****Foreign currency risk (Continued)**

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of RMB, US\$ and HK\$ had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	2024 RMB'000	2023 RMB'000
+10%	2,401	376
-10%	(2,401)	(376)

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

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2024 and 2023.

**Credit risk**

The carrying amount of financial assets recognised on the consolidated financial statements, which is net of loss allowances, represents the Group's exposure to credit risk on these financial assets without taking into account the credit enhancements.

**Trade receivables and contract assets**

The Group trades only with recognised, creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and periodic credit evaluations are performed on these customers. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and region in which customers operate also has an influence on credit risk but to a lesser extent. Credit evaluations focus on the customer's past history of making payments when due and current ability to pay, taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

At 31 December 2024, the Group had a concentration of credit risk as approximately 39.7% (2023: 52.4%) of the total trade receivables was due from the Group's largest trade debtor and approximately 95.6% (2023: 93.5%) of the total trade receivables was due from the Group's five largest trade debtors.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Trade receivables and contract assets (Continued)

At 31 December 2024, the Group had a concentration of credit risk as approximately 82.3% (2023: 60.1%) of the total contract assets was due from the Group's largest customer and approximately 100% (2023: 98.3%) of the contract assets was due from the Group's five largest customers.

The Group's customer base consists of a wide range of customers and the trade receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and contract assets and recognises loss allowances based on lifetime ECL at the end of each reporting period on a combination of both individual and collective basis.

Trade receivables and contract assets with known insolvencies, including among others, failure to make contractual payments and legal actions are taken by other creditors for recovering the amount due from that customer, are assessed individually for loss allowance and are written off when there are no reasonable expectations of recovering the contractual cash flows. For the remaining trade receivables and contract assets, ECL is estimated on group basis based on shared credit risk characteristics and collectively assessed for likelihood of recovery, considering the nature of customers, the geographical locations they operate and the ageing categories. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the ECL rates for the contract assets.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment for assessing ECL on group collective basis. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past periods and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the trade receivables and contract assets. There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2024 and 2023.

Considered no significant default history and no forward-looking factors that give rise to significant default risk on trade receivables and contract assets for balances of both not yet past due and past due below 90 days at the end of each reporting period, and no material change in the corresponding late payment and default risk as well as forward-looking factors throughout the relevant reporting periods, the management of the Group estimates that the ECL for those balances is insignificant.

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****Credit risk (Continued)****Trade receivables and contract assets (Continued)***Trade receivables*

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised as follows:

	Weighted average ECL rate (approximately) %	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000	Credit- impaired
<b>At 31 December 2024</b>					
Not yet due	—	24,780	—	24,780	No
1 to 30 days past due	—	1,131	—	1,131	No
31 to 60 days past due	—	1,543	—	1,543	No
61 to 90 days past due	—	1	—	1	No
Over 90 days past due	100	1,951	(1,951)	—	Yes
		29,406	(1,951)	27,455	
<b>At 31 December 2023</b>					
Not yet due	—	24,772	—	24,772	No
1 to 30 days past due	—	3,813	—	3,813	No
31 to 60 days past due	—	1,495	—	1,495	No
61 to 90 days past due	—	41	—	41	No
Over 90 days past due	90.1	2,387	(2,150)	237	Yes
		32,508	(2,150)	30,358	

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Trade receivables and contract assets (Continued)

##### Trade receivables (Continued)

The Group's ECL for the balance over 90 days at 31 December 2024, primarily represented the loss allowances of approximately RMB1,951,000 (2023: RMB2,150,000) arising from certain customer, in particular, one of them is failed to make contractual payments to the Group and legal actions are taken by the Group and other creditors for recovering the amount due from that customer. The ECL for the balance arising from this customer was assessed individually and fully provided for. Except that, the ECL for remaining balances over 90 days past due at 31 December 2024 and 2023 were assessed on a collective basis with no significant ECL assigned, having considered that the overdue was late payment only with no significant default history and no forward-looking factors that give rise to significant default risk on these trade receivables balances. Given that, the weighted average ECL rate increased from approximately 90.1% at 31 December 2023 to 100% at 31 December 2024 was merely due to there were balances with certain debtors not yet fully impaired at 31 December 2023.

The Group recognised loss allowances of approximately RMB1,951,000 (2023: RMB2,150,000) on the trade receivables at 31 December 2024. The movements in loss allowances for trade receivables during the years ended 31 December 2024 and 2023 are summarised below.

	2024 RMB'000	2023 RMB'000
At the beginning of the reporting period	2,150	1,976
Provision for loss allowances, net	4	174
Amounts written off	(203)	—
<b>At the end of the reporting period</b>	<b>1,951</b>	<b>2,150</b>

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowances:

- (a) changes because of financial instruments originated, acquired and derecognised (including those that were written-off) during the period; and
- (b) modification of contractual cash flows on trade receivables that do not result in the derecognition of those trade receivables.



## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Trade receivables and contract assets (Continued)

##### *Contract assets*

At 31 December 2024, the contracts assets of the Group amounted to approximately RMB34,147,000 (2023: RMB37,056,000) were not yet past due. Having considered there was no material change in the late payment and default risk as well as forward-looking factors of the contract assets throughout the reporting period, the management of the Group estimates that the ECL for those balances is insignificant.

The Group does not hold any collateral over trade receivables and contract assets at 31 December 2024 and 2023.

#### Other financial assets carried at amortised costs

The Group's other financial assets carried at amortised costs include other receivables and cash and cash equivalents in the consolidated statements of financial position.

The Group's cash and cash equivalents include cash on hand, at banks and assets with similar nature as cash, of which cash at banks are deposited in major financial institutions located in the PRC and assets with similar nature as cash are deposited in high creditworthy financial institutions located in the PRC, which are of high credit rating. The management of the Group does not expect any losses arising from non-performance by these counterparties.

In estimating the ECL on other receivables, the Group's management has taken into account the historical actual credit loss experience over the past years, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2024 and 2023.

Except for the balance of deposits paid to the Ausnutria Group as set out in Note 21, the Group's management considers that the other receivables have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. The ECL of other receivables is therefore considered to be negligible and is measured on 12-month ECL and reflects the short maturities of the exposures.



## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

#### Other financial assets carried at amortised costs (Continued)

At 1 January 2023, the Group recognised loss allowances of approximately RMB20,149,000 related to deposits paid to the Ausnutria Group. Such loss allowances were further transferred to provision on inventories loss on milk powder products and reversal of input VAT during the year ended 31 December 2023. The movement in the loss allowances for deposits paid to the Ausnutria Group (Note 21) is summarised below.

	2023 RMB'000
At the beginning of the reporting period	20,149
Transfer to provision on inventories loss on milk powder products	(17,830)
Transfer to reversal of input VAT	(2,319)
<b>At the end of the reporting period</b>	<b>—</b>

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000
<b>At 31 December 2024</b>					
Other payables	15,280	15,280	15,280	—	—
Lease liabilities	4,429	4,619	2,734	1,627	258
	<b>19,709</b>	<b>19,899</b>	<b>18,014</b>	<b>1,627</b>	<b>258</b>
<b>At 31 December 2023</b>					
Other payables	24,398	24,398	24,398	—	—
Lease liabilities	5,830	6,212	2,618	1,788	1,806
	<b>30,228</b>	<b>30,610</b>	<b>27,016</b>	<b>1,788</b>	<b>1,806</b>

**28. FAIR VALUE MEASUREMENTS**

The management of the Group estimates the fair value of its financial assets and financial liabilities measurement of amortise cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair value.

**29. CAPITAL MANAGEMENT**

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

**30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	Note	2024 RMB'000	2023 RMB'000
<b>Non-current asset</b>			
Investment in a subsidiary	30(a)	67	67
<b>Current assets</b>			
Prepayments		1,982	86
Amount due from a subsidiary	30(b)	—	10,000
Cash and cash equivalents		21,482	4,450
		23,464	14,536
<b>Current liabilities</b>			
Accruals		3,299	3,302
Amount due to a subsidiary	30(b)	9,816	9,816
		13,115	13,118
<b>Net current assets</b>		10,349	1,418
<b>NET ASSETS</b>		10,416	1,485
<b>Capital and reserves</b>			
Share capital	23	—*	—*
Reserves	30(c)	10,416	1,485
<b>TOTAL EQUITY</b>		10,416	1,485

\* Represent amount less than RMB1,000

### 30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

#### 30(a). Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of Hontat Management (as defined in Note 31).

#### 30(b). Amounts due from/to subsidiaries

The amounts due from/to subsidiaries were non-trade in nature, unsecured, interest-free and repayable on demand.

#### 30(c). Reserves of the Company

	Capital reserve RMB'000 (Note 24a)	Accumulated profits RMB'000	Total RMB'000
<b>At 1 January 2023</b>	67	719	786
Profit for the year	—	699	699
<b>At 31 December 2023 and 1 January 2024</b>	<b>67</b>	<b>1,418</b>	<b>1,485</b>
Profit for the year	—	<b>118,931</b>	<b>118,931</b>
<b>Transaction with owners</b> <i>Contribution and distributions</i>			
Dividends (Note 11)	—	<b>(110,000)</b>	<b>(110,000)</b>
<b>At 31 December 2024</b>	<b>67</b>	<b>10,349</b>	<b>10,416</b>

### 31. SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place of establishment/ incorporation/ type of legal entity	Date of establishment/ incorporation	Registered/ Issued capital	Attributable equity interests held by the Company	Principal activities
<i>Directly held</i>					
瀚達管理顧問(中國)有限公司 Hontat Management Consulting (China) Ltd. (" <b>Hontat Management</b> ")	The BVI — Limited liability company	18 August 2009	US\$10,100	100%	Investment holding
<i>Indirectly held</i>					
紐曼思控股有限公司 Numans Holdings Limited	Hong Kong — Limited liability company	6 June 2006	HK\$200	100%	Investment holding and holding intellectual properties
Numans (Global) Sales Limited (" <b>Numans Sales</b> ")	Republic of Seychelles — Limited liability company	16 January 2014	US\$50	100%	Purchase and sales of nutritional products under cross-border e-commerce model
上海乳健國際貿易有限公司 Shanghai Rujian International Trading Co., Ltd.*	The PRC — Limited liability company	12 November 2002	RMB1,000,000	100%	Import of raw materials in the PRC
金紐曼思(上海)食品有限公司 Gold Nemans (Shanghai) Foods Co., Limited* (" <b>Gold Nemans</b> ")	The PRC — Limited liability company	20 December 2010	HK\$5,000,000	100%	Sales of nutritional products in the PRC
瀚達(上海)營養食品有限公司 Hontat (Shanghai) Nutritional Food Co., Ltd.*	The PRC — Limited liability company	6 April 2011	HK\$5,000,000	100%	Sales of nutritional products in the PRC
上海澳美澳乳業有限公司 Shanghai Aumay Dairy Company Limited*	The PRC — Limited liability company	9 November 2017	RMB10,000,000	100%	Sales of nutritional products in the PRC

\* For identification purpose only.

### 32. EVENTS AFTER THE REPORTING PERIOD

On 10 January 2025, the shares of the Company were listed on the Main Board of the Stock Exchange, details of which are disclosed in Note 23.

# FINANCIAL INFORMATION SUMMARY

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years. The financial information for the year ended/as at 31 December 2024 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended/as at 31 December 2021, 2022 and 2023 is extracted from the prospectus of the Company dated 30 December 2024.

## Results of the Group for the year ended 31 December

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Revenue</b>	<b>277,495</b>	426,545	367,297	337,608
<b>Profit before tax</b>	<b>99,467</b>	194,621	98,413	154,125
<b>Income tax expenses</b>	<b>(24,567)</b>	(35,277)	(10,891)	(34,455)
<b>Profit for the year</b>	<b>74,900</b>	159,344	87,522	119,670
<b>Other comprehensive income (losses)</b>	<b>1,540</b>	3,492	8,194	(3,540)
<b>Total comprehensive income for the year</b>	<b>76,440</b>	162,836	95,716	116,130

## Assets and liabilities of the Group at 31 December

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Non-current assets</b>	<b>19,788</b>	30,776	39,979	9,045
<b>Current assets</b>	<b>395,799</b>	439,241	363,602	279,767
<b>Total assets</b>	<b>415,587</b>	470,017	403,581	288,812
<b>Current liabilities</b>	<b>37,237</b>	56,516	151,678	86,088
<b>Non-current liabilities</b>	<b>1,834</b>	3,425	4,663	200
<b>Total liabilities</b>	<b>39,071</b>	59,941	156,341	86,288
<b>Net assets</b>	<b>376,516</b>	410,076	247,240	202,524