Good me

古茗控股有限公司
Guming Holdings Limited

(A company incorporated in the Cayman Islands with limited liability)

Stock Code: 01364

2024
ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yun'an Wang
(Founder, Chairman and Chief Executive Officer)

Mr. Xia Qi *(President)*

Mr. Xiudi Ruan

Ms. Yayu Jin

Mr. Yunjiang Cai

Non-executive Director

Mr. Yaoxin Huang

Independent Non-executive Directors

Mr. Yue Zhuo

Ms. Xiaodong Zheng

Mr. Jianbo Li

AUDIT COMMITTEE

Mr. Yue Zhuo *(Chairperson)*

Mr. Jianbo Li

Mr. Yaoxin Huang

REMUNERATION COMMITTEE

Mr. Jianbo Li *(Chairperson)*

Mr. Yun'an Wang

Mr. Yue Zhuo

NOMINATION COMMITTEE

Mr. Yun'an Wang *(Chairperson)*

Ms. Xiaodong Zheng

Mr. Jianbo Li

JOINT COMPANY SECRETARIES

Mr. Saibin Wang

Ms. Ying Man Sham

AUTHORIZED REPRESENTATIVES

Mr. Yun'an Wang

Ms. Ying Man Sham

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Cayman Islands

HONG KONG SHARE REGISTRAR

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Grand Cayman, KY1-9009

Cayman Islands

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AUDITOR

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Registered Public Interest Entity Auditor
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Quarry Bay, Hong Kong

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COMPANY WEBSITE

www.gumingnc.com

STOCK CODE

01364

LISTING DATE

February 12, 2025

PRINCIPAL BANKS

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Daxi Town, Wenling
Zhejiang Province, PRC

Zhejiang Wenling Rural Commercial Bank Co., Ltd.
Shanshi Branch
Jinshan Road, Daxi Town, Wenling
Zhejiang Province, PRC

Chairman's Statement

Dear Shareholders,

Amid a fragmented global economic recovery and persistent consumer market headwinds in 2024, the Group demonstrated resilience by embracing its "Keep Growing (生生不息)" ethos. Through concerted efforts across our workforce, franchisees and other business partners, we delivered high-quality growth. We are a leading company in China's mid-priced freshly-made tea beverage industry, dedicated to serving fresh, tasty and value-for-money beverages of consistently high quality. Our service philosophy centers on growing with our franchisees and consumers, proactively adapting to new demands and pioneering new frontiers in an evolving landscape.

For FY2024, the Group recorded revenue of RMB8,791 million, representing a year-on-year increase of 14.5% and demonstrating steady growth in business scale. Net profit for the year increased by 36.2% from RMB1,096 million in 2023 to RMB1,493 million, underscoring sustained profitability improvement. These achievements were driven by our continued efforts in the following strategies:

We adhered to our expansion strategy of "Quality First (質量優先)." Through accurate site selection and dynamic optimization, the Group established an efficient network of 9,914 stores nationwide across more than 200 cities in 2024, with an annual net increase of 913 stores, representing a growth rate of 10.1%. Sharing the perspective of longtermism, we primarily onboard individuals who may operate in-store as part of our franchisee selection process, ensuring superior consumer experiences, and building close and enduring franchisee relationships.

We maintained our product development philosophy of "Healthy & Fresh (健康鮮活)." Consistent with our slogan, "one cup a day, always enjoy it (每天一杯喝不膩)," the Group launched more than 100 products in 2024 to continuously enhance the competitiveness of our products. Leveraging on our rapid response mechanism of "Lab + Supply Chain," we apply strict quality control on each cup of drink, and delivered fresh and tasty drinks to 17 provinces across China.

We continued to follow our brand strategy of "Popular & Approachable (大眾親民)." During the Reporting Period, we effectively integrated online social media platforms and offline consumption scene through innovative brand collaboration, precision marketing campaigns, and omni-channel integration, which not only deepened the emotional connection with our core customer base, but also successfully reached out to emerging consumer groups, extending the brand influence to a wider range of population.

While advancing steadily towards higher value growth, we expect to sustain our growth momentum in the medium term through continued product optimization and brand upgrading.

2025 is the first year of the Group's successful listing on the Stock Exchange. Looking ahead, we will continue to focus on the following growth strategies: to continuously expand our store network; to improve operating efficiency; to refine and expand our product offerings; to strengthen our branding; and to enhance our supply chain capabilities.

Last but not least, I would like to take this opportunity to express my sincere gratitude to our shareholders and investors, customers, franchisees and other business partners, as well as all employees, management team and members of the Board for their unwavering support to the development of Guming. We have laid a solid foundation in our new journey towards 2025. In the future, we will continue to steadfastly focus on creating long-term and sustainable value for all stakeholders.

Yun'an Wang

Chairman of the Board

Financial Highlights

A summary of the consolidated results and the consolidated assets, liabilities and equity of the Group for the last four financial years, as extracted from or calculated based on the audited financial statements is set out below:

Consolidated statement of profit or loss and consolidated statement of comprehensive income

	For the year ended December 31,			
	2024	**2023**	**2022**	**2021**
	(RMB'000, except percentages)			
Revenue	**8,791,355**	7,675,665	5,559,222	4,383,901
Gross profit	**2,687,485**	2,403,331	1,562,932	1,313,705
Gross profit margin	**30.6%**	31.3%	28.1%	30.0%
Profit before tax	**1,804,309**	1,445,087	650,357	247,093
Profit for the year	**1,493,218**	1,096,354	372,025	23,992
Total comprehensive income attributable to owners of the parent	**1,483,301**	1,059,837	386,901	20,139
Adjusted profit (non-IFRS measure)[1]	**1,542,385**	1,458,990	788,104	769,606
Adjusted profit margin (non-IFRS measure)[1]	**17.5%**	19.0%	14.2%	17.6%

Notes:

(1) For more details, please see the section headed "Non-IFRS Measures" in this report.

Consolidated statement of financial position

	December 31,			
	2024	2023	2022	2021
	(RMB'000, except percentages)			
Assets				
Total non-current assets	**2,014,990**	1,144,257	867,109	675,961
Total current assets	**4,859,645**	4,008,672	2,164,567	1,367,539
Total assets	**6,874,635**	5,152,929	3,031,676	2,043,500
Liabilities				
Total non-current liabilities	**310,329**	175,220	182,628	169,091
Total current liabilities	**4,452,288**	4,362,203	3,665,642	3,080,220
Total liabilities	**4,762,617**	4,537,423	3,848,270	3,249,311
Total equity/(Deficiency in assets)	**2,112,018**	615,506	(816,594)	(1,205,811)
Gearing ratio[(2)]	**23.0%**	26.8%	32.5%	38.0%

Notes:

(2) The Group's gearing ratio is calculated as total liabilities minus financial liabilities at fair value through profit or loss, divided by total assets.

Management Discussion and Analysis

BUSINESS REVIEW

Overview

We are a leading and fast-growing freshly-made beverage company in China, dedicated to serving fresh, tasty and value-for-money beverages of consistently high quality. We focus on the mid-priced segment of China's freshly-made tea store market, which is the largest segment in terms of GMV in 2023, the fastest-growing segment in terms of expected GMV growth from 2023 to 2028, and a segment with intense competition. The Company recorded total revenue of RMB8,791.4 million in 2024, representing a year-on-year growth of 14.5%; our gross profit amounted to RMB2,687.5 million, representing a year-on-year growth of 11.8%.

Store Network and Store Performance

We primarily operate under a franchise model under "*Good me*" brand. We manage an extensive network of stores with steadily increasing GMV and a track record of profitability. Our store network, covering over 200 cities across all city tiers in China, encompassed 9,914 stores as of December 31, 2024, representing an increase of 10.1% from 9,001 stores as of December 31, 2023.

The following table sets forth our store count across various city tiers and as a percentage of our total store count as of December 31, 2023 and 2024, respectively.

	As of December 31,			
	2024		2023	
	Store Count	%	Store Count	%
First-tier cities	**282**	**3**	272	3
New first-tier cities	**1,681**	**17**	1,634	18
Second-tier and below cities	**7,951**	**80**	7,095	79
– Second-tier cities	**2,860**	**29**	2,690	30
– Third-tier cities	**2,668**	**27**	2,349	26
– Fourth-tier and below cities	**2,423**	**24**	2,056	23
Total	**9,914**	**100**	9,001	100

Under our regional densification strategy, we strategically allocate resources towards building store networks with high geographical density across all city tiers in target provinces. Leveraging our experience and advantage in provinces with a critical mass, we strategically venture into neighboring provinces. We have established provincewide networks with a critical mass in eight provinces, which collectively accounted for 83% of our GMV in 2024.

We believe that second-tier and below cities and towns (鎮) and townships (鄉) represent large untapped markets with significant potential. Our store count in second-tier and below cities accounted for 79% of our total store count as of December 31, 2023, the highest percentage as compared to those of the other top five mid-priced freshly-made tea store brands in China, and slightly increased to 80% as of December 31, 2024. In addition, as of December 31, 2023, 38% of our stores were located in towns and townships, which are administrative areas typically located away from downtown urban areas of cities. The percentage of our stores in these areas was the highest among the top five mid-priced freshly-made tea store brands in China as of December 31, 2023, and this percentage slightly grew to 41% as of December 31, 2024.

While we have steadily expanded our store network, we also experienced a larger number of store closures in 2024. The following table sets forth movement in the number of our stores for the years ended December 31, 2023 and December 31, 2024.

	For the year ended December 31,	
	2024	**2023**
Store count at the beginning of the year	**9,001**	6,669
Stores opened during the year	**1,587**	2,597
Stores closed during the year	**674**	265
Store count at the end of the year	**9,914**	9,001

For the year ended December 31, 2024, we opened new stores at a slower pace than we did in 2023 and closed more stores than we did in 2023, primarily because (i) the freshly-made tea store market experienced a slowdown in growth, and (ii) there was increased competition within the industry, with some players launching low-priced products. In response to these changes, we adjusted our business strategy to focus on improving the operating efficiency and business performance of our existing stores, while slowing down the pace of new store openings. In particular, (i) we promoted the sale of coffee machines to existing franchisees to help our stores diversify their product offerings and increase overall GMV; (ii) we increased our spending on promotional activities to build brand awareness; (iii) we enhanced our standards during store inspections with respect to the quality of beverages made on-site; and (iv) we placed greater importance on expected store performance when evaluating new store openings. In addition, a greater number of stores were closed in the year ended December 31, 2024, as (i) some of our per-store operating metrics experienced decreases during the year ended December 31, 2024 and more franchisees decided to close their stores and (ii) for certain stores that fail to meet our operating standards and/or are located in sites we deem to be less ideal, we proactively discussed with the relevant franchisees and reached mutual agreements to close the relevant stores.

The following table sets forth certain key performance indicators of our stores:

	For the year ended December 31,	
	2024	**2023**
Total GMV *(RMB in thousands)*	**22,396,545.4**	19,213,723.3
Per-store GMV *(RMB in thousands)*	**2,360.7**	2,466.4
Per-store daily GMV *(RMB in thousands)*	**6.5**	6.8
Total number of cups sold *(in thousands)*	**1,328,474.1**	1,184,648.7
Per-store number of cups sold *(in thousands)*	**140.0**	152.1
Per-store daily number of cups sold	**384**	417

For the year ended December 31, 2024, as a result of the general industry slowdown and increased competition as discussed above, we recorded smaller per-store GMV, per-store daily GMV, per-store number of cups sold and per-store daily number of cups sold as compared to 2023. Nonetheless, as we continued our store network expansion and opened a number of new stores, we continued to grow our total GMV and total number of cups sold. Our Directors are of the view that our business will inevitably be affected by the general macroeconomic conditions in China and the freshly-made tea store market in general. In the medium and long term, with the expected growth of China's economy and consumer spending as well as the projected expansion of the freshly-made tea store market, we believe we can capture opportunities in the industry as one of the leading players and regain growth momentum in various operating metrics.

Our Franchisees

We operate our store network primarily in collaboration with our franchisees. Leveraging our franchisees' local knowledge, including their insights into local consumer preferences, our franchise model drives efficient and high-quality growth. We aim to foster a mutually beneficial relationship with our franchisees, working closely together to deliver high-quality products and services to our consumers. Beginning with franchisee selections, we adopt a rigorous process to ensure we onboard individuals who resonate with our longtermist philosophy. When opening new stores, we offer various supports, such as site selection and comprehensive trainings, to ease the process. For day-to-day operations, we help optimize franchisee profitability by centrally sourcing and supplying quality ingredients at competitive prices and bearing a majority of the warehousing and logistics expenses to reduce their cost. We take a variety of approaches to monitor the business activities and daily operations of our franchisees. To ensure compliance with our protocols, we require our franchised stores to operate under the view of in-store cameras at all times, and arrange for store-specific supervisors to visit regularly to review the store's management and operation.

As of December 31, 2024, we collaborated with 4,868 franchisees (as of December 31, 2023: 4,614 franchisees). We also terminated our relationship with a larger number of franchisees in 2024. The following table sets forth movement in the number of our franchisees for the years ended December 31, 2023 and 2024, respectively.

	For the year ended December 31,	
	2024	2023
Number of franchisees at the beginning of the year	**4,614**	2,949
Number of franchisees enrolled during the year	**1,125**	2,085
Number of franchisees terminated during the year	**871**	420
Number of franchisees at the end of the year	**4,868**	4,614

Product Offerings

The "*Good me*" stores offer three categories of beverages: (i) fruit tea beverages, (ii) milk tea beverages, and (iii) coffee beverages and others.

Consistent with our slogan, "one cup a day, always enjoy it (每天一杯喝不膩)," we provide our consumers with a variety of product offerings of consistent quality. Our product development framework is firmly rooted in continuous research, analysis, and accumulation of fundamental food science knowledge. Leveraging our strong product development capabilities, we regularly launch new beverages to keep our offerings appealing. For the year ended December 31, 2024, we launched 103 beverages.

Our beverages are broadly embraced by consumers and have received excellent consumer reviews. We had accumulated approximately 151 million registered members on our mini programs as of December 31, 2024, with over 44 million quarterly active members in the three months ended December 31, 2024.

Supply Chain Management

Substantially all beverages on our menu are made from short-shelf-life fresh fruits, tea leaves and/or fresh milk that are stored and distributed through our cold-chain warehousing and logistics infrastructure. We developed sophisticated protocols to manage all stages of our supply chain, from supply procurement, to ingredient processing, to warehousing and then to transportation to stores. Our supply chain capabilities, combined with our regional densification strategy, enable us to consistently deliver fresh and quality ingredients to our thousands of stores at competitive prices.

In particular, as of December 31, 2024, we operated 22 warehouses for our business operation, 20 of which were leased or contracted from third parties, and the remaining two are self-owned properties. These warehouses have an aggregate floor area of approximately 220,000 square meters, including cold storage spaces of over 60,000 cubic meter supporting various temperature ranges. As of December 31, 2024, approximately 75% of our stores are located within 150 kilometers of one of our warehouses. As a result, we can also provide cold-chain supply delivery to approximately 97% of our stores every two days upon request as of December 31, 2024.

We also possess strong logistics capabilities to transport products between our warehouses and from our warehouses to our stores. As of December 31, 2024, we directly owned and operated 323 vehicles to make deliveries between our warehouses and from our warehouses to our stores. Our vehicles are equipped with specialized equipment that can accomplish precise control over the temperature of our delivered products, thereby enabling effective and quality cold-chain delivery from our warehouses to our stores. We believe our cold-chain logistics capabilities sets us apart from many others in the industry, as we directly own and operate many of the vehicles used for cold-chain delivery and are able to ensure that our products are well-stored in cold environments throughout the delivery trips.

With our regional densification strategy, combined with our extensive warehousing and logistics infrastructure, we supply our franchised stores at relatively low cost. For the year ended December 31, 2024, the logistics cost for delivery from our warehouses to stores was approximately 1% of our total GMV.

Our Technologies

We place great importance on harnessing the power of technology to improve our operating efficiency, enhance our management of franchisees and drive our long-term growth.

We have implemented store systems that encompass in-house developed store management modules and connected appliances integrated with IoT, to digitalize their operations and enhance their operating efficiency. For instance, our proprietary tea brewer can automatically adjust brewing parameters based on our centralized inputs, delivering a consistent, optimal tea flavor across our stores. For our franchisees, our online management system offers comprehensive support, such as site selection recommendations based on our expanding database of over 23,000 store sites as of December 31, 2024. The system also generates tailored routes and store-specific checklists for our store supervisors to ensure comprehensive and efficient supervision. For consumer engagement, we have accumulated a large and loyal member base through our membership program and are able to dynamically customize our user engagement strategies.

OUTLOOK

2025 is the first year of the successful listing of our Shares on the Stock Exchange. Looking forward, we will continue to pursue the following strategies which will drive further growth.

Expand our store network and solidify our position in the industry

We will continue increasing our store density in the 17 provinces where we have presence. We expect that our products of consistently high quality and strong store performance will help extend our consumer reach and drive our growth in these markets. Leveraging our rich experience executing the regional densification strategy, we intend to expand into new areas and capture the untapped market opportunities. As of December 31, 2024, there were 17 provinces in China where we had yet to have presence, providing us with ample room for growth. We will strategically venture into provinces adjacent to where we have presence. We will also continually evaluate opportunities to enter overseas markets, prioritizing markets where freshly-made beverages have large growth potential and also factoring in the development of supply chain infrastructures and the extension of our platform to support our overseas store network.

Enhance our technologies to improve operating efficiency

We plan to continue to recruit and cultivate technology talents and intend to increase investment in our proprietary technologies to further strengthen our adaptive platform, thereby continuously empowering and digitalizing our operations. We will continue to invest in technologies related to our business management, such as our cloud server facilities, accounting management system, office software and other third-party applications, enabling efficient coordination internally and with our franchisees and other business partners. In respect of store systems that integrate software and connected appliances for our store operations, we will further enhance these technologies to improve our stores' operating efficiency and ensure the consistency of offerings across our stores. Leveraging our accumulated business insights, we aim to strengthen our business intelligence tools to optimize various aspects of our operation, including product development, procurement, warehousing and logistics, and sales and marketing, among others.

Continue to invest in product research and development to refine and expand our product offerings

We will continue to focus on research on food science and strengthen our product development capabilities. Going forward, we will continue to refine our existing products and launch beverages that cater to evolving consumer preferences and attract a broader consumer base. We will also deepen our collaborations with universities and research institutions, including Zhejiang University, to further enhance our research capabilities.

As we solidify our position in the freshly-made tea beverage market, we plan to enrich our product mix and expand into new categories, such as further enriching freshly-made coffee beverage offerings, to capture more cross-selling opportunities and fulfill more diversified consumer needs. We believe these new offerings will help expand consumer base and increase consumer purchase frequencies, which will further drive our revenue growth.

Strengthen our branding and consumer engagement efforts

We plan to continue investing in branding and consumer engagement activities to upgrade our brand image and strengthen our reputation. We plan to upgrade the interior design of our stores, and will launch diverse consumer engagement activities to elevate our brand image and enhance consumer recognition. At our stores, we will continue to intensify engagement with our consumers. We plan to further leverage online marketing methods such as developing creative online promotional content related to trending topics and events and collaborating with key opinion leaders. We will enhance consumer interaction through online social media and content platforms, and we will also create new collaborations with popular media content, such as anime and television shows.

In addition, we will further develop our membership program by offering more tailored member engagement activities and marketing campaigns to improve consumer experience and enhance consumer loyalty.

Enhance our supply chain capabilities

We will further invest in our industry-leading supply chain infrastructure, which will support our store network expansion and enable us to consistently deliver fresh and quality ingredients to our stores. We plan to focus on the following areas:

- *Procurement*. As our business continues to scale up and our brand receives greater recognition, we expect to enjoy greater bargaining power when procuring our supplies. We will continue to procure quality ingredients, such as tea leaves and fresh fruits, directly from their source to ensure their freshness.

- *Ingredient processing*. We expect to continue investing in our processing facilities, including one facility constructed in Zhuji, Zhejiang in the second half of 2024, which will enhance our ingredient processing capacity and capabilities.

- *Warehousing and logistics*. As we expand our store network to new regions or increase our presence in existing markets, we will holistically evaluate our warehousing cost and delivery efficiency, and strategically invest in our warehousing and logistics infrastructure. We intend to invest in intelligent equipment and software for our warehouses, which will support automatic storage, packaging, inventory management and information tracking. We also plan to strengthen our logistics infrastructure by increasing and upgrading our freight vehicles. We will continue to refine our cold-chain capabilities to deliver short-shelf-life ingredients, such as fresh fruits, to our stores, including those in lower-tier cities, and maintain the stability of our deliveries and the quality of our ingredients.

FINANCIAL REVIEW

Revenue

During the year ended December 31, 2024, the vast majority of our revenue was contributed by our franchised stores, which accounted for 96.6% of our total revenue (2023: 97.1%).

Our revenue increased by 14.5% from RMB7,675.7 million for the year ended December 31, 2023 to RMB8,791.4 million for the year ended December 31, 2024. We generate revenue mainly from the sales of goods and equipment and the provision of services to our franchisees. Our revenue from sales of goods and equipment accounted for the majority of the Group's revenue, representing 80.1% and 79.9% of our total revenue in 2023 and 2024, respectively. Such revenue increased from RMB6,144.7 million for the year ended December 31, 2023 to RMB7,027.5 million for the year ended December 31, 2024. In particular, our revenue from sales of goods increased by 13.6% from RMB5,778.3 million for the year ended December 31, 2023 to RMB6,562.7 million for the year ended December 31, 2024 as our store network expanded and the total GMV increased, which leads to higher demands of goods from us. Our revenue from sales of equipment increased by 26.8% from RMB366.4 million for the year ended December 31, 2023 to RMB464.8 million for the year ended December 31, 2024, primarily due to the increased sales of coffee machines.

Cost of Sales

Our cost of sales increased by 15.8% from RMB5,272.3 million for the year ended December 31, 2023 to RMB6,103.9 million for the year ended December 31, 2024. The increase in our cost of sales is generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 11.8% from RMB2,403.3 million for the year ended December 31, 2023 to RMB2,687.5 million for the year ended December 31, 2024. Our gross profit margin decreased slightly to 30.6% for the year ended December 31, 2024 from 31.3% for the year ended December 31, 2023.

Other Income and Gains

Our other income and gains increased by 10.7% from RMB168.8 million for the year ended December 31, 2023 to RMB186.8 million for the year ended December 31, 2024, primarily due to an increase of RMB13.6 million in fair value changes of financial assets at fair value through profit or loss and an increase of RMB11.3 million in bank interest income, which is partially offset by a decrease of RMB10.0 million in government grants.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 42.4% from RMB336.6 million for the year ended December 31, 2023 to RMB479.4 million for the year ended December 31, 2024, primarily due to (i) an increase in advertising and promoting fees, mainly as a result of our increasing marketing and promotional efforts, primarily consisting of fees relating to IP collaborations where we pay owners of popular IPs for collaboration events and new product launches; and (ii) an increase in warehousing and transportation expenses, primarily attributable to our expanding store network.

Administrative Expenses

Our administrative expenses increased by 10.1% from RMB282.8 million for the year ended December 31, 2023 to RMB311.4 million for the year ended December 31, 2024. The increase in our administrative expenses is generally in line with our business growth.

Research and Development Expenses

Our research and development expenses increased by 17.0% from RMB198.7 million for the year ended December 31, 2023 to RMB232.6 million for the year ended December 31, 2024, primarily due to increased employee costs for our research and development staff and increased information technology fees.

Fair Value Changes of Financial Liabilities at Fair Value through Profit or Loss

In 2020, we issued redeemable ordinary shares to certain investors, who have the right to mandate us to repurchase their equity interests at the price agreed under certain circumstances. In 2022, we replaced the redeemable ordinary shares with warrants and convertible redeemable Series A Preferred Shares, which have been converted to ordinary shares upon the Listing. The investments from these investors were classified as financial liabilities and designated at fair value through profit or loss.

We recorded losses from fair value changes of financial liabilities through profit or loss of RMB294.2 million and RMB25.7 million for the year ended December 31, 2023 and 2024, respectively, primarily attributable to changes in the valuation of the Company. We do not expect to record any further fair value changes of financial liabilities at fair value through profit or loss after Listing as preferred shares liabilities have been re-designated and reclassified from liabilities to equity as a result of the automatic conversion into ordinary shares upon the Listing.

Income Tax Expense

Our income tax expenses decreased by 10.8% from RMB348.7 million for the year ended December 31, 2023 to RMB311.1 million for the year ended December 31, 2024. The decrease in our income tax expense was primarily due to more of our entities enjoying preferential income tax policies.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 36.2% from a net profit of RMB1,096.4 million for the year ended December 31, 2023 to a net profit of RMB1,493.2 million for the year ended December 31, 2024.

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items.

The following table reconciles our adjusted profit (non-IFRS measure) for the year presented in accordance with IFRS Accounting Standards, which is profit for the year.

	For the year ended December 31,	
	2024 (RMB'000)	**2023 (RMB'000)**
Reconciliation of profit for the year to adjusted profit (non-IFRS measure):		
Profit for the year	**1,493,218**	1,096,354
Add:		
Fair value changes of financial liabilities at fair value through profit or loss[1]	**25,650**	294,215
Share-based payment expenses[2]	**–**	55,537
Listing expenses[3]	**23,517**	12,884
Adjusted profit (non-IFRS measure)	**1,542,385**	1,458,990
Adjusted profit margin (non-IFRS measure)	**17.5%**	19.0%

Notes:

(1) Fair value changes of financial liabilities at fair value through profit or loss mainly represent changes in the fair value of the convertible redeemable preferred shares issued by us and relate to changes in our valuation. We do not expect to record any further fair value changes of financial liabilities at fair value through profit or loss after Listing as preferred shares liabilities have been re-designated and reclassified from liabilities to equity as a result of the automatic conversion into ordinary shares upon the Listing.

(2) Share-based payment expenses represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

(3) Listing expenses relate to the Global Offering of the Company.

Our adjusted profit for the year ended December 31, 2024 increased by 5.7% to RMB1,542.4 million as compared with RMB1,459.0 million for the year ended December 31, 2023. Our adjusted profit margin for the year ended December 31, 2024 decreased to 17.5% from 19.0% for the year ended December 31, 2023.

The following table reconciles our adjusted EBITDA (non-IFRS measure) for the year presented in accordance with IFRS Accounting Standards, which is profit for the year.

	For the year ended December 31,	
	2024 (RMB'000)	**2023 (RMB'000)**
Reconciliation of profit for the year to adjusted EBITDA (non-IFRS measure):		
Profit for the year	**1,493,218**	1,096,354
Add:		
Income tax expense	**311,091**	348,733
Finance costs	**3,338**	5,233
Depreciation and amortization	**140,343**	135,137
Less:		
Interest income	**(65,076)**	(53,735)
EBITDA	**1,882,914**	1,531,722
Add:		
Fair value changes of financial liabilities at fair value through profit or loss	**25,650**	294,215
Share-based payment expenses	**–**	55,537
Listing expenses	**23,517**	12,884
Adjusted EBITDA (non-IFRS measure)	**1,932,081**	1,894,358

We define adjusted EBITDA (non-IFRS measure) as profit for the year, excluding income tax expense, finance costs, interest income, depreciation and amortization, fair value changes of financial liabilities at fair value through profit or loss, share-based payment expenses and listing expenses. For the same reasons stated above, we have made the adjustments of fair value changes of financial liabilities at fair value through profit or loss, share-based payment expenses and listing expenses.

Our adjusted EBITDA for the year ended December 31, 2024 increased by 2.0% to RMB1,932.1 million as compared with RMB1,894.4 million for the year ended December 31, 2023.

We believe that adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they helped our management. However, our presentation of adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

Inventories

Our inventories for the year increased by 11.7% from RMB881.1 million as of December 31, 2023 to RMB984.2 million as of December 31, 2024. The increase in our inventories is generally in line with our revenue growth.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss represent wealth management products, which we purchased, issued by banks in Mainland China with a maturity period within one year or due on demand. Our financial assets at fair value through profit or loss increased from RMB197.3 million as of December 31, 2023 to RMB1,244.6 million as of December 31, 2024. The changes in our financial assets at fair value through profit or loss were primarily because we adjusted our investment amounts in wealth management products due to changes in the interest rates of bank deposits and investment return rates of wealth management products.

Cash and Bank Balances

Our cash and bank balances primarily consist of (i) cash on hand and cash at bank, and (ii) short-term bank deposits. Our cash and bank balances decreased from RMB2,428.0 million as of December 31, 2023 to RMB1,935.3 million as of December 31, 2024, primarily due to the purchase of wealth management products.

Property, Plant and Equipment

The carrying amount of our property, plant and equipment increased from RMB590.1 million as of December 31, 2023 to RMB954.4 million as of December 31, 2024, primarily due to (i) ongoing construction of an office building in Taizhou and (ii) construction and completion of our processing facility in Zhuji, which has been put into operation in 2024.

Trade Payables

Our trade payables increased to RMB697.9 million as of December 31, 2024, as compared to RMB601.3 million as of December 31, 2023, primarily attributable to the increase in our purchase amounts. Our trade payable turnover days increased slightly from 34 days in 2023 to 39 days in 2024.

Financial Liabilities at Fair Value through Profit or Loss

In 2020, we issued redeemable ordinary shares to certain investors and further replaced the redeemable ordinary shares with warrants and convertible redeemable Series A Preferred Shares in 2022, which have been converted to ordinary shares upon the Listing. The investments from these investors were classified as financial liabilities and designated at fair value through profit or loss.

Our financial liabilities at fair value through profit or loss increased slightly from RMB3,156.0 million as of December 31, 2023 to RMB3,181.7 million as of December 31, 2024. The increase was primarily due to the slight increase in the fair value of our convertible redeemable preferred shares as a result of changes in the valuation of the Company.

Liquidity and Capital Resources

During the year ended December 31, 2024, we funded our cash requirements principally from cash flows from operating activities. Our net cash flows from operating activities for the Reporting Period was approximately RMB1,320.6 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of property, plant and equipment, and (ii) depreciation of right-of-use assets.

As of December 31, 2024, we had cash and cash equivalents of RMB1,865.2 million (as of December 31, 2023: RMB2,358.0 million), comprising cash on hand and cash at banks. As of December 31, 2024, our interest-bearing bank and other borrowings amounted to approximately RMB121.2 million (as of December 31, 2023: RMB124.0 million). As of December 31, 2024, our bank facilities amounted to RMB881.5 million, of which RMB128.0 million had been utilized with an effective interest rate of 3.01% per annum. All of these bank facilities are guaranteed by our subsidiaries and secured by the buildings and restricted cash held by our subsidiaries.

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements. Taking into account the financial resources available to us, including cash generated from our operating activities, cash and cash equivalents, available facilities of the Company and the net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital required for the Group's operations.

Gearing Ratio

As at December 31, 2024, the Group's gearing ratio, which is calculated as total liabilities minus financial liabilities at fair value through profit or loss, divided by total assets, was 23.0%, as compared with 26.8% as at December 31, 2023.

Foreign Currency Risk

During the year ended December 31, 2024, we operated mainly in the PRC with most of the transactions settled in Renminbi. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position. We consider that our business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of ours are denominated in the currencies other than the respective functional currencies of our entities, so that we do not hedge against any fluctuation in foreign currency.

Contingent Liabilities

As of December 31, 2024, the Group had no material contingent liabilities.

Capital Commitments

As of December 31, 2024, the Group's capital commitments amounted to RMB49.3 million (as of December 31, 2023: RMB183.1 million), which are mainly related to ongoing construction and completion of our warehouses, processing facilities and office building to support our business expansion.

Material Acquisitions and Disposals and Significant Investments

As of December 31, 2024, the Group neither had any significant investments (including any investments in an investee with a value of 5% or more of the Group's total assets as of December 31, 2024), nor material acquisitions and disposals of subsidiaries, associates and joint ventures. We subscribed for wealth management products from financial institutions for cash management during the Reporting Period. Since the Listing Date and up to the Latest Practicable Date, there was no information in respect of subscription for such wealth management products from single financial institution required to be disclosed pursuant to Chapter 14, Chapter 14A or Appendix D2 of the Listing Rules.

Future Plan for Material Investments or Capital Assets

As at December 31, 2024, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus and further explained in section headed "Use of Proceeds from the Global Offering" below, the Group had no future plan for material investments or capital assets.

Pledge of Assets

As of December 31, 2024, all of the Group's bank facilities are guaranteed by subsidiaries of the Company and secured by the buildings with net carrying amounts of approximately RMB240.5 million and restricted cash with amounts of approximately RMB20.0 million held by subsidiaries of the Company (as at December 31, 2023, restricted cash of RMB124.0 million was pledged for the Group's interest-bearing other borrowings).

Capital Expenditure

For the year ended December 31, 2024, our total capital expenditure was approximately RMB450.1 million, compared to approximately RMB398.8 million for the year ended December 31, 2023. Our capital expenditures are primarily incurred for purchases of property, plant and equipment and purchases of other intangible assets. We intend to fund our future capital expenditures with our existing cash balance, cash generated primarily from operating activities. See the section headed "Future Plans and Use of Proceeds" in the Prospectus for more details. We may reallocate the fund to be utilized on capital expenditures and long-term investments based on our ongoing business needs.

PRINCIPAL RISKS AND UNCERTAINTIES

Our business and operation are subject to the following principal risks and uncertainties:

- **Our future growth depends on our ability to expand and operate our store network. We may not be able to successfully enter new geographical markets or expand our presence in the existing markets. Our operating history might not reflect our future growth or financial results. If we fail to manage our growth, our business and prospects may be materially and adversely affected.**

During the Reporting Period, we generated substantially all of our revenue from the sales of goods and equipment and the provision of management services to our franchisees. We have achieved rapid growth with 9,914 stores covering over 200 cities across all city tiers as of December 31, 2024. However, our operating history may not serve as an adequate basis for evaluating our prospects and operating results, and our historical growth may not be indicative of our future growth or financial performance. Our future growth depends significantly on our ability to operate and expand our store network. In terms of new geographical markets, any additional new markets we might enter in the future could present different competitive conditions, consumer preferences, spending patterns, and regulatory and compliance requirements. For existing geographical markets, as we increase our store density in select provinces, we will also need to enhance our supply chain infrastructure in these provinces to meet the growing market demand, while maintaining the high quality and freshness of the ingredients for our beverages. As a result, we might incur additional operating expenses as we continue our expansion in these markets. If we cannot successfully enter new geographical markets or if our expansion in the existing markets fails to achieve positive results, our business, financial position, and results of operations might be adversely affected.

The Company has adopted a unique regional densification strategy for our store expansion, under which we select target provinces for expansion and prioritize resources to focus on building store networks with high geographical density with coverage across all city tiers in such provinces. We expect to deepen our footprint in existing provinces while exploring potential opportunities in nearby ones, leveraging our accumulated operational expertise and the natural extension of our brand reputation.

Moreover, our strategy to broaden our footprint and densify our store network in existing geographical markets may inadvertently lead to competition among our franchisees. Establishing new stores near existing ones might result in the diversion of consumer traffic, potentially diminishing the sales performance of our established locations. In addition, it may not be profitable for the franchisees to open new stores in certain locations where there are sufficient stores from our competitors. As our expansion continues, these competitive pressures could dampen our overall sales growth, thereby affecting our business, financial condition, and operational results.

We mitigate the potential cannibalization effect among our stores or among our stores and our competitors' stores through pre-emptive planning at the store location selection stage, which takes into account nearby pedestrian traffic, consumer profiles and purchasing power, and the number of nearby "*Good me*" and competitor stores. We also continuously track our stores' key performance indicators to allow for timely guidance and intervention.

- **A recent general industry slowdown and increased industry competition has slowed the pace of our new store openings and led to the decreases of some of our stores' operating metrics. If such trend continues, our reputation, business, financial position and results of operations could be negatively affected. We face intense competition in China's freshly-made beverage market. Any failure to compete effectively might negatively impact our market share and profitability. We may not be able to maintain or increase the sales and profitability of our stores.**

The freshly-made beverage market in China is highly competitive and rapidly evolving. The pace of our new store openings is affected by the overall growth and competitive landscape of the freshly-made beverage market and freshly-made tea store market in China. We face intense competition from other freshly-made tea store brands in various areas, including product development and innovation, product quality and consistency, value for money, store location, consumer experience, and consumer acquisition and retention. In particular, there is a significant number of tea brands in China amidst low product differentiation, and many stores in the freshly-made tea store market are in close proximity to each other. We may fail to compete effectively against, or be outperformed by, other freshly-made tea stores. For example, our competitors might be more experienced or able to devote greater resources to develop and promote their products and expand to new areas. Any competitive measures they take in response to our expansion could hinder our growth and adversely affect our sales and results of operations.

During the Reporting Period, the freshly-made tea store market experienced a slowdown in growth and there was increased competition within the industry with some players launching low-priced products. As a result, we opened new stores at a slower pace, experienced a larger number of store closures and terminated our relationship with a larger number of franchisees during the Reporting Period. In addition, some of our stores' operating metrics experienced decline. The sales and profitability of our stores could affect the growth of our business and remain as key factors affecting our revenue and profit. Other factors such as product offerings, quality of products and services, consumer experience, delivery options and store locations could also influence these outcomes. Should our stores' operating metrics fail to meet our expectations or experience a downturn, our business, financial status, and results of operations could be materially and adversely affected. Furthermore, our brand value may be harmed and we may encounter difficulties in attracting new franchisees.

While we expect China's economy and consumer spending to experience steady growth and the freshly-made tea store market to continue to expand in the medium and long term, we cannot assure you that the trend observed during the Reporting Period will not persist, at least in the short term. If such trend continues, the pace of our new store openings and our stores' operating metrics could be adversely affected, which could further impact our reputation, business, financial position and results of operations.

In response to these changes, we adjusted our business strategy to focus on improving the operating efficiency and business performance of our existing stores, while slowing down the pace of new store openings. In particular, (i) we promoted the sale of coffee machines to existing franchisees to help our stores diversify their product offerings and increase overall GMV; (ii) we increased our spending on promotional activities to build brand awareness; (iii) we enhanced our standards during store inspections with respect to the quality of beverages made on-site; and (iv) we placed greater importance on expected store performance when evaluating new store openings.

- **Our business relies heavily on consumer taste, consumption trends, preferences and perceptions of freshly-made tea beverages and we might not always accurately predict and timely adapt to market trends and consumer preferences.**

Consumer taste, consumption patterns, and perceptions greatly influence the growth of the freshly-made tea beverage market in China. Since our store sales directly affect our revenue and profit, any shift in consumer preferences or a decrease in the consumption of freshly-made tea beverages in China could decrease our store sales. We cannot guarantee our ability to consistently adapt to market trends and evolving consumer tastes. However, even if we accurately predict and adjust to these shifts, we cannot assure that our new products will meet their preferences. Any failure to predict, understand, and adjust to these changes could result in decreased consumer interest and demand for our products, which could negatively impact our business, financial standing, and operational results.

In light of the shift in consumer preference towards fresh ingredients, our fruit tea beverages are made with fresh fruits to bring out the natural flavors of fruits. We also consistently monitor market trends to develop new products and enhance existing ones, such as introducing products with reduced sugar to cater to those seeking healthier beverage choices and offer beverages with varied caffeine content to suit those seeking both low and high-caffeine options.

We will further enrich freshly-made coffee beverage offerings, to capture more cross-selling opportunities and fulfill more diversified consumer needs. We believe these new offerings will help expand consumer base and increase consumer purchase frequencies, which will further drive our revenue growth.

- **Any failure by us, our franchisee, suppliers or other business partners to maintain food safety and quality might materially and adversely affect our brand, business, and financial performance.**

Ensuring the food safety and quality of our products is vital to our success and reputation. In particular, our business is susceptible to food or beverage-borne illnesses, health epidemics, and other outbreaks. Given the extent of our operations and the growth of our store network, upholding food safety and quality of our products significantly depends on the effectiveness of our quality control system. This effectiveness is contingent on several factors: the design of our quality control system, our ability to ensure that our franchisees, staff in our stores, third-party suppliers, or other business partners, such as warehousing and logistics service providers, involved in our operations adhere to our quality assurance policies and guidelines, and our capability to monitor potential violations of our quality control system effectively. There is no guarantee that our quality control system will always be effective, nor can we ensure that we can identify all flaws in our quality control system in a timely manner. We might not be able to ensure that our employees, franchisees, staff in franchised stores, third-party suppliers, or other business partners consistently adhere to our internal policies and guidelines. In addition, we cannot guarantee that our internal controls and training will be fully effective in preventing food or beverage-borne illnesses. The quality of goods or services provided by these parties can be influenced by factors beyond our control. Our reliance on third-party suppliers, franchisees and staff in the franchised stores may subject us to the risk of food or beverage-borne illness incidents, as the operations of third-party suppliers and franchised stores are outside our control.

There have been, and there might continue to be, negative incidents and publicity related to food safety issues in our stores. In addition, instances or reports, whether true or not, of food or beverage-safety issues such as food or beverage-borne illnesses, tampering, adulteration, contamination, or mislabeling during growing, manufacturing, packaging, transportation, storage, or preparation, failures in employee or store staff hygiene and cleanliness, or improper employee or store staff conduct have previously severely damaged the reputations of companies in the food and beverage sectors. Any report linking us to such instances could significantly reduce our sales and could potentially lead to liability claims, litigation, and/or temporary store closures. Critiques, complaints, and negative media coverage, regardless of their veracity, could result in unfavorable publicity. This might result in damage to our reputation and brand and could negatively affect our business and prospects.

We have implemented a stringent quality control system to mitigate risks relating to product safety and quality at every step of our operations, from procurement and storage of ingredients, to distribution to stores, to store-level processing, to delivery to consumers. We employ a rigorous process to select our suppliers and conduct regular on-site visits to monitor their adherence to quality standards. We also have detailed internal policies relating to various critical aspects of our logistics process. At the store-operation level, we provide ongoing training to our franchisees on various procedures such as the acceptance and handling of ingredients. We have a comprehensive suite of protocols for our franchisees, including standardized beverage-making procedures and policies for store management and operation, marketing, and compliance. We require franchisees to purchase all ingredients, packaging materials and connected appliances from us to ensure consistent quality of our beverages. In particular, we have enhanced our standards during store inspections with respect to the quality of beverages made on-site. We will continue to leverage technologies to monitor and digitalize store operations.

- **Our business depends significantly on market recognition of our "*Good me*" brand, and any failure to maintain, protect and enhance our brand could materially and adversely impact our business and results of operations.**

We believe that the success of our business depends substantially on the recognition of our "*Good me*" brand among consumers, which has helped us manage our costs of consumer acquisition and retention and has also contributed to the growth and success of our business. Therefore, maintaining, protecting and enhancing the recognition of our brand is vital to our business and competitive advantage in the industry. Any actual or perceived contamination, spoilage or other product mislabeling or tampering may lead to the erosion of our brand and damage our brand value, regardless of its merits. Many factors, some of which are beyond our control, are important to maintaining, protecting and enhancing our brand. Furthermore, we have observed instances where others imitate our brand, potentially misleading consumers. While we are not directly accountable for the actions of these imitators, any inferior products sold under misleadingly similar names could tarnish our brand image. This deception could lead to decreased financial performance and increased efforts and costs to combat such imitations.

We currently have measures in place to combat imitations, such as mechanisms for consumers and franchisees to report unauthorized uses of our brand or counterfeit products. We proactively register trademarks similar to our core trademarks to prevent potential malicious registration by third parties. We engaged an external trademark consultant to (i) continuously monitor trademark protection matters such as the update of trademark registration status and renewal of registered trademarks to ensure that our registered trademarks are effective and cover the business we engaged in, and (ii) to regularly search the trademark office's announcements and other public information related to our trademarks and brand in order to timely detect unauthorized use of and infringement on our trademarks and brand and promptly take remedial actions.

- **Our extensive store network consists primarily of franchised stores that are operated by third parties. We face certain risks associated with the use of franchise business model.**

We primarily operate our business under the franchise model. Therefore, our business operation depends heavily on the success of, and cooperation with, our franchisees. The results of our operations are also significantly influenced by the performance of our franchised stores. We face a number of risks associated with the use of our franchise business model, each of which may harm our brand image adversely affect our business and results of operations. These risks include, among others:

(1) Revenue contribution of our franchised stores. Our revenue was significantly contributed by our franchised stores, including the revenue generated from the sales of goods and equipment and franchise management services. Our financial performance is highly dependent on our franchisees' sales growth. If they do not achieve expected sales, our revenue and profit margins could be negatively affected. Moreover, if sales trends decline for our franchisees, it might result in store closures, delayed payments, or reduced payments to us.

(2) Ability and willingness of franchisees to operate stores. The success of our store network expansion largely depends on the willingness and ability of our franchisees to implement major initiatives. These initiatives, such as marketing and promotional activities, may involve additional cost and might be more beneficial in the long term. There is no assurance that our franchisees will always implement these initiatives, align with our visions or prioritize long-term benefits.

(3) Management of franchisees. Our franchisees generally operate their businesses independently and are responsible for the day-to-day operation of their stores. Thus, the success and quality of a franchised store are largely dependent on the franchisee. We cannot guarantee that our management of franchisees will always be effective. If our franchisees do not fulfill their obligations in accordance with their franchise agreements with us or our internal policies or guidelines, or if they fail to successfully operate stores consistent with our standards, our brand's image and reputation could suffer, which in turn could hurt our business and results of operation. Our contractual rights and remedies might be limited, potentially costly to exercise, or subject to litigation.

(4) Litigation regarding franchisees. Our franchisees face various litigation risks, including consumer claims, personal-injury claims, environmental claims, and employee allegations of improper termination. Even though we are not directly responsible for these litigation costs, they might increase the costs for our franchisees and affect their profitability. This could limit funds available for fees to us, renovations, store development, or the renewal of their agreements with us, which in turn could adversely affect our business and operating results and may have negative impact on our brand image.

If any of our franchisees defaults under our agreements or commits misconducts, they may not be in a position to compensate us sufficiently for losses that we suffered as a result of such defaults or misconducts. While we may take action to terminate our relationship with these franchisees, it is not always possible to promptly identify and address problems. Consequently, our brand image and reputation could be compromised, leading to a material adverse impact on our operational results.

We will continuously monitor our franchisees' operations, including their stores' quality, service, adherence to our quality control and food safety protocols, interior presentation (cleanness, hygiene issues, etc.), consumer feedback and compliance status. To ensure compliance with our protocols, we require our franchised stores to operate under the view of in-store cameras at all times, and arrange for store-specific supervisors to visit regularly to review the store's management and operation. We also typically require franchisees to stay physically on site during set periods of store operations to ensure optimal store management. We have policies to deter non-compliance and may terminate our relationship with franchisees that are found to be in material violation of our operating standards or consistently fail to rectify operational inadequacies. For certain stores that fail to meet our operating standards and/or are located in sites we deem to be less ideal, we will proactively discuss with the relevant franchisees and reach mutual agreements to close the relevant stores.

To facilitate shared success with our franchisees, we empower our franchisees to promote franchisee profitability and foster close and enduring franchisee relationships. We are the first brand in the freshly-made tea stores market to establish a franchisee committee, which consists of representatives from various regions to regularly provide feedback about our business. To promote transparent communication, the annual "*Good me*" nationwide franchisee conferences has been held for the past 11 years consecutively. We design protocols to incentivize our franchisees to take initiatives and improve store performance. In particular, well-performing franchisees are encouraged to open new stores. For day-to-day operations, we help optimize franchisee profitability by centrally sourcing and supplying quality ingredients at competitive prices and bearing a majority of the warehousing and logistics expenses to reduce their cost. We believe our proven franchisee management capabilities are broadly recognized by our franchisees and lay a solid basis for their continuous compliance with our standards to deliver high-quality products and services.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Yun'an Wang (王雲安先生), aged 38, is the founder, chairman of the Board, executive Director and chief executive officer of our Company. He is also the chairperson of the Nomination Committee and a member of the Remuneration Committee.

Mr. Wang opened the first "*Good me*" store in 2010. Since then, he has been responsible for setting the strategies, directions and goals of the "*Good me*" brand for over a decade. Mr. Wang has acutely observed the changes and opportunities in the freshly-made beverage industry, and led us to maintain our industry-leading position as the industry continuously evolves. He has been serving as the chief executive officer of Guming Technology since its establishment in 2018. Mr. Wang received a bachelor's degree in material science and engineering from Keyi College of Zhejiang Sci-Tech University (浙江理工大學科技與藝術學院) in June 2010.

Mr. Xia Qi (戚俠先生), aged 38, is an executive Director and the president of our Company, and oversees business development and franchisee management of our Group. Mr. Qi has worked with Mr. Wang since the early days of the "*Good me*" brand and was instrumental to its growth. Mr. Qi has made significant contributions to the initial establishment and ongoing operation of our franchisee committee, franchise training system, and various franchisee management measures of our Group. Mr. Qi was one of the initial shareholders of Guming Technology when it was established and has worked with Guming Technology since its establishment in June 2018. Prior to that, Mr. Qi worked at the Office of Safety Inspection of Fuhai township, Cixi city (慈溪市附海鎮安監所) from November 2011 to December 2013. Mr. Qi received a bachelor's degree in electronics information science and technology from Keyi College of Zhejiang Sci-Tech University (浙江理工大學科技與藝術學院) in June 2010.

Mr. Xiudi Ruan (阮修迪先生), aged 38, is an executive Director of our Company, and focuses on our Group's product research and development. Mr. Ruan has extensive experience and deep understanding of tea related research and procurement. Previously, Mr. Ruan was responsible for our Group's store management, procurement and logistics. Mr. Ruan co-founded the "*Good me*" brand, and was instrumental to its growth. Mr. Ruan was one of the initial shareholders of Guming Technology when it was established and has been serving as a supervisor of Guming Technology since May 2020. Prior to that, Mr. Ruan worked as a sales agent of Taizhou Baoli Economics and Trade Co., Ltd. (台州寶利經貿有限公司) from September 2009 to February 2010. Mr. Ruan graduated from Hangzhou Vocational and Technical College (杭州職業技術學院) with a major in mold design and manufacturing in June 2009.

Ms. Yayu Jin (金雅玉女士), aged 36, is an executive Director of our Company, and focuses on our Group's corporate culture development. Ms. Jin has worked with Mr. Wang in the early days of the "*Good me*" brand since 2016. She has served in multiple departments within our Group, mainly responsible for our Group's overall administrative management, procurement of packaging materials, and enforcement of our Group's anti-bribery policies, and was instrumental to the formation of our corporate culture. Prior to that, Ms. Jin worked at the Hangzhou office of Zhejiang Xixi Glass Co., Ltd. (浙江西溪玻璃有限公司駐杭州辦事處) as a human resources specialist from June 2013 to July 2016. From March 2012 to May 2013, she worked for Hangzhou Xingdong Chenggong Enterprise Management Co., Ltd. (杭州行動成功企業管理有限公司) as a teaching assistant of EMBA programs. Ms. Jin graduated from Zhejiang Changzheng Vocational and Technical College (浙江長征職業技術學院) with a major in office administration in June 2011.

Mr. Yunjiang Cai (蔡雲江先生) (with former name as Yunjiang Cai (蔡雲姜)), aged 41, is an executive Director of our Company, and focuses on our Group's business development and franchisee management, including franchisee development, store inspection and operational support. Mr. Cai has over a decade of experience in business development, has worked with Mr. Wang as early as in 2015 for the "*Good me*" brand, and was instrumental to its growth. Prior to that, Mr. Cai worked as a vice general manager of Xishuangbanna Jianfeng Media Co., Ltd. (西雙版納劍峰傳媒有限公司) from October 2013 to January 2015. Mr. Cai has been serving as the head of business development of Guming Technology since June 2018. Mr. Cai graduated from Huainan Normal University (淮南師範學院) with a major in digital commerce in July 2009.

Non-executive Director

Mr. Yaoxin Huang (黃垚鑫先生), aged 37, is a non-executive Director of our Company. He is also a member of the Audit Committee. Mr. Huang was appointed as our Director on May 18, 2022. Mr. Huang joined Ningbo Meishan Bonded Port Area Meixing Private Fund Management Co., Ltd. (寧波梅山保税港區美興私募基金管理有限公司) in May 2018 and currently serves as a managing director. From July 2012 to May 2018, Mr. Huang worked at China International Capital Corporation (HKEX: 3908; SSE: 601995), with his last position as an executive director. Mr. Huang received a master's degree in finance from Renmin University of China in June 2012 and a bachelor's degree in financial engineering from Xiamen University in July 2009.

Independent Non-executive Directors

Mr. Yue Zhuo (卓越先生), aged 37, was appointed as an independent non-executive Director of our Company on the Listing Date. He is also the chairperson of the Audit Committee and a member of the Remuneration Committee. Mr. Zhuo has served as the director of DiDi Global Inc., or DiDi, since May 2024, and the chief financial officer of DiDi since April 2021. Mr. Zhuo joined DiDi in February 2017 as the deputy general manager of the ride hailing department and served as the vice president of finance and operation management of DiDi from December 2018 to April 2021. Prior to joining DiDi, Mr. Zhuo worked at Sculptor Capital Management Hong Kong Limited (formerly known as Och-Ziff Capital Management Hong Kong Limited) in Hong Kong from September 2014 to February 2017. Prior to that, Mr. Zhuo worked at Goldman Sachs (Asia) L.L.C. from February 2011 to August 2014 and Morgan Stanley Asia Limited from July 2009 to January 2011. While working in asset management firm and investment banks, Mr. Zhuo has gained the accounting and financial management expertise through (i) reviewing and analyzing financial statements, business plans and financial projections of potential investee companies to determine their investment merits and identify any financial issues; and (ii) overseeing and evaluating the financial performance of portfolio companies. Mr. Zhuo received a bachelor's degree in finance from Peking University in July 2009.

Ms. Xiaodong Zheng (鄭曉冬女士), aged 68, was appointed as an independent non-executive Director of our Company on the Listing Date. She is also a member of the Nomination Committee. Ms. Zheng was appointed as the head of the Food Biological Science and Technology Research Center at Zhejiang University (浙江大學食品生物科學技術研究所) in January 2013. Prior to that, Ms. Zheng was appointed as the head of the Institute of Food Science at Zhejiang University (浙江大學食品科學研究所) in April 2006.

Ms. Zheng became a Qiushi Distinguished Professor (求是特聘教授) of Zhejiang University in January 2011 and a professor of Zhejiang University in December 2000. Ms. Zheng became a Doctoral supervisor at Zhejiang University in January 2002, a recipient of special grants by the State Council of the PRC (國務院政府特殊津貼) in March 2011, and was recognized as an expert on the Agricultural Product Quality and Safety Expert Committee of the Agriculture Department of the PRC (農業部農產品質量安全專家組) in August 2011. Ms. Zheng received a master's degree in agronomy from Zhejiang Agricultural University (浙江農業大學) in July 1996 and a bachelor's degree in biology from Harbin Normal University (哈爾濱師範大學) in February 1982.

Mr. Jianbo Li (李建波先生), aged 54, was appointed as an independent non-executive Director of our Company on the Listing Date. He is also the chairperson of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. From July 2022 to May 2024, Mr. Li served as a non-executive director of Plus Group Holdings Inc. (HKEX: 2486). Mr. Li has also been serving as the chief executive officer of Yonghui Fresh Food Development Co., Ltd. (永輝彩食鮮發展有限公司) since February 2020. Prior to that, in November 2016, Mr. Li founded Guangzhou Yoorstore Technology Co., Ltd. (廣州優思得科技有限公司) where he served as its director until January 2020. From March 2011 to April 2016, Mr. Li served as an executive vice president and subsequently the president of Yonghui Superstores Co., Ltd. (永輝超市股份有限公司) (SSE: 601933). From April 1999 to January 2011, he served as a director and partner at IBM (China) Co., Limited Guangzhou Branch (國際商業機器（中國）有限公司廣州分公司). From July 1995 to March 1999, he worked at the product supply department of Procter & Gamble (Guangzhou) Ltd. (廣州寶潔有限公司).

Mr. Li received a master's degree in management science from University of Science and Technology of China (中國科學技術大學) in June 1995 and a bachelor's degree in management science from the same university in July 1993.

SENIOR MANAGEMENT

Mr. Yun'an Wang (王雲安先生), aged 38, is the founder, chairman of the Board, executive Director and chief executive officer of our Company. For further details, please see the paragraphs headed "Directors – Executive Directors" in this section.

Mr. Xia Qi (戚俠先生), aged 38, is an executive Director and the president of our Company. For further details, please see the paragraphs headed "Directors – Executive Directors" in this section.

Mr. Jifeng Li (李繼鋒先生), aged 46, is the chief operating officer of our Company. Mr. Li has been serving as our chief operating officer since March 2022 and served as our chief technology officer from August 2020 to March 2022. Prior to joining our Group, Mr. Li served as the chief technology officer of Lvyue Group (旅悅集團) from January to August 2020 and the vice president of products at Blibee Trading Co., Ltd. (便利蜂商貿有限公司) from April 2017 to January 2020. Prior to that, Mr. Li worked at Beijing Qunar Software Technology Co., Ltd. (北京趣拿軟件科技有限公司), a subsidiary of Qunar Cayman Islands Limited, most recently as the chief executive officer of the hospitalities business unit from March 2012 to April 2017. Mr. Li received a master's degree in computer software and theories from the Institute of Computing Technology at the Chinese Academy of Sciences (中國科學院計算技術研究所) in August 2003, and both a bachelor's degree in computer science and a bachelor of art degree in Chinese language and literature from Tsinghua University in July 2000.

Mr. Hailing Meng (孟海陵先生), aged 41, is the chief financial officer of our Company. Prior to joining our Group in June 2020, Mr. Meng was the head of research at Zebra Global Capital between June 2016 and June 2020. Prior to joining Zebra Global Capital, Mr. Meng covered China's internet stocks as an equity research analyst for investment banks. He was an executive director at Goldman Sachs (Asia) L.L.C. from July 2015 to June 2016, a vice president at Morgan Stanley Asia Limited from June 2014 to July 2015, and a senior associate at Macquarie Capital Securities Limited from July 2012 to June 2014. Prior to that, Mr. Meng worked for iQiyi Inc. (NASDAQ: IQ) as a manager of strategic cooperation and investor relations from August 2011 to July 2012. Mr. Meng started his career as a consultant with Deloitte's Enterprise Risk Services (ERS) department in Hong Kong in September 2007. He received a master's degree in electrical and electronic engineering from the Hong Kong University of Science and Technology (HKUST) in November 2007 and a bachelor's degree in information engineering from Southeast University (東南大學) in June 2005.

Mr. Meng became a certified public accountant of the Chinese Institute of Certified Public Accountants (CICPA) in March 2015 and a chartered financial analyst (CFA) charterholder in May 2013. Mr. Meng also completed the CPA Qualification Programme of the Hong Kong Institute of Certified Public Accountants (HKICPA) and passed the professional examination for membership admission under the Professional Accountants Ordinance of Hong Kong in September 2009. He earned the highest score in the Asia geographical region on the June 2009 CISA (Certified Information Systems Auditor) examination by the Information Systems Audit and Control Association (ISACA).

Mr. Yu Qiang (強宇先生), aged 44, is the chief technology officer of our Company. Prior to joining our Group in May 2023, Mr. Qiang served as the vice general manager of Lepu Medical Technology (SZSE: 300003; SIX: LEPU) from December 2020 to May 2023. Prior to that, Mr. Qiang served as the chief technology officer of Luckin Coffee (Beijing) Co., Ltd. (瑞幸咖啡(北京)有限公司), first joining the company in October 2017. Prior to that, Mr. Qiang worked for over a decade at China Auto Renting Inc. (北京神州汽車租賃有限公司), most recently as its chief technology officer. Mr. Qiang received a bachelor's degree in applied chemistry from Beijing University of Technology (北京工業大學) in July 2003.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group primarily operates a store network under a franchise model under the "*Good me*" brand, a leading and fast-growing freshly-made tea store brand in China.

Details of the (1) names, (2) places and dates of incorporation/registration and places of operations, (3) nominal value of issued ordinary/registered share capital, (4) percentage of equity attributable to the Company, and (5) principal activities of the Company's principal subsidiaries are set out in Note 1 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in Note 32 to the financial statements.

BUSINESS REVIEW AND RESULTS

The business review of the Group for the year ended December 31, 2024, including a fair review of the Group's business and an indication of likely future developments in the Group's business, is set out in the sections headed "Financial Highlights" and "Management Discussion and Analysis" from pages 6 to 7 and pages 8 to 26, respectively of this report, which form part of this directors' report.

The results of the Group for the Reporting Period are set out in the consolidated financial statements on pages 124 to 216 of this report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group constantly faces a number of principal risks and uncertainties in the business environment. We have been actively engaged in conducting risk assessment and seeking mitigation measures to ensure these risks are well managed and to avoid any significant impact on the Group's business and financial performance. A description of the principal risks and uncertainties that we may face are discussed in the sections headed "Chairman's Statement" and "Management Discussion and Analysis – Principal Risks and Uncertainties" on pages 4 to 5 and pages 21 to 26 of this report, respectively and the 2024 ESG Report.

FINANCIAL SUMMARY

A summary of the consolidated results and the consolidated assets, liabilities and equity of the Group for the last four financial years is set out on pages 6 to 7 of this report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the respective percentage of the aggregate purchases attributable to the Group's five largest suppliers and the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total value of purchases and sales.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

We value our employees and believe that encouraging varied perspectives and fostering collaboration across all levels are key driving forces behind our continued growth. Our management team adheres to a simple and candid communication style, fostering a humble and honest atmosphere among all employees that cultivates strong bonds among our people. We embrace an inclusive and open corporate culture, which allows us to continually attract talented individuals with diverse backgrounds and perspectives. We recruit our employees primarily from the open market through recruitment advertisements, agencies, online platforms and referrals. We attract and retain suitable personnel by offering competitive wages and benefits. We provide our frontline store staff with training in various skills, including with respect to food safety and work safety. We actively work to create an environment where every employee feels valued and empowered to contribute to their fullest potential. Please refer to the 2024 ESG Report for further details on the Group's employee recruitment and promotion, benefits, diversity as well as development and training.

Our customers are primarily our franchisees who operate our franchised stores and also include enterprise customers that purchase the products from our processing facilities such as blended tea leaves.

We aim to foster close and enduring franchisee relationships by cultivating a franchisee culture grounded in values such as unity, sincerity, and continuous pursuit of excellence. The close and enduring franchisee relationships enable effective and efficient store operations and consistent high-quality product and service offerings, which enhance consumer experience and improve store-level performance, thereby attracting more franchisees and solidifying franchisee relationships, forming a virtuous cycle. Our customers also include corporate customers that purchase the products from our processing facilities such as blended tea leaves. These corporate customers are not our franchisees, and they are mainly engaged in food production business where they use our ingredients to produce other food products, or tea beverage and trade business where they use our ingredients for their own beverage business or trading. They procure ingredients from us because we have our own processing facilities and the products that we produce can satisfy their requirements for quality. Please refer to the 2024 ESG Report for further details on the Group's customer service, complaint process and satisfaction survey.

We procure a variety of goods and equipment, including ingredients such as fresh fruits, fruit juices, tea leaves, dairy and sugar products, packaging materials, and equipment such as tea brewers, ice machines and freezers. We adopt a centralized approach for supply procurement. Given our significant business scale, we enjoy strong bargaining power at the supply procurement stage, which enables us to procure a large quantity of supplies at below-market prices. We carefully select our suppliers to ensure our supplies' premium quality, including directly procuring certain fresh fruits and tea leaves from their sources to acquire top-notch ingredients. We do not believe that we face material supplier concentration risks. In general, we worked with multiple suppliers for each type of ingredient. Please refer to the 2024 ESG Report for further details on the Group's supplier management and selection policies.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 13 to the financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company's accumulated losses amounted to RMB2,560.0 million and the Company's share premium amounted to RMB408.3 million. By passing an ordinary resolution of the Company, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law of the Cayman Islands.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group during the Reporting Period are set out in the section headed "Management Discussion and Analysis – Financial Review – Liquidity and Capital Resources" of this report and in Note 29 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Post-IPO Share Scheme" below, 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 Company or subsisted during the Reporting Period and up to the date of this report.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in Note 39 to the financial statements and the section headed "Connected Transactions" below, during the Reporting Period, (i) no contract of significance was entered into by, and/or subsisted between the Company or any of its subsidiaries with the Controlling Shareholder or any of its subsidiaries; and (ii) there was no contract of significance in relation to provision of services by the Controlling Shareholder or any of its subsidiaries to the Group.

CONNECTED TRANSACTIONS

The following transactions constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules and are not exempted to be disclosed in this report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that for the related party transactions falling under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) under Chapter 14A of the Listing Rules, it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules, details of which are set forth as follows.

Packaging Material Procurement Agreement

On January 24, 2025, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement (the "**Packaging Material Procurement Agreement**") with Zhejiang Mingxing Packaging Co., Ltd. (浙江茗星包裝有限公司) ("**Zhejiang Mingxing Packaging**") pursuant to which we agreed to purchase packaging materials, including but not limited to insulated bags, plastic cups, paper cups and cup lids, from Zhejiang Mingxing Packaging for a term commencing on the Listing Date and ending on December 31, 2027.

Subject to the terms of the Packaging Material Procurement Agreement, the Group will enter into specific agreements or place purchase orders with Zhejiang Mingxing Packaging to set out specific terms and conditions. The consideration payable by the Group under the Packaging Material Procurement Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders.

Reasons for the transaction

Zhejiang Mingxing Packaging has been a reliable supplier of packaging materials for our Group. Through the business cooperation, Zhejiang Mingxing Packaging has acquired a comprehensive understanding of our need for packaging materials and has been continuously providing packaging materials with high quality and tailored for our need. The Directors consider that entering into the Packaging Material Procurement Agreement with Zhejiang Mingxing Packaging will enable us to secure a stable supply of high-quality packaging materials at reasonable prices.

Pricing policy

The purchase price of the packaging materials as contemplated under the Packaging Material Procurement Agreement shall be determined on an arm's length basis with reference to a variety of factors, including but not limited to the types, quality, specifications, quantities and manufacturing costs of packaging materials to be purchased and the prevailing market price of the relevant packaging materials that can be procured from independent third parties by the Group. Our Group would obtain at least three other quotations from independent third party suppliers for similar packaging materials on a regular basis to determine if the prices and terms offered by Zhejiang Mingxing Packaging are fair and reasonable and comparable to those offered by independent third parties.

Information on Zhejiang Mingxing Packaging

Zhejiang Mingxing Packaging is wholly-owned by Mr. Zhao Jianhua, the uncle of Mr. Wang. Accordingly, Zhejiang Mingxing Packaging is deemed a connected person of our Company under Chapter 14A of the Listing Rules.

Historical figures and annual caps

The historical amount of the transactions contemplated under the Packaging Material Procurement Agreement for the year ended December 31, 2024 was RMB267.4 million.

The annual caps under the Packaging Material Procurement Agreement for the years ending December 31, 2025, 2026 and 2027 are RMB316.20 million, RMB392.09 million and RMB491.68 million respectively.

Raw Materials Procurement Agreement

On January 24, 2025, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement (the "**Raw Materials Procurement Agreement**") with Zhejiang Yunqi Investment Co., Ltd. (浙江雲奇投資有限公司) ("**Zhejiang Yunqi**"), pursuant to which we will procure raw materials such as Taiwan citrus lemons from the subsidiaries of Zhejiang Yunqi, including Yunnan Houan Agricultural Development Co., Ltd. (雲南後岸農業發展有限公司) and Yunnan Qining Agricultural Development Co., Ltd. (雲南奇檸農業發展有限公司) for a term commencing on the Listing Date and ending on December 31, 2027.

Subject to the terms of the Raw Materials Procurement Agreement, the Group will enter into specific agreements or place purchase orders with Zhejiang Yunqi to set out specific terms and conditions. The consideration payable by the Group under the Raw Materials Procurement Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders.

Reasons for the transaction

The subsidiaries of Zhejiang Yunqi primarily engage in the business of supplying Taiwan citrus lemons. They have been a stable and reliable supplier of raw materials such as Taiwan citrus lemons for our Group since 2020. The stable business cooperation with the subsidiaries of Zhejiang Yunqi provides us with access to fresh and high-quality raw materials at reasonable prices.

Pricing policy

The purchase price of the raw materials as contemplated under the Raw Materials Procurement Agreement shall be determined on an arm's length basis with reference to a variety of factors, including but not limited to the types, quality, quantities of raw materials to be purchased and the prevailing market prices of the relevant raw materials that can be procured from independent third parties by the Group. Our Group would obtain at least three other quotations from independent third-party suppliers for similar raw materials on a regular basis to determine if the prices and terms offered by the subsidiaries of Zhejiang Yunqi are fair and reasonable and comparable to those offered by independent third parties.

Information on Zhejiang Yunqi

Zhejiang Yunqi is owned by Mr. Wang, Mr. Qi, Mr. Ruan and Ms. Pan as to 44.8%, 29.0%, 23.2% and 3.0%, respectively. Accordingly, Zhejiang Yunqi is an associate of Mr. Wang, Mr. Qi and Mr. Ruan and constitutes a connected person of our Company under Chapter 14A of the Listing Rules.

Historical figures and annual caps

The historical amount of the transactions contemplated under the Raw Materials Procurement Agreement for the year ended December 31, 2024 was RMB22.0 million.

The annual caps under the Raw Materials Procurement Agreement for the years ending December 31, 2025, 2026 and 2027 are RMB32.92 million, RMB43.54 million and RMB54.60 million respectively.

Waiver Application for Non-fully Exempt Continuing Connected Transactions

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement and/or circular and independent shareholders' approval requirements in respect of its non-fully exempt continuing connected transactions.

Annual Review Conducted by Independent Non-executive Directors

The independent non-executive Directors had reviewed the above non-fully exempt continuing connected transactions and confirmed that these transactions had been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or on better terms; and

(3) in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

As the Company was not a listed company during the year ended December 31, 2024, the annual review and reporting requirements under Chapter 14A of the Listing Rules are not applicable to the Company for the year ended December 31, 2024. The Company will comply with the relevant requirements under the Listing Rules in its subsequent annual reports.

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by our Group during the Reporting Period are disclosed in Note 39 to the financial statements. Save as disclosed in section headed "Connected Transactions" of this report, related party transactions disclosed in Note 39 are not deemed as "connected transactions" or "continuing connected transactions" (as the case may be) under Chapter 14A of the Listing Rules, or are exempt from the reporting, announcement and Shareholders' approval requirements under the Listing Rules. Our Company had complied with the disclosure requirements under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

RETIREMENT AND PENSION SCHEME

Particulars of retirement and pension schemes of the Group are set out in Notes 2.4 and 6 to the financial statements.

DIRECTORS

The following is the list of our Directors during the Reporting Period and up to the date of this report:

Executive Directors

Mr. Yun'an Wang *(Founder, Chairman and Chief Executive Officer)*

Mr. Xia Qi *(President)*

Mr. Xiudi Ruan

Ms. Yayu Jin

Mr. Yunjiang Cai

Non-executive Director

Mr. Yaoxin Huang

Independent Non-executive Directors

Mr. Yue Zhuo *(appointed on February 12, 2025)*

Ms. Xiaodong Zheng *(appointed on February 12, 2025)*

Mr. Jianbo Li *(appointed on February 12, 2025)*

Biographical details of our Directors are set out in the section headed "Directors and Senior Management" of this report.

CHANGES IN DIRECTORS' INFORMATION

Save as disclosed in the section headed "Directors' Service Contracts and Appointment Letters" of this report, since the Listing Date and up to the Latest Practicable Date, there had not been any changes to the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of our executive Directors entered into a service contract with us, pursuant to which the term of appointment shall be for an initial term of three years from the Listing Date or until the third AGM after the Listing Date, whichever is sooner (subject to retirement and re-election as and when required under the Articles of Association and the Listing Rules). Either party may terminate the agreement by giving not less than three months' written notice.

With effect from March 28, 2025, the director's fees under the service contract of each of our executive Directors were increased from nil to HK$100,000 per annum.

Each of our non-executive Director and independent non-executive Directors entered into a letter of appointment, pursuant to which the term of appointment shall be for an initial term of three years from the Listing Date or until the third AGM after the Listing Date, whichever is sooner (subject to retirement and re-election as and when required under the Articles of Association and the Listing Rules). Either party may terminate the agreement by giving not less than three months' written notice.

In accordance with article 108 of the Articles of Association, Mr. Wang, Mr. Qi and Mr. Yaoxin Huang will retire at the AGM. Mr. Wang, Mr. Qi and Mr. Yaoxin Huang, being eligible, will offer themselves for re-election as a Director at the AGM.

None of the Directors proposed for re-election at the forthcoming AGM has any unexpired service contract with the Company or any member of the Group, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Since the Listing Date and up to the date of this report, none of the Directors had any interest in a business, which competes or is likely to compete, directly or indirectly, with the business of the Group, which would require disclosure under Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" of this report and Note 39 to the financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2024, we had 2,726 full-time employees (as of December 31, 2023: 2,437 employees). The employee benefit expense (including directors' and chief executive's remuneration), comprising wages and salaries, as well as pension scheme contributions and social welfare, were approximately RMB700.1 million for the year ended December 31, 2024.

We recruit our employees primarily from the open market through recruitment advertisements, agencies, online platforms and referrals. We attract and retain suitable personnel by offering competitive wages and benefits. The level of salaries and benefits of the Group's employees is determined by with reference to the market and their respective individual qualifications and abilities, and incentive mechanisms such as performance bonuses were established.

We encourage everyone within our organization to pursue professional development opportunities. In furtherance of this goal, we have been offering trainings and career development programs to our employees to support their growth and upward mobility. We encourage our young employees to take leadership roles. We provide a large variety of professional development training. We conduct employee assessments at the end of each year to provide feedback and guidance, and, depending on their performance and responsibilities, provide promotion and training opportunities.

The Post-IPO Share Scheme was approved by way of Shareholders' resolutions dated January 27, 2025 with effect from Listing Date. The purpose of the Post-IPO Share Scheme is to provide selected participants with the opportunity to acquire shareholding interests in the Company so as to align the interests of the selected participants with those of the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants. The principal terms of the Post-IPO Share Scheme are summarized in the section headed "Post-IPO Share Scheme" below.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee was set up to review the Company's remuneration policy and structure for the remuneration of the Directors and senior management of the Company. Our Directors receive remuneration, including salaries and allowance, performance-related bonuses, pension scheme contributions and social welfare, and other benefits in kind. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position, seniority, individual performance, the Group's operating performance and comparable market practices.

Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 8 and 9 to the financial statements.

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 the five highest paid individuals as an inducement to join, or upon joining the Group during the Reporting Period. No compensation was paid to, or receivable by, the Directors or the five highest paid individuals for the loss of any office in connection with the management of the affairs of any member of the Group during the same period.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As the Company had not been listed on the Main Board of the Stock Exchange as at December 31, 2024, Divisions 7 and 8 of Part XV and section 352 of SFO were not applicable to the Directors and chief executive of our Company as at December 31, 2024.

As at the Latest Practicable Date, the interests or short positions of our Directors and chief executive 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 (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/Nature of interest[1]	Number of Shares or underlying shares	Approximate percentage of shareholding interest[2]
Mr. Wang[3], [4]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	940,755,461	39.56%
	Interests held jointly with another person	789,942,211	33.22%
	Sub-total	*1,730,697,672*	*72.77%*
Mr. Qi[3], [5]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	430,640,361	18.11%
	Interests held jointly with another person	1,300,057,311	54.67%
	Sub-total	*1,730,697,672*	*72.77%*
Mr. Ruan[3], [6]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	299,224,250	12.58%
	Interests held jointly with another person	1,431,473,422	60.19%
	Sub-total	*1,730,697,672*	*72.77%*
Ms. Yayu Jin[7]	Beneficiary of a trust (other than a discretionary interest)	579,710	0.02%
Mr. Yunjiang Cai[7]	Beneficiary of a trust (other than a discretionary interest)	724,638	0.03%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 2,378,185,860 Shares.

(3) Mr. Wang, Mr. Qi, Mr. Ruan and Ms. Pan and their respective intermediate holding companies entered into the Acting-in-Concert Arrangement.

(4) Shares in which Mr. Wang is interested consist of (i) 940,755,461 Shares held by Modern Leaves Limited, in which Mr. Wang is deemed to be interested under the SFO; and (ii) an aggregate of 789,942,211 Shares in which Mr. Wang is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

Modern Leaves Limited is owned by (i) Nascent Leaves Limited, which is in turn wholly-owned by a trust established by Mr. Wang as the settlor with his family members being the beneficiaries ("**Mr. Wang's Trust**"), as to 99.0%; and (ii) Ancient Leaves Limited, which is wholly owned by Mr. Wang, as to 1.0%. Under the SFO, each of Mr. Wang, Modern Leaves Limited, Nascent Leaves Limited and Ancient Leaves Limited is deemed to be interested in the aggregate of 1,730,697,672 Shares held by the parties to the Acting-in-Concert Arrangement.

(5) Shares in which Mr. Qi is interested consist of (i) 430,640,361 Shares held by Chivalrous Lancers Limited, in which Mr. Qi is deemed to be interested under the SFO; and (ii) an aggregate of 1,300,057,311 Shares in which Mr. Qi is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

Chivalrous Lancers Limited is owned by (i) Chivalrous Knights Limited, which is in turn wholly-owned by a trust established by Mr. Qi as the settlor with his family members being the beneficiaries ("**Mr. Qi's Trust**"), as to 99.0%; and (ii) Chivalrous Cavalry Limited, which is wholly owned by Mr. Qi, as to 1.0%. Under the SFO, each of Mr. Qi, Chivalrous Lancers Limited, Chivalrous Knights Limited and Chivalrous Cavalry Limited is deemed to be interested in the aggregate of 1,730,697,672 Shares held by the parties to the Acting-in-Concert Arrangement.

(6) Shares in which Mr. Ruan is interested consist of (i) 299,224,250 Shares held by Cousin Tea Limited, in which Mr. Ruan is deemed to be interested under the SFO; and (ii) an aggregate of 1,431,473,422 Shares in which Mr. Ruan is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

Cousin Tea Limited is owned by (i) Nephew Tea Limited, which is in turn wholly-owned by a trust established by Mr. Ruan as the settlor with his family members being the beneficiaries ("**Mr. Ruan's Trust**"), as to 99.0%; and (ii) Uncle Tea Limited, which is wholly owned by Mr. Ruan, as to 1.0%. Under the SFO, each of Mr. Ruan, Cousin Tea Limited, Nephew Tea Limited and Uncle Tea Limited is deemed to be interested in the aggregate of 1,730,697,672 Shares held by the parties to the Acting-in-Concert Arrangement.

(7) As at the Latest Practicable Date, Flourishing Leaves Limited holds 12,231,885 Shares as an employee shareholding platform held by The Core Trust Company Limited in its capacity as trustee of a trust established to hold Shares for the benefits of among others, Ms. Yayu Jin and Mr. Yunjiang Cai. Each of Ms. Yayu Jin and Mr. Yunjiang Cai are interested in approximately 4.74% and 5.92% of the Shares held by such shareholding platform, respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors and the chief executive of the Company are aware, none of the Directors or the chief executive of the Company had or were deemed to have any interest or short position in any Shares or underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required (i) to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO; (ii) to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the interests of relevant persons (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying shares, which were required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/Nature of interest[1]	Number of Shares or underlying shares	Approximate percentage of shareholding interest[2]
Modern Leaves Limited[3, 4]	Beneficial owner	940,755,461	39.56%
	Interests held jointly with another person	789,942,211	33.22%
	Sub-total	*1,730,697,672*	*72.77%*
Nascent Leaves Limited[3, 4]	Interest in controlled corporation	940,755,461	39.56%
	Interests held jointly with another person	789,942,211	33.22%
	Sub-total	*1,730,697,672*	*72.77%*
Ancient Leaves Limited[3, 4]	Interests held jointly with another person	1,730,697,672	72.77%
Chivalrous Lancers Limited[3, 5]	Beneficial owner	430,640,361	18.11%
	Interests held jointly with another person	1,300,057,311	54.67%
	Sub-total	*1,730,697,672*	*72.77%*
Chivalrous Knights Limited[3, 5]	Interest in controlled corporation	430,640,361	18.11%
	Interests held jointly with another person	1,300,057,311	54.67%
	Sub-total	*1,730,697,672*	*72.77%*
Chivalrous Cavalry Limited[3, 5]	Interests held jointly with another person	1,730,697,672	72.77%
Cousin Tea Limited[3, 6]	Beneficial owner	299,224,250	12.58%
	Interests held jointly with another person	1,431,473,422	60.19%
	Sub-total	*1,730,697,672*	*72.77%*
Nephew Tea Limited[3, 6]	Interest in controlled corporation	299,224,250	12.58%
	Interests held jointly with another person	1,431,473,422	60.19%
	Sub-total	*1,730,697,672*	*72.77%*
Uncle Tea Limited[3, 6]	Interests held jointly with another person	1,730,697,672	72.77%
Ms. Pan[3, 7]	Founder of a discretionary trust who can influence how the trustee exercises his discretion	60,077,600	2.53%
	Interests held jointly with another person	1,670,620,072	70.25%
	Sub-total	*1,730,697,672*	*72.77%*
Spring Equinox Drinks Limited[3, 7]	Beneficial owner	60,077,600	2.53%
	Interests held jointly with another person	1,670,620,072	70.25%
	Sub-total	*1,730,697,672*	*72.77%*
Summer Solstice Drinks Limited[3, 7]	Interest in controlled corporation	60,077,600	2.53%
	Interests held jointly with another person	1,670,620,072	70.25%
	Sub-total	*1,730,697,672*	*72.77%*

Name of Shareholder	Capacity/Nature of interest[1]	Number of Shares or underlying shares	Approximate percentage of shareholding interest[2]
Winter Solstice Drinks Limited[3], [7]	Interests held jointly with another person	1,730,697,672	72.77%
Trident Trust Company (HK) Limited[8]	Trustee	1,730,697,672	72.77%
Mr. Yonghua Zhu (朱擁華)[9]	Interest in controlled corporation	180,182,640	7.58%
Ningbo Meishan Bonded Port Area Meixing Private Fund Management Co., Ltd. (寧波梅山保税港區美興私募基金管理有限公司)[9]	Interest in controlled corporation	173,913,040	7.31%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of issued shares of the Company as at the Latest Practicable Date, being 2,378,185,860 Shares.

(3) Mr. Wang, Mr. Qi, Mr. Ruan, Ms. Pan, Modern Leaves Limited, Ancient Leaves Limited, Nascent Leaves Limited, Chivalrous Lancers Limited, Chivalrous Cavalry Limited, Chivalrous Knights Limited, Cousin Tea Limited, Uncle Tea Limited, Nephew Tea Limited, Spring Equinox Drinks Limited, Winter Solstice Drinks Limited and Summer Solstice Drinks Limited are parties acting in concert with each other pursuant to the Acting-in-Concert Arrangement.

(4) Please refer to the details contained in the preceding section.

(5) Please refer to the details contained in the preceding section.

(6) Please refer to the details contained in the preceding section.

(7) Shares in which Ms. Pan is interested consist of (i) 60,077,600 Shares held by Spring Equinox Drinks Limited, in which Ms. Pan is deemed to be interested under the SFO; and (ii) an aggregate of 1,670,620,072 Shares in which Ms. Pan is deemed to be interested as a result of being a party acting in concert pursuant to the Acting-in-Concert Arrangement.

Spring Equinox Drinks Limited is owned by (i) Summer Solstice Drinks Limited, which is in turn wholly-owned by a trust established by Ms. Pan as the settlor with her family members being the beneficiaries ("**Ms. Pan's Trust**"), as to 99.0%; and (ii) Winter Solstice Drinks Limited, which is wholly owned by Ms. Pan, as to 1.0%. Under the SFO, each of Ms. Pan, Spring Equinox Drinks Limited, Summer Solstice Drinks Limited and Winter Solstice Drinks Limited is deemed to be interested in the aggregate of 1,730,697,672 Shares held by the parties to the Acting-in-Concert Arrangement.

(8) Trident Trust Company (HK) Limited is the trustee of Mr. Wang's Trust, Mr. Qi's Trust, Mr. Ruan's Trust and Ms. Pan's Trust. Therefore, under the SFO, Trident Trust Company (HK) Limited is deemed to be interested in the aggregate of 1,730,697,672 Shares.

(9) Beijing Meiming Enterprise Management Consulting Partnership (Limited Partnership) (北京美茗企業管理諮詢合夥企業（有限合夥）) ("**Meiming**"), directly holds 94,493,060 Shares, and Beijing Meiyan Enterprise Management Consulting Partnership (Limited Partnership) (北京美岩企業管理諮詢合夥企業（有限合夥）) ("**Meiyan**"), directly holds 79,419,980 Shares. Ningbo Meishan Bonded Port Area Meixing Private Fund Management Co., Ltd. (寧波梅山保稅港區美興私募基金管理有限公司) ("**Ningbo Meixing**") is the general partner of Meiming, and Shenzhen Meizhu Enterprise Management Co., Ltd. (深圳市美珠企業管理有限責任公司) ("**Shenzhen Meizhu**") is the general partner of Meiyan. Shenzhen Meizhu is wholly-owned by Ningbo Meixing, which is in turn controlled by Mr. Yonghua Zhu. Under the SFO, each of Ningbo Meixing and Mr. Yonghua Zhu is deemed to be interested in the aggregate of 173,913,040 Shares held by Meiming and Meiyan.

Further, Long-Z Fund I, LP ("**Long-Z**") directly holds 6,269,600 Shares. The general partner of Long-Z, Long-Z GP I Limited, is held as to 55% by Mr. Yonghua Zhu. Therefore, under the SFO, Mr. Yonghua Zhu is deemed to be interested in the 6,269,600 Shares held by Long-Z.

Saved as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, no other person (not being a Director or chief executive of the Company) had or was deemed to have any interest or short position in any Shares or underlying shares of the Company which was required to be notified under Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Interests and Short Positions of the Directors and the Chief Executive of the Company in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above and "Post-IPO Share Scheme" below, no arrangements to which the Company or any of its subsidiaries is or was a party enabling the Directors and the chief executive of the Company to acquire benefits by means of acquisitions of shares or debentures of the Company or any other body corporate subsisted at any time during and as at the end of the Reporting Period.

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

As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As at the date of this report, no treasury shares (as defined under the Listing Rules) were held by the Company.

POST-IPO SHARE SCHEME

The Post-IPO Share Scheme was approved by way of shareholders' resolution dated January 27, 2025, with effect from the Listing Date. The following is a summary of the principal terms of the Post-IPO Share Scheme.

(a) Purpose

The purpose of the Post-IPO Share Scheme is to provide selected participants with the opportunity to acquire shareholding interests in the Company so as to align the interests of the selected participants with those of our Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Types of awards

An award under the Post-IPO Share Scheme may take the form of (i) a share award which vests in the form of the right to subscribe for and/or be issued such number of Shares; or (ii) a share option which vests in the form of the right to subscribe for such number of Shares during an exercise period at an exercise price (collectively, the "**Award(s)**").

(c) Duration

The Post-IPO Share Scheme shall be valid and effective for the period of 10 years commencing on the Listing Date and ending on the 10th anniversary of the Listing Date (after which, no further options shall be offered or granted under the Post-IPO Share Scheme), and thereafter for so long as there are any unvested Awards granted prior to the expiration of the aforementioned period, in order to give effect to the vesting of such Awards or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Scheme. As at the date of this report, the remaining life of the Post-IPO Share Scheme is approximately ten years.

(d) Selected participants

Any individual, who is:

(a) an employee (whether full-time or part-time), director or officer of any member of the Group, provided that a person shall not cease to be an employee in the case of (a) any leave of absence approved by the relevant member of the Group; or (b) any transfer of employment amongst members of the Group or any successor, and provided further that a person shall, for the avoidance of doubt, cease to be an employee with effect from (and including) the date of termination of his/her employment;

(b) an employee (whether full-time or part-time), director or officer of (i) a company of which the Company is a subsidiary ("**Holding Company**"); (ii) subsidiaries of the Holding Company other than members of the Group; or (iii) any company which is an associate of the Company;

(c) a person providing services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board and/or any committee of the Board or other persons to whom the Board has delegated its authority pursuant to the criteria set out in the Post-IPO Share Scheme ("**Service Provider Participants**"),

as determined by the Board or its delegate(s) from time to time to be entitled to participate in the Post-IPO Share Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of options pursuant to the Post-IPO Share Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options. For the avoidance of doubt, placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity may not participate in the Post-IPO Share Scheme.

(e) Maximum number of shares

Subject to certain refreshment provisions as set out in the Post-IPO Share Scheme, the total number of Shares which may be issued upon exercise of all Awards to be granted under the Post-IPO Share Scheme together with the number of Shares which may be issued under any other share schemes of the Company is 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Scheme Mandate Limit**"), being 235,631,666 Shares after taking into account the full exercise of the Offer Size Adjustment Option, which represent approximately 9.91% of the total number of issued Shares of the Company as at the date of this report. Shares which would have been issued pursuant to Awards which have lapsed in accordance with the terms of the rules of the Post-IPO Share Scheme (or any other share schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit. The total number of Shares which may be issued pursuant to Awards granted to Service Provider Participants under the Post-IPO Share Scheme is 1% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Service Provider Sublimit**"), being 23,563,166 Shares after taking into account the full exercise of the Offer Size Adjustment Option.

(f) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any twelve-month period shall not exceed 1% of the total number of Shares in issue (excluding treasury shares) (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the twelve months period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and their associates abstaining from voting). For any options to be granted in such circumstances, the date of the Board meeting for proposing such further grant shall be the date of grant of such options for the purpose of calculating the exercise price of the options.

(g) Performance targets

The Post-IPO Share Scheme does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any Award, such performance conditions that must be satisfied before the Award shall be vested.

(h) Options granted to directors or substantial shareholders of the Company

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the Remuneration Committee (excluding any member who is a proposed recipient of the grant of the Award) and the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options). In addition,

(a) where any grant of share awards (but not any grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Post-IPO Share Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares) at the date of such grant; or

(b) where any grant of Awards to an independent non-executive director or substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all Awards already granted (excluding any Awards lapsed in accordance with the terms of the Post-IPO Share Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of Shares in issue (excluding treasury shares) at the date of such grant,

such further grant of Awards must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules.

(i) Award letter and notification of grant of options

An offer shall be made to selected participants by a letter which specifies the terms on which the Award is to be granted. Such terms may include the number of Shares in respect of which the Award relates, the issue price or Exercise Price (as applicable and as further defined below), the vesting criteria and conditions, the vesting date, any minimum performance targets that must be achieved, and may include at the discretion of the Board or its delegate(s) such other terms either on a case-by-case basis or generally.

Unless otherwise specified in the award letter, a grantee shall have 20 business days from the date of grant to accept the Award. A grantee may accept an Award by giving written notice of their acceptance to our Company, the Board or the committee of the Board or person(s) to which the Board has delegated its authority (as applicable), together with remittance in favour of the Company of any consideration payable upon grant of the Award. Any Award may be accepted in whole or in part provided that it must be accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that an Award is not accepted within the time and in the manner indicated above, it shall be deemed to have been irrevocably declined and shall automatically lapse.

(j) Time of exercise of an option

A share option may, subject to the terms and conditions upon which such share option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board or the committee of the Board or person(s) to which the Board has delegated its authority (as applicable) may from time to time determine stating that the share option is thereby exercised and the number of Shares in respect of which it is exercised.

The exercise period for a share option shall be determined and notified to the grantee in the award letter and in any event be no longer than 10 years from the date of grant. A share option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the tenth anniversary from the date of grant.

(k) Vesting of Awards

The Board or person(s) to which the Board has delegated its authority may from time to time while the Post-IPO Share Scheme is in force and subject to all applicable laws, determine such vesting period, vesting criteria and conditions or periods for the share award or option to be vested hereunder, provided however that the vesting period for any share awards or options shall not be less than 12 months, except that any share awards or options granted to an employee may be subject to a shorter vesting period, including where:

(a) grants of “make whole” share awards or options to new employees to replace awards or options such employees forfeited when leaving their previous employers;

(b) grants to an employee whose employment is terminated due to death or disability or occurrence of any out of control event;

(c) grants of share awards or options which are subject to the fulfilment of performance targets as determined in the conditions of his/her grant;

(d) grants of share awards or options that are made in batches during a year for administrative and/or compliance requirements, in which case the vesting date may be adjusted to take account of the time from which the share awards or options would have been granted if not for such administrative or compliance requirements;

(e) grants of share awards or options with a mixed or accelerated vesting schedule such that the share awards or options vest evenly over a period of 12 months; or

(f) grants of share awards or options with a total vesting and holding period of more than 12 months.

(l) Basis for determining the exercise price and issue price

For Awards which take the form of share options, the amount payable for each Share to be subscribed for (the "**Exercise Price**") in the event of the share option being exercised shall be determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority (as applicable) but shall in any event be no less than the higher of:

(i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

The issue price for Awards which take the form of share awards shall be such price determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority (as applicable) and notified to the grantee in the award letter. For the avoidance of doubt, the issue price may be determined to be at nil consideration.

For further details of other terms of the Post-IPO Share Scheme, please refer to the section headed "Statutory and General Information – Post-IPO Share Scheme" in Appendix IV to the Prospectus.

Since the Listing Date and up to the date of this report, no Awards had been granted, agreed to be granted, exercised/vested (as the case may be), cancelled or lapsed pursuant to the Post-IPO Share Scheme and therefore the total number of Shares available for grant under the Scheme Mandate Limit and Service Provider Sublimit of the Post-IPO Share Scheme were 235,631,666 Shares and 23,563,166 Shares respectively.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to various environmental protection laws and regulations, including the Environmental Protection Law and Laws on Environment Impact Assessment. We have identified key subject areas which we consider material and may have an impact on our business, strategy or financial performance. For details of the Group's environmental policies and performance, please refer to the 2024 ESG Report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on February 12, 2025. The net proceeds received from the Global Offering (taking into account the partial exercise of the over-allotment option and after deduction of the underwriting fees and commissions and other estimated offering expenses payable by the Company in connection with the Global Offering) were approximately HK$1,930 million.

There is no change to the intended use of the net proceeds and the expected implementation timetable as previously disclosed in the Prospectus. From the Listing Date to the Latest Practicable Date, the Group has not used any part of the net proceeds and will use the net proceeds in accordance with the intended purposes and expected implementation timetable as stated in the Prospectus.

In relation to the use of net proceeds from the Global Offering and the expected implementation timetable, please refer to the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

As the Group mainly operates in the PRC, the businesses operated by the Group are subject to Chinese laws and regulations relating to the freshly-made tea beverage industry, including but not limited to food hygiene and safety, environmental protection, fire safety and labor. Meanwhile, as a company incorporated in the Cayman Islands and listed on the Stock Exchange, the Company is governed by the Company Law of the Cayman Islands, the Listing Rules and the SFO.

During the Reporting Period, we had not made social insurance and housing provident fund contributions for some of our employees in full in accordance with the relevant PRC laws and regulations. As at the Latest Practicable Date, we had not received any notification from the relevant government authorities requiring us to pay the shortfall in this regard. Following the Listing, we will take rectification steps to ensure compliance with the relevant PRC laws and regulations in all material respects.

To the best of the Directors' knowledge, information and belief, the Group does not have any incidence of material non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business operations or financial results during the Reporting Period.

ANNUAL GENERAL MEETING

The AGM will be held on June 19, 2025. The notice of AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.gumingnc.com) on Tuesday, April 29, 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 16, 2025 to Thursday, June 19, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, June 13, 2025. Shareholders whose names appear on the register of members of the Company on Thursday, June 19, 2025 (the record date) will be entitled to attend and vote at the AGM.

DIVIDENDS

As set out in the Prospectus, in January 2025, the Company passed a Board resolution and Shareholders resolution, declaring a dividend of RMB1.74 billion based on the Company's share premium and retained profits from our subsidiaries as of September 30, 2024 to the existing Shareholders whose names appeared in the register of members of the Company on December 31, 2024 (the "**Dividend**"). As of December 31, 2024, the total amount of our cash and bank balances and financial assets at fair value through profit or loss was RMB3.2 billion. We have not and will not apply any proceeds from the Global Offering for settlement of the Dividend. As at the date of this report, we have paid RMB0.84 billion of the Dividend. We will settle the remaining RMB0.9 billion of the Dividend by March 2026 with the funds received from the dividend declared by our subsidiaries and/or other financial resources.

As further set out in the Prospectus, the Company intends to declare and distribute by December 2025 a special dividend (the "**Special Dividend**") in an amount of no less than RMB2 billion to our Shareholders (including our new Shareholders after the Listing) based on the Company's retained profits from our subsidiaries as of December 31, 2024 and share premium included in capital reserve, upon Special Dividend declaration. The Company will make announcements in due course in respect of the declaration and payment of the foregoing Special Dividend. The Controlling Shareholders have undertaken to vote in favor of the Shareholders' resolution for the declaration and payment of such Special Dividend.

Other than the foregoing Dividend declared in January 2025 and the Special Dividend, no further dividend will be declared in 2025 in respect of the Company's retained profits from the Company and/or our subsidiaries as of December 31, 2024 or under the Group's general dividend policy. For details of the Group's general dividend policy, see the section headed "Financial Information – Dividends" in the Prospectus.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or applicable 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 exemption available to the Shareholders by reason of their holding of the Company's listed securities.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him or her as a Director by reason of any act done, concurred in or omitted in or about the execution of his or her duty or supposed duty in his or her respective offices or trusts, except such (if any) as he or she shall incur or sustain through his or her own fraud or dishonesty.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float as required by the Stock Exchange as at the Latest Practicable Date.

AUDITOR

The financial statements for the year ended December 31, 2024 have been audited by Ernst & Young, which will retire at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company is to be proposed at the forthcoming AGM. Ernst & Young has been the auditor of the Company since the Listing Date.

SHARES ISSUED

Details of the shares issued by the Company during the Reporting Period are set out in Note 32 to the financial statements.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

DONATION

During the Reporting Period, the Group has made external donation amounting to approximately RMB2.2 million.

OTHER INFORMATION

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of Listing Rules.
All references above to other sections, reports or notes in this annual report form part of this report of the Directors.

EVENTS AFTER THE REPORTING PERIOD

In January 2025, the Company declared a Dividend of RMB1.74 billion to its existing Shareholders whose names appeared in the Company's register of members on December 31, 2024. As at the date of this report, RMB0.84 billion of the Dividend was paid, and we will settle the remaining RMB0.9 billion of the Dividend by March 2026.

On February 12, 2025, the Company's Shares were listed on the Main Board of the Stock Exchange, where 182,403,600 Shares (taking into account the full exercise of the offer size adjustment option but before any exercise of the over-allotment option) were issued and subscribed for at an offer price of HK$9.94 per Share by way of initial public offering to Hong Kong and overseas investors. Net proceeds from these issues amounted to approximately HK$1,721 million.

On March 12, 2025, pursuant to the partial exercise of the over-allotment option by the overall coordinators (on behalf of the international underwriters) of the Global Offering, the Company issued and allotted an aggregate of additional 21,869,200 Shares at the offer price of HK$9.94 per Share. The additional net proceeds from the partial exercise of over-allotment option amounted to approximately HK$209 million.

Saved as disclosed above, no important event affecting the Group has occurred since the end of the Reporting Period and up to the date of this report.

By Order of the Board
Guming Holdings Limited
古茗控股有限公司
Mr. Yun'an Wang
Chairman of the Board

March 28, 2025

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report contained in the Company's annual report for the year ended December 31, 2024.

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximized in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code.

As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2024, the CG Code was not applicable to the Company during the Reporting Period. The Board is of the view that the Company has complied with all code provisions as set out in Part 2 of the CG Code from the Listing Date to the date of this report, except for deviation from the code provision C.2.1 of the CG Code concerning the separation of the roles of chairman and chief executive officer as disclosed in the section headed "Chairman and Chief Executive Officer" below.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code, and in this regard, the Board has performed the following duties during the period from the Listing Date up to the date of this report:

(a) develop and review the Company's policies and practices on corporate governance;

(b) review and monitor the training and continuous professional development of the Directors and senior management of the Company;

(c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; and

(e) review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding the transactions of securities of the Company by its Directors and the relevant employees who would likely possess inside information of the Company.

As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2024, the Model Code was not applicable to the Company during the Reporting Period. However, specific enquiry has been made to all the Directors and all of them have confirmed that they have complied with the Model Code from the Listing Date to the date of this report.

BOARD OF DIRECTORS

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

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

The Directors have agreed to disclose to the Company in a timely manner for any changes of the number and nature of offices held in public companies or organizations and other significant commitments, as well as the identity of such public companies or organizations and an indication of the time involved, as required by the code provision under the CG Code.

Board Composition

Since the Listing Date and at the date of this report, the Board comprises the following Directors:

Executive Directors

Mr. Yun'an Wang *(Founder, Chairman and Chief Executive Officer)*

Mr. Xia Qi *(President)*

Mr. Xiudi Ruan

Ms. Yayu Jin

Mr. Yunjiang Cai

Non-executive Director

Mr. Yaoxin Huang

Independent Non-executive Directors

Mr. Yue Zhuo

Ms. Xiaodong Zheng

Mr. Jianbo Li

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" of this report. Save as disclosed in the respective Director's biography under the section "Directors and Senior Management" of this report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

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

Each of the Directors has confirmed he or she obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange in December 2023 or December 2024, and they have confirmed they understood their obligations as a director of a listed issuer.

General Meetings, Board Meetings and Committee 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 code provision C.5.1 of the CG Code. For regular Board meetings, the Company has put in place arrangements to ensure that all Directors are given an opportunity to include matters in the agenda, and notices of at least 14 days are given to give all Directors an opportunity to attend. For other Board meetings and Board committee meetings, reasonable notice is generally given by the Company.

The agenda and accompanying Board papers are dispatched at least three days before the intended Board meetings or Board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of Board meetings and Board committee meetings are maintained by our company secretary and are open for inspection at any reasonable time on reasonable notice by all Directors. Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of these meeting minutes have been and will be sent to all Directors for their comments and records respectively, within a reasonable time after the Board meeting is held.

There are two types of general meetings: annual general meetings and extraordinary general meetings. A general meeting shall be convened by the board of directors. The AGM shall be convened once a year, and be held within 6 months after the end of the previous accounting year. The Board shall inform each Shareholder of the time, place and the agenda of the meeting not less than 21 days before the AGM, and shall inform each Shareholder the extraordinary general meeting at least 14 days before the meeting.

At Board meetings, the senior management of the Company shall report the information regarding business activities and development of the Company to all Directors on a timely basis. The executive Directors shall also often communicate with the non-executive Directors for their opinions on the Company's business development and operations. If any Director or his/her associate (as defined under the Listing Rules) has related relationships with or interests in in any proposed resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution.

As the Company's Shares had not been listed on the Stock Exchange during the Reporting Period, the attendance record of the Directors at general meetings will be disclosed in accordance with the Listing Rules in subsequent annual reports of the Company.

During the period from the Listing Date and up to the date of this report, the Board held one Board meeting to, among other things, approve, the Company's audited consolidated results for the year ended December 31, 2024, this annual report and the 2024 ESG Report and other matters.

During the period from the Listing Date and up to the date of this report, the attendance records of Board meeting are set out below:

	Number of actual attendance/ Number of required attendance
Name of Directors	**Board Meeting**
Executive Directors	
Mr. Yun'an Wang *(Founder, Chairman and Chief Executive Officer)*	1/1
Mr. Xia Qi *(President)*	1/1
Mr. Xiudi Ruan	1/1
Ms. Yayu Jin	1/1
Mr. Yunjiang Cai	1/1
Non-executive Director	
Mr. Yaoxin Huang	1/1
Independent Non-executive Directors	
Mr. Yue Zhuo	1/1
Ms. Xiaodong Zheng	1/1
Mr. Jianbo Li	1/1

During the period from the Listing Date up to the date of this report, the Chairman had also held one meeting with the independent non-executive Directors without the presence of other Directors.

Responsibilities, Accountabilities and Contributions of the Board and Senior Management

The Board should assume responsibility for overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has also established audit, remuneration and nomination committees, to which they have delegated various responsibilities. These committees operate in accordance with terms of reference established by our Board.

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

The Board reserves for its decision on all major matters relating of the Company, including overall strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company has appointed Mr. Yun'an Wang to serve as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Independent Non-executive Directors

During the period from the Listing Date up to the date of this report, the Board has met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Evaluation

The Company acknowledges that Board independence is critical to good corporate governance. To ensure independent views and input are available to the Board, the Company has put in place effective mechanisms in the Company's corporate governance framework, which include policies and procedures for the appointment of Directors, review of the Board composition and assessment of the independence of independent non-executive Directors. During the period from the Listing Date and up to the date of this report, the Board reviewed the implementation and effectiveness of these mechanisms and the results were satisfactory.

Please see further details on the Board diversity analysis in the section headed "Board Diversity Policy" below.

Appointment and Re-election of Directors

All Directors are appointed for an initial term of three years from the Listing Date, or until the third AGM after the Listing Date, whichever is sooner (subject to retirement and re-election as and when required under the Articles of Association and the Listing Rules). Either party may terminate the agreement by giving not less than three months' written notice.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at each AGM, 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 AGM by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.

The Articles of Association also provides that all Directors appointed to fill a casual vacancy or as an additional Director shall hold office until the first AGM after appointment. Any Director so appointed shall hold office only until the first AGM after his appointment and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an AGM.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's composition, and for making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that they remain informed and relevant for their contribution to the Board. The Company has updated all Directors on any material changes in the Listing Rules and corporate governance practices from time to time.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

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

From the Listing Date and up to the date of this report, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors from the Listing Date and up to the date of this report is summarized as follows:

Directors	Type of training received
Executive Directors	
Mr. Yun'an Wang	A/B
Mr. Xia Qi	A/B
Mr. Xiudi Ruan	A/B
Ms. Yayu Jin	A/B
Mr. Yunjiang Cai	A/B
Non-executive Director	
Mr. Yaoxin Huang	A/B
Independent Non-executive Directors	
Mr. Yue Zhuo	A/B
Ms. Xiaodong Zheng	A/B
Mr. Jianbo Li	A/B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

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

Audit Committee

We have established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Audit Committee consists of three members, including one non-executive Director, namely Mr. Yaoxin Huang, and two independent non-executive Directors, namely Mr. Yue Zhuo and Mr. Jianbo Li. Mr. Yue Zhuo, being the chairperson of the Audit Committee, has appropriate related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The major duties and responsibilities of the Audit Committee are set out clearly in its terms of reference. The primary duties of the Audit Committee include, without limitation, assisting the Board in reviewing the Company's financial information and reporting process, financial controls, risk management and internal control systems, the effectiveness of the internal audit function, scope of audit and appointment of external auditors, reviewing arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company, as well as reviewing and monitoring the Company's ESG policies and practices to ensure compliance with the relevant legal and regulatory requirements, monitor and respond to emerging ESG issues and make recommendations to the Board where appropriate to improve the ESG performance of the Group.

As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2024, no meetings of the Audit Committee were held during the Reporting Period. During the period from the Listing Date and up to the date of this report, the Audit Committee held one meeting to, amongst others:

- review the annual results of the Group for the year ended December 31, 2024; and

- review the Group's financial reporting, operational and compliance controls, risk management and internal control systems, the effectiveness of the Company's internal audit function, the appointment of the external auditor and arrangements to enable employees to raise concerns about possible irregularities.

During the period from the Listing Date and up to the date of this report, the Audit Committee also met once with the independent auditor in the absence of the executive Directors.

The Audit Committee has reviewed the audited financial results of the Group for the year ended December 31, 2024, and has discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

During the period from the Listing Date and up to the date of this report, the attendance records for the Audit Committee meeting are set out below:

Name of Directors	Number of actual attendance/ Number of required attendance Meeting
Mr. Yue Zhuo *(Chairperson)*	1/1
Mr. Jianbo Li	1/1
Mr. Yaoxin Huang	1/1

Remuneration Committee

We have established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code set out in Appendix C1 to the Listing Rules. The Remuneration Committee comprises three members, including one executive Director, namely Mr. Yun'an Wang, and two independent non-executive Directors, namely Mr. Jianbo Li, and Mr. Yue Zhuo. Mr. Jianbo Li is the chairperson of the Remuneration Committee.

The major duties and responsibilities of the Remuneration Committee are set out clearly in its terms of reference. The primary duties of the Remuneration Committee include, without limitation, reviewing and making recommendations to the Board on the structure for the remuneration of Directors and senior management, establishing a formal and transparent procedure for developing policy, to evaluate the performance of Directors and senior management, reviewing and approving the terms of and/or matters relating to incentive schemes (including share schemes under Chapter 17 of the Listing Rules) and directors' service contracts, and recommending the remuneration packages for all Directors and senior management.

As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2024, no meetings of the Remuneration Committee were held during the Reporting Period. During the period from the Listing Date and up to the date of this report, the Remuneration Committee held one meeting to, amongst others, make recommendations to the Board on the emoluments of executive Directors.

During the period from the Listing Date and up to the date of this report, the attendance records for the Remuneration Committee meeting are set out below:

Name of Directors	Number of actual attendance/ Number of required attendance Meeting
Mr. Jianbo Li *(Chairperson)*	1/1
Mr. Yun'an Wang	1/1
Mr. Yue Zhuo	1/1

Pursuant to code provision in Part 2 of the CG Code, details of the remuneration of the current senior management (excluding executive Directors), whose biographical details are included in section headed "Directors and Senior Management" of this report by bands for the Reporting Period is set out below:

Remuneration band (HKD)	Number of employees
Nil to 1,000,000	–
1,000,001 to 1,500,000	–
1,500,001 to 2,000,000	–
2,000,001 to 2,500,000	1
2,500,001 to 3,000,000	1
3,000,001 to 3,500,000	1

Details of the emoluments of the Directors and five highest paid individuals are set out in Notes 8 and 9 to the financial statements.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each Director.

Nomination Committee

We have established a nomination committee with written terms of reference in compliance with Rule 3.27A and the CG Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises three members, including one executive director, namely Mr. Yun'an Wang, and two independent non-executive Directors, namely Ms. Xiaodong Zheng and Mr. Jianbo Li. Mr. Yun'an Wang is the chairperson of the Nomination Committee.

The major duties and responsibilities of the Nomination Committee are set out clearly in its terms of reference. The primary duties of the Nomination Committee include, without limitation, reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the board diversity policy and assessing the independence of Independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

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

As the Company's Shares had not been listed on the Stock Exchange as of December 31, 2024, no meetings of the Nomination Committee were held during the Reporting Period. During the period from the Listing Date and up to the date of this report, the Nomination Committee held one meeting to, amongst others, discuss the independence of independent non-executive Directors, make recommendations to the Board for the re-election of retiring Directors and review the structure, size, and composition and diversity of the Board.

During the period from the Listing Date and up to the date of this report, the attendance records for the Nomination Committee meeting are set out below:

Name of Directors	Number of actual attendance/ Number of required attendance Meeting
Mr. Yun'an Wang *(Chairperson)*	1/1
Ms. Xiaodong Zheng	1/1
Mr. Jianbo Li	1/1

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain, and motivate employees from the widest possible pool of available talent.

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

The Company recognizes the particular importance of gender diversity. The Board currently comprises nine Directors, including two female Directors. The Company has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. The board diversity policy provides that the Board shall take opportunities when selecting and making recommendations on suitable candidates for Board appointments with the aim to maintain the proportion of female members. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engage more resources in training more female staff with the aim of providing a pipeline of female senior management and potential successors to our Board going forward. It is the Company's objective to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices.

The following table sets out the gender ratio in the workforce of the Group, including the Board and the overall workforce (including senior management) as at the date of this report:

	Female	Male
Board	22.2%	77.8%
Overall workforce (including senior management)	46.0%	54.0%

Taking into account our existing business model and specific needs as well as the diversity of the Board's current composition, the Board and the Nomination Committee considered that the current composition of Board is sufficiently diverse and the Board has not set any measurable objectives. The Nomination Committee will from time to time discuss and agree on measurable objectives to ensure diversity, including gender diversity, on the Board and recommend them to the Board for adoption. The Board and the Nomination Committee will continue to review the implementation of the board diversity policy, as appropriate, to ensure its effectiveness.

We embrace an inclusive and open corporate culture, which allows us to continually attract talented individuals with diverse backgrounds and perspectives. We also foster inclusion and equality among employees from all backgrounds, regardless of age, gender, disability, and citizenship status, among others. We have adopted various policies and measures to support employee diversity. For example, we offer maternity and paternity leaves to our employees and have dedicated nursing rooms within our office building, and substantially all of our job postings are gender-blind. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment. The Board considers that the Group's overall gender ratio in the workforce (including senior management) is satisfactory.

Director Nomination Policy

The Board has adopted a director nomination policy which sets out the approach of the Nomination Committee in making recommendations to the Board on the appointment or re-appointment of Directors and succession planning. The Nomination Committee is committed to ensuring that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The major terms of the policy for the nomination of directors are as follows:

(a) the Nomination Committee shall invite nominations of candidates from the Board prior to calling a committee meeting, and may propose candidates who were not nominated by the Board. The Board shall have the final decision on all matters in relation to its nomination of any candidates to stand for election at a general meeting of the Company. A circular will be sent to Shareholders to provide information of the director candidates, which include the personal information of the director candidate as required by the applicable laws, rules and regulations, inter alia, name, brief biography (including qualifications and relevant experience), independence, proposed remuneration.

(b) A Shareholder may deposit a written notice, which includes, among others, the personal information of the candidate as required by Rule 13.51(2) of the Listing Rules, with one of the company secretaries to propose a candidate for election as the Company's director after the publication of the notice of the general meeting by the Company. Shareholders who wish to make the proposal should lodge the notice as early as practicable before the relevant general meeting. The particulars of such candidate will be sent to Shareholders by a supplementary circular.

Further, the director nomination policy sets out the selection criteria in assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- reputation and integrity;
- professional qualifications and skills;
- accomplishment and experience in the industry of the Company;
- commitment in respect of available time and relevant interest;
- independence of proposed independent non-executive Directors;
- existing directorships of issuers listed on the Main Board or GEM of the Stock Exchange and other significant external time commitments; and
- diversity of the Board in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

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

The Nomination Committee will review the director nomination policy, as appropriate, to ensure its effectiveness.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing the design, implementation and monitoring of the risk management and internal control systems.

In accordance with the requirements of code provision D.2.2 of the CG Code, the Company has established a sound risk management and internal control system to ensure that the Company has sufficient resources, qualified and experienced staffs, training programmes and budget for its internal audit, financial reporting functions as well as those relating to the Company's ESG performance and reporting.

We have adopted and implemented comprehensive risk management policies in various aspects of our business operations as set out below.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial reporting management policies, budget management policies, treasury management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on these procedures. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Internal Control Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal, finance and other departments work closely together to: (a) perform risk assessments and give advice on risk management strategies; (b) improve business process efficiency and monitor internal control effectiveness; and (c) promote risk awareness throughout the Company.

In accordance with our internal procedures, our in-house legal and finance departments review due diligence materials and contracts of suppliers and franchisees, and work with relevant business units to obtain and maintain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

We continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Use of Licensed Software

We adopt stringent policies and rules to prevent unauthorized or other illegal use of third-party software. We require all of our employees to use legally purchased software for business purposes. Any software purchase must go through prescribed procurement processes and the purchased licenses are required to be recorded. We prohibit our employees from, among others, knowingly downloading unlicensed software. We require each department to designate specific persons to be responsible for overseeing the use of licensed software in their department and, in cases where a misuse of copyrighted software causes material impact to the Company's image, the persons directly responsible for the misuse and the designated persons in charge of oversight will both be held responsible.

Disclosure of Information Policy

The Company has adopted a disclosure of information policy which aims to enhance the management of the disclosure of information relating to the Company, regulate information disclosure activities, and safeguard the legitimate interests of the Company, the Shareholders, creditors and other stakeholders. The Chairman of the Board shall be the primary person responsible for information disclosure management and the Board shall be responsible for the matters in respect of information disclosure. The policy is applicable to (i) shareholders who hold 5% or more of the shares of the Company; (ii) Directors and the board of Directors; (iii) senior management; (iv) the company secretaries of the Company; (v) other departments and personnel of the Company responsible for the disclosure of information; (vi) employees of the Company; and (vii) other applicable persons who may come to possess information of the Company. The policy sets out comprehensive guidelines in respect of disclosure of information that have or may have material effect on the trading price of the securities of the Company, as well as information required to be disclosed under the relevant laws and regulations of the jurisdiction where the shares of the Company is listed. This policy provides detailed guidelines on, among other things, the appropriate timing, form and content of information disclosure, internal information disclosure procedures, and management and responsibility of information disclosure.

Whistleblowing Policy and Anti-Corruption Policy

The Company has in place the policy on whistleblowing for employees of the Group and those who deal with the Group (including, but not limited to, customers and suppliers) to voice concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Group.

The Company has also in place anti-corruption, anti-money laundering and anti-bribery policy to safeguard against corruption, money laundering or bribery acts within the Company.

The Company provides training sessions to employees to ensure that employees' awareness of such policy and their compliance with applicable laws and regulations in the course of conducting business. Additionally, the Company has a variety of complaint and reporting channels, such as reporting hotline and e-mail address that are open to both internal employees and the public to report any bribery or corruption acts, and employees can also make anonymous reports to internal audit committee. The legal and internal control teams accept the reports of fraud and bribery and hold special investigations against such incidents. The Company maintains strict confidentiality of all whistleblower information.

Ongoing Measures to Monitor the Implementation of Risk Management Policies

We have established an audit committee to monitor the implementation of our risk management policies across our company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee and senior management on any issues identified. Our internal audit department members hold regular meetings with management to discuss any internal control issues we face and the corresponding measures to implement toward resolving the issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channeled to the committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board, if necessary.

Our Audit Committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

Effectiveness of Risk Management and Internal Control

For the year ended December 31, 2024 and up to the date of this report, the Board was not aware of any material defect in the internal control of the Group. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for once for the year ended December 31, 2024 and up to the Latest Practicable Date, and considered the risk management and internal control systems to be effective and adequate and the Group has established an effective risk management and internal control system, which achieves our objectives of risk management and internal control and is free of material defect and significant defect. The review has been discussed by the Company's management and evaluated by the Audit Committee.

RESPONSIBILITY OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 119 to 123 of this report.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid/payable to the external auditor of the Company, Ernst & Young in respect of audit services and non-audit services for the year ended December 31, 2024 is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit Service	1,750
Non-audit Service	–
TOTAL	1,750

JOINT COMPANY SECRETARIES

Mr. Saibin Wang and Ms. Sham Ying Man are the joint company secretaries of the Company.

Mr. Saibin Wang (王賽斌先生), aged 33, is one of the Company's joint company secretaries. Mr. Saibin Wang has been serving as a senior finance manager of the Company since May 2022. Prior to joining us, Mr. Saibin Wang served as a finance BP (business partner) of Hangzhou Kuaidi Technology Co., Ltd. (杭州快迪科技有限公司) from July 2021 to May 2022, a finance manager of Hangzhou Duiba Internet Technology Co., Ltd. (杭州兑吧網絡科技有限公司) from April 2018 to July 2021 and a joint company secretary of its parent company, Duiba Group Ltd. (HKEX: 1753), from August 2018 to June 2021. Prior to that, Mr. Saibin Wang was a senior auditor of Ernst & Young from October 2014 to April 2018. Mr. Saibin Wang became a certified public accountant of the Chinese Institute of Certified Public Accountants (CICPA) in January 2021. Mr. Saibin Wang received a bachelor's degree in accounting from Zhejiang University of Finance and Economics (浙江財經大學) in June 2014.

Ms. Ying Man Sham (岑影文女士), is one of the Company's joint company secretaries. Ms. Sham is a manager of the Company Secretarial Services of Tricor Services Limited, a member of Vistra group and a global professional services provider specializing in integrated business, corporate and investor services. She has over 25 years of experience in the corporate secretarial field. Ms. Sham currently holds company secretary/joint company secretary positions in other companies listed on the Stock Exchange, including Hilong Holding Limited (HKEX: 1623), Honma Golf Limited (HKEX: 6858), WuXi Biologics (Cayman) Inc. (HKEX: 2269) and BrainAurora Medical Technology Limited (HKEX: 6681). Ms. Sham obtained a bachelor degree in business administration from Lingnan College (now known as Lingnan University). She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively.

The primary contact person at the Company is Mr. Saibin Wang.

The Company was not listed on the Stock Exchange for the year ended December 31, 2024. The joint company secretaries of the Company will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules.

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

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to the Article 64 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also 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 the 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 company 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 two calendar 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 (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.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or the Cayman Islands Companies Law for Shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

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

Contact Details

Shareholders may direct their enquiries as mentioned above to the following:

Address:	5/F, Tower A, Science and Technology Innovation Center, 618 Boxue Road, Xiaoshan District, Hangzhou, Zhejiang Province, China
Email:	ir@gumingnc.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

Amendments to Constitutional Documents

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

Policy on Shareholders' Communication

The Company has in place a policy on shareholders' communication. The policy aims to set out the approach of the Board to providing Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Company.

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

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities or the investing public, including but not limited to the following documents of the Company:

(a) the directors' report, its annual accounts together with a copy of the auditor's report and, where applicable, its summary financial report;

(b) the interim report and, where applicable, its summary interim report;

(c) a notice of meeting;

(d) a listing document;

(e) a circular; and

(f) a proxy form.

Corporate Communication of the Company will be published on the Stock Exchange's website (www.hkexnews.hk) in a timely manner as required by the Listing Rules.

Corporate Communication will be provided to Shareholders and non-registered holders of the Company's securities in both English and Chinese versions or where permitted, in a single language, in a timely manner as required by the Listing Rules.

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

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

(c) Corporate Website

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

(d) Shareholders' Meetings

The AGM and other general meetings of the Company are primary forum for communication between the Company and its Shareholders.

The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s).

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings.

Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of Board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders' questions (if any).

(e) Shareholders' Enquiries

Enquiries about shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's email address: ir@gumingnc.com, or to the Company's Hong Kong share registrar, Tricor Investor Services Limited, in the following manner:

Attention:	Company Secretary of Guming Holdings Limited c/o Tricor Services Limited
In person counter/Post:	Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Subject:	Enquiry from shareholder of Guming Holdings Limited

Enquiries about other matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send written enquiries to the Company, for the attention of the Board by mail to 5/F, Tower A, Science and Technology Innovation Center, 618 Boxue Road, Xiaoshan District, Hangzhou, Zhejiang Province, China.

Pursuant to Rule 2.07A of the Listing Rules and the Articles of Association, the Company will disseminate corporate communications of the Company to its Shareholders electronically and only send corporate communications in printed form to the Shareholders upon request. Please refer to the Company's announcement dated April 7, 2025 for details.

The Company's management regularly reviewed the implementation and effectiveness of these shareholder communication channels and confirmed their effectiveness during the period from the Listing Date and up to the date of this report.

Dividend Policy

We have adopted a general dividend policy in relation to the declaration, payment or distribution of its profits as dividends to the Shareholders, which took effect upon the Listing. According to the general dividend policy, the Company targets to declare and distribute dividend on an annual basis in an amount no less than 50% of our net profit generated in the relevant fiscal year after the Listing after deducting any significant capital expenditures or as otherwise authorized by the Board. The decision on whether to declare dividends and the exact amount of any such distributions in any year will be based upon the Company's operations and earnings, cash flow, financial condition, general business conditions and strategies, capital requirements, future business prospects, statutory and contractual restrictions applying to the payment of dividends and other factors that the Board may consider relevant, and subject to adjustment and determination by the Board and compliance with the requirements under applicable laws and regulations.

For the avoidance of doubt, the foregoing general dividend policy only applies to net profit generated in any fiscal year after the Listing, i.e. for the year ending December 31, 2025 onwards.

The payment of dividends is subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association. Pursuant to Article 154 of the Articles of Association, the Company in general meeting may declare dividends in any currency to be paid to the Shareholders but no dividends shall be declared in excess of the amount recommended by the Board.

The Company will review the dividend policy periodically to ensure it remains consistent with the Company's objectives and market practices, and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

Environmental, Social and Governance Report

ABOUT THE REPORT

Report Overview

This is the first ESG report of the Company (the "**2024 ESG Report**"). We hope the 2024 ESG Report can convey our concepts and management practices in ESG and promote understanding and communication among the stakeholders of the Group.

Reporting Scope

Unless otherwise specified, the 2024 ESG Report covers the information and data of the Group from January 1, 2024 to December 31, 2024 (the "**Reporting Period**").

Reporting Principles

The 2024 ESG Report is issued pursuant to Appendix C2 *Environmental, Social and Governance Reporting Guideline* (the "**ESG Reporting Guideline**") as set out in the Listing Rules. The 2024 ESG Report is in compliance with the "comply or explain" provisions set out in the ESG Reporting Guideline and is prepared following the reporting principles of materiality, quantitative, balance, and consistency in a bid to fully reflect the Group's ESG management and performance during the year under review.

"Materiality": The 2024 ESG Report has been prepared to identify key stakeholders and their concerns about ESG issues and to make targeted disclosures based on the relative materiality of their concerns. We followed the ESG Reporting Guideline in conducting materiality assessments, which include: i) identifying relevant ESG issues, ii) assessing the materiality of the issues, and iii) reviewing and validating of the assessment process and results by the Board. We report on ESG issues based on the materiality assessment results. Details of the materiality assessment process are described in the "Stakeholder Engagement" and "Materiality Assessment" sections below.

"Quantitative": The 2024 ESG Report presents key performance indicators ("**KPIs**") in respect of ESG in quantitative terms. The measurement criteria, methodology, assumptions, and/or calculation tools for KPIs, as well as the sources of the conversion factors used, have been described where appropriate.

"Balance": The 2024 ESG Report objectively discloses both positive and negative information to present the Group's ESG performance during the Reporting Period in an unbiased way.

"Consistency": Unless otherwise indicated, the statistical methods used in the 2024 ESG Report are consistent.

Board Statement

The Board recognizes the critical importance of ESG in meeting the changing expectations of stakeholders while enhancing the value and performance of the Group. Hence, the Board, in tandem with the management, is committed to environmental protection and assumes the overall responsibility for assessing and identifying risks associated with the Group's ESG matters. Additionally, we take it upon ourselves to popularize the culture of environmental protection and social sustainability among the Group's employees, safeguarding the long-term development of the Group.

The Board, as the highest ESG supervising and decision-making body, oversees and manages ESG-related matters. The Audit Committee under the Board is responsible for ESG related matters and promotes the ESG practices of various functional departments, facilitating the implementation of ESG initiatives.

The Board reviewed and approved the 2024 ESG Report on March 28, 2025.

Awards and Certifications

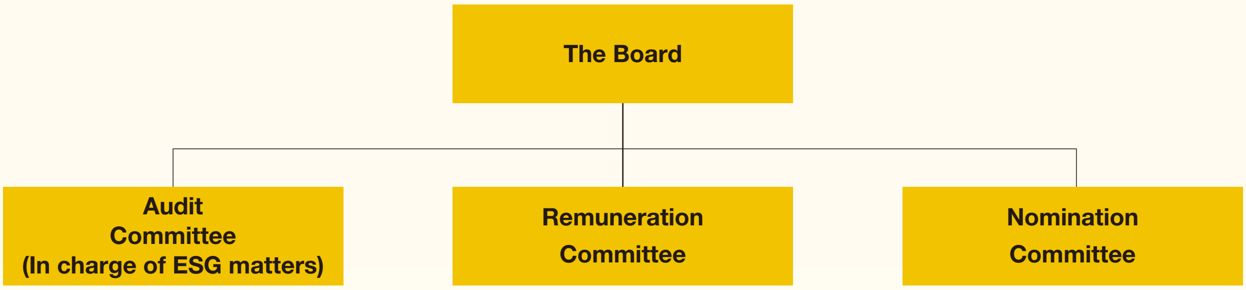
2024 Awards Summary

Awards	Issuing Authority
Annual Innovation Vitality Award	CNR News
2024 Outstanding Brand Award	2024 New Tea Beverage Supply Chain, Production and Marketing Docking Conference and Investment Exchange Meeting
Red Eagle Award	Hongcan
Top 10 Influential Enterprises in the Innovation Ranking of Food and Beverage Industry in 2024	Daily Economic News
Hurun China Catering Brands Top 100 in 2024	Hu Run
Top 10 in the Innovation Ranking of Food and Beverage Industry in 2024	National Business Daily
Model Power of Beverages in 2024	Kamen
Top Brand List of Chinese Catering Innovation	Catering Boss Insider
2024 Pioneer List of the Consumer Industry – Annual Influential Enterprise	China.com.cn
2024 Innovation in Food Safety Management – Excellent Case	China Food Safety Newspaper

ESG MANAGEMENT

The ESG Structure

The Group attaches great importance to ESG governance. By establishing an ESG governance framework and a normalized mechanism for ESG management and responsibility fulfillment, the Group continuously enhances its own ESG governance capabilities.



To effectively manage ESG and climate-related issues, we have established an Audit Committee under the Board, which will be fully responsible for our ESG strategy and reporting. The Board will directly participate in formulating our overall ESG governance management policies, strategies, priorities, and objectives, review our ESG policies annually to ensure their effectiveness, and cultivate a culture that is consistent with our core ESG values.

The members of the committee shall be appointed by the Board from time to time, including at least three non-executive director members, and the majority of the members shall be independent non-executive directors. The following are the main responsibilities of our Audit Committee regarding ESG:

- Develop and review the Company's ESG vision, strategy, framework, principles, and policies, make relevant recommendations to the Board, and implement the ESG policies formulated by the Board;
- Review and monitor the Company's ESG policies and practices to ensure compliance with legal and regulatory requirements;
- Seek initiatives to promote the Company's ESG, and set corporate goals, targets, key performance indicators, and measures to determine performance against prioritized ESG areas;
- Develop, review, and monitor the code of conduct and compliance manual applicable to directors and employees regarding ESG matters;
- Review the Company's compliance with Appendix C2 *Environmental, Social and Governance Reporting Code* as set out in the Listing Rules;
- Review the Group's Annual Report or special reports on environmental protection, social responsibility, and corporate governance;

- Monitor and respond to emerging ESG issues, and make recommendations to the Board when appropriate to further improve the Company's ESG performance;

- Support external ESG-related programs (including local and overseas) when appropriate to assist in promoting ESG;

- Take any actions that enable the committee to perform the powers and functions entrusted to it by the Board regarding health, safety, environment, social responsibility, and corporate governance;

- Develop and review the Company's policies and practices regarding corporate governance, and make recommendations to the Board; and

- Examine and monitor the training and continuous professional development of the Company's directors and senior management.

Stakeholder Engagement

The Group pays full attention to the concerns and expectations of various stakeholders, continually improves its communication mechanisms and channels, and responds to all stakeholders' concerns and expectations through proactive communication.

The stakeholder groups and their typical engagement channels are shown below:

Key Stakeholder	Engagement Channels	Frequency
Shareholders and Investors	• Senior management meetings	Regular
	• Corporate announcements	Irregular
	• Annual reports, interim reports and announcements	Regular
	• Investor meetings	Irregular
	• Annual general meetings and other general meetings of shareholders	Irregular
	• Official website	Normalization
Government and Regulatory Authorities	• Routine supervision	Irregular
	• Supervisory inspections	Irregular
	• Work meetings	Irregular
	• Compliance Reports	Irregular
	• Community activity participation	Irregular

Key Stakeholder	Engagement Channels	Frequency
Employees	• Employee opinion surveys	Irregular
	• Internal communication channels	Irregular
	• Work performance appraisals	Twice a year
	• Face-to-face meetings	Irregular
	• Training courses	Irregular
	• Staff activities	Once every quarter
	• Seminars/workshops/lectures	Irregular
	• Publications (such as employee newsletters)	Once a week
Customers/Franchisees	• Customer service center	Irregular
	• Customer satisfaction surveys and opinion forms	Irregular
	• Improved customer complaint handling mechanism	Irregular
	• Online service platform	Normalization
	• Hotline	Normalization
	• Group web pages and emails	Normalization
Suppliers/Business Partners	• Meeting	Regular
	• Supplier/contractor evaluation system	Irregular
	• On-site inspections	Irregular
	• Exploratory visits	Irregular
	• Strategic cooperation projects	Irregular
Universities and Research Institutions	• Scientific research base meeting	Irregular
	• Exchange activities	Irregular
	• Summit activities participation	More than twice a year
	• Industry seminars	Irregular
	• Lectures	Irregular
Community and Non-governmental Organizations	• Public welfare activities	Irregular
	• Donations	Irregular
	• Volunteer activities/environmental protection activities	Irregular
Media	• News release	Irregular
	• Senior management visits	Irregular
	• Internal communication	Irregular

Materiality Assessment

We regularly communicate with our stakeholders to identify potential material sustainability issues related to ESG which may affect the Group. We have further categorized these issues into different categories following the ESG Reporting Guideline and collected relevant information to evaluate the impact of these ESG topics on the Group. After our analysis, we identified and prioritised 23 ESG-related topics.

Importance Level	Order	Issues	Category
High	1	Food safety	Social
	2	Consumer rights protection	Social
	3	Occupational health and safety	Social
	4	Employee remuneration and welfare	Social
Medium	5	Corporate governance	Governance
	6	Dining environment	Social
	7	Compliance employment	Governance
	8	Anti-corruption	Governance
	9	Risk control	Governance
	10	Waste management	Environmental
	11	Intellectual property rights protection	Social
	12	Occupational training and development	Social
	13	Use of packaging materials	Environmental
	14	Supply chain ESG management	Social
	15	Employee care and communication	Social
	16	Reasonable marketing and publicity	Social
	17	Use of energy	Environmental
	18	Use of water resources	Environmental
	19	Product diversification, nutrition and health	Social
Low	20	Emissions management	Environmental
	21	Community charity and investment	Social
	22	Response to climate change	Environmental
	23	Environment and natural resources	Social

Based on the above analysis, the Group will continuously improve its ESG performance to meet the diverse expectations of stakeholders and provide feedback to stakeholders and implement mitigation actions to address the risks faced by the Group.

OUR ENVIRONMENT

Aspect A1: Emissions

Environment Management

The Group demonstrates unwavering commitment to environmental stewardship. We maintain strict compliance with applicable environmental regulations, standards, and institutional requirements. Through the establishment of rigorous internal governance frameworks, include the *Self-Monitoring Management Procedures for Pollution Sources* and *Environmental Monitoring System*, we have implemented comprehensive measures for environmental protection and pollutant control. Concurrently, we actively promote energy efficiency initiatives to systematically reduce emissions of pollutants and greenhouse gas ("**GHG**") across production, operations, and infrastructure development.

Our compliance framework encompasses current national and local environmental regulations, including but not limited to:

- *Environmental Protection Law of the People's Republic of China*
- *Water Pollution Prevention and Control Law of the People's Republic of China*
- *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*
- *Law of the People's Republic of China on Prevention and Control of Soil Contamination*
- *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*
- *Law of the People's Republic of China on Environmental Impact Assessment*
- *Measures of Zhejiang Province for the Administration of Environmental Protection of Construction Projects*

Our commitment to environmental stewardship is further demonstrated through our actions as a responsible freshly-made tea beverage company. During the Reporting Period, the Group recorded zero external environmental incidents or major non-compliance cases.

As our business has been undergoing rapid expansion and may continue such growth going forward, we expect to revisit our reduction targets after our business development becomes more stabilized and potentially adjust them based on our actual business conditions at the time. The following table sets forth our quantitative reduction targets based on information currently available to us.

	Unit	Reduction Targets by 2025
Intensity of electricity consumption	kWh/RMB1 million of revenue	5%
Intensity of water consumption	Tonnes/RMB1 million of revenue	5%
Intensity of CO_2 emission (Scope 1 & Scope 2)	Tonnes/RMB1 million of revenue	5%

Pollutant Emissions

The Group's operational emissions primarily originate from production processes, including encompassing gaseous, liquid, and hazardous solid waste. We adhere strictly to national and local regulations on discharge permits, implementing rigorous self-monitoring and management measures. To ensure compliance, processing facilities have obtained discharge permits and environmental impact assessment approvals as required by applicable laws, and have signed waste disposal contracts with professional agencies, covering both general solid waste and hazardous waste, to ensure their safe and compliant disposal. Through these measures, we have effectively controlled pollutant emissions, mitigating their impact on the atmosphere, soil, and groundwater.

Air Emissions and Wastewater

The exhaust emissions of our Group mainly originate from the operation of our own fleet and the fuel combustion in production facilities. In order to effectively reduce emissions, we have taken the following measures.

- Conduct maintenance on the Group's low-efficiency vehicles to reduce pollutant emissions; and

- Select electric or hybrid vehicles.

In the production process, wastewater, encompassing both industrial and domestic sources, is firstly centralized and treated through our Group's wastewater treatment facilities. We exercise strict control over the entire treatment process to ensure that all indicators of the wastewater treated by our Company meet the limits stipulated in the *Integrated Wastewater Discharge Standard*. This standard, serving as a fundamental guideline for enterprise wastewater discharge, aims to curb pollutant emissions at the source and mitigate potential environmental harm. After initial treatment by the enterprise, the wastewater is safely transported to a third-party professional treatment plant for further advanced purification. It will not be discharged until all indicators comply with the more stringent requirements set forth in the *Pollutant Discharge Standard for Municipal Wastewater Treatment Plants* and in accordance with applicable laws and regulations. In addition, we adhere to the guidance provided in the environmental impact assessment approval, we have established the "Self-Monitoring Plan" and consistently carry out quarterly and annual monitoring in accordance with this plan.

Waste

The primary sources of hazardous waste generated by our Group stem from solid discards such as discarded lining packaging materials and used raw material drums within the production process. Non-hazardous waste, on the other hand, encompasses household waste and other general waste produced during our business operations. We adhere strictly to separate storage protocols for hazardous waste. For the recyclable portions, we entrust them to professional third-party recycling companies for comprehensive utilization, while the remaining waste is consigned to specialized third-party firms for regular and compliant disposal.

GHG Emission

During the Reporting Period, the Group's direct GHG emissions primarily originated from consumption of fuel in production processes and fuel usage by Group's vehicles. Indirect GHG emissions are derived from purchased electricity consumption for production processes and office operations.

We are committed to reducing GHG emissions through energy conservation and emission reduction strategies in production processes while promoting green office initiatives to minimize emissions from daily office activities.

- Reduce the number of electric lights in areas where the brightness exceeds the required level;
- Maximize natural daylight utilization and ensure lights are turned off promptly when offices are unoccupied; and
- Set the minimum air conditioning temperature to 25.5°C.

Aspect A2: Use of Resources

The Group is committed to building a resource-saving and environmentally friendly enterprise. We strictly comply with laws and regulations, such as the *Energy Conservation Law of the People's Republic of China* and the *Water-Saving Regulations*, implementing energy conservation and resource efficiency measures throughout our production and operational processes. We are dedicated to improving energy utilization efficiency, promoting resource conservation, and achieving low-carbon production and operations.

Energy Use

The Group's energy consumption is primarily from purchased electricity, the consumption of fuel energy in the production process, and the electricity consumption of offices and stores.

We are committed to conserving energy and reducing our carbon footprint. Through improving operating efficiency, we will reduce the use of energy and other natural resources in order to enhance our environmental performance and reduce the negative impact of our operations in relation to climate change. We continuously look for effective ways to reduce energy use and thus our carbon footprint. Our connected appliances, such as our proprietary tea brewer, allow for significant electricity savings. Before we introduced the tea brewers, our stores had to maintain the temperature of boiled water with induction cookers. Our proprietary tea brewers are more effective at heat insulation and thus require less electricity to maintain the temperature of boiled water. We estimate that our tea brewers are able to save over 10 million kWh of electricity every year. In addition, our warehouses and office buildings are equipped with intelligent electricity saving systems. Through our transportation management system which optimizes our freight vehicles' delivery routes, we reduce the total travel distance of our freight vehicles, thereby reducing our energy consumption.

The Group has vigorously promoted photovoltaic ("**PV**") power generation projects by fully utilizing the rooftop spaces of its factory premises to install PV facilities, resulting in a notable reduction in externally purchased electricity. Specifically, the PV projects in East China cover an area of approximately 25,000 square meters and helped save 1,329.78 MWh of electricity from the State Grid in 2024.

Additionally, the Group promotes green office practices by implementing energy-efficient appliances and fostering energy-saving awareness and behaviors. For example, lighting in work areas is switched off during non-business hours to minimize unnecessary energy waste and optimize energy consumption.

Use of Water

The Group advocates efficient utilization of water resources, with our water consumption primarily originating from manufacturing plants, warehouses, and office areas.

During production processes, we proactively implement water-saving measures such as infrared sensor-activated faucets. Water conservation awareness is also promoted in daily office operations through the placement of water-saving labels in restrooms to minimize unnecessary water usage.

Use of Other Resources

The Group are subject to relevant environmental laws and regulations. We switch to cleaner energy and more energy efficient operating equipment, and further reduce emissions of wastewater and solid pollutants, which may increase our operating costs. We comply with national regulations to reduce plastic pollution and promote circular economy. We continuously work on alternative packaging solutions and spread food waste prevention message to minimize waste. We have gradually adopted the use of environmentally friendly materials for our cups, straws and product stickers. We have also used packaging bags made with low-density polyethylene, a reusable material with good insulation properties, and made with paper and polylactic acid materials, which are biodegradable materials, for our delivery orders. We provide franchisees with cups, straws, bags, knives, forks, and spoons made from eco-friendly materials such as low-density polyethylene (LDPE) and polylactic acid (PLA). During the Reporting Period, the usage of our environmentally friendly materials is as follows:

Category	Unit	2024	2023
Straws	Tonnes	**2,937.85**	2,833.21
Paper Packing Bags	Tonnes	**1,311.11**	520.45
PLA Packing Bags	Tonnes	**103.42**	188.95
Pulp Trays	Tonnes	**1,484.41**	997.65

Additionally, we adopt online and paperless training methods for franchisees. In 2024, our digital training programs, including newly launched beverage preparation video tutorials achieved approximately 110,256,060 views. These initiatives align with our broader sustainability goals, reducing environmental footprints through material innovation and operational efficiency.

Aspect A3: The Environmental and Natural Resources

The Group strives to minimize the environmental and natural resource impacts of our business operations, advocating for sustainable development. This commitment extends to prioritizing the environmental conditions of tea origins, with tea garden soil health management criteria formally integrated into our procurement standards.

We enhance employees' environmental protection awareness through education and training, support community and industry initiatives related to environmental conservation and sustainable development and conduct regular assessments and monitoring of business activities affecting health, safety, and environmental matters across historical and current operations.

Aspect A4: Climate Change

Climate change has become a global challenge that we all face together. The Group is deeply aware that the risks caused by climate change will have a significant impact on our business operations.

The Group actively responds to the climate change initiatives of the Paris Agreement and China's "Carbon Peaking and Carbon Neutrality" strategic goals. We identify climate-related risks and opportunities, disclose climate risk management information following the recommendations of the Task Force on Climate-Related Financial Disclosures ("**TCFD**"), and fully consider the impacts of extreme weather, national climate actions, and tightening environmental regulations on our industry. By identifying and analyzing our climate risks and opportunities, we have developed a climate risk inventory and formulated targeted response measures to enhance climate resilience. Currently, the Group has established operational mechanisms and contingency plans to identify, prevent, and mitigate climate-related issues with significant impacts, continuously improving our capacity to address climate change.

Risk Category	Impact on the Group	Mitigation Measures
Physical Risks		
Acute Risk: Extreme Weather Events	– Employee safety risks due to extreme weather. – Damages to the raw materials of the product and effects on the supply of raw materials. – Interference with store operations and logistics.	– Implement preventive measures for employees during typhoons/heavy rainfall (e.g., remote work arrangements). – Monitor weather forecasts and activate safety protocols in advance. – Proactively adjust store operations and logistics based on weather warnings.
Chronic Risks: Rising Global Temperature and Sea Levels	Altered working conditions and reduced production efficiency due to temperature rises.	– Provide more measures for cooling. – Reduce outdoor work hours.

Risk Category	Impact on the Group	Mitigation Measures
Transitional Risk		
Policy & Regulatory Risks: Tightening Climate Policies	Legal penalties and financial burdens from non-compliance with disclosure requirements.	– Track regulatory trends to ensure emissions compliance with updated policies and regulations. – Align corporate strategy with national environmental and carbon neutrality goals. – Set long-term decarbonization targets. – Optimize production processes and pollutant treatment facilities to minimize emissions and energy use.
Technological Risks: Market Shift to Low-Carbon Technologies	Revenue loss if products fail to meet energy efficiency and environmental standards.	– Invest in green energy production. – Expand adoption of energy-saving and low-carbon technologies. – Retrofit equipment to improve energy efficiency.
Market Risks: Rising Demand for Green Products	Loss of competitiveness if unable to provide low-carbon products.	– Analyze market trends to develop green products.
Reputational Risks: Stakeholder Perception of Low-Carbon Transition	Reduced investor/customer engagement and revenue loss due to poor ESG performance.	– Disclose and publicize ESG achievements.

OUR EMPLOYEES

The Group values its employees and is committed to providing a fair and equitable work environment for all employees. In this section, we introduce the various policies and practices adopted by the Group with regard to employment, health and safety, development and training, and labour standards.

Aspect B1: Employment

The Group is aware of the laws and regulations on the protection of the labour force established by the PRC. During the Reporting Period, the Group was committed to complying with its requirements when recruiting employees, which include but are not limited to the following:

– *Labour Law of the People's Republic of China*

– *Employment Promotion Law of the People's Republic of China*

– *Labour Contract Law of the People's Republic of China*

– *Social Security Law of the People's Republic of China*

– *Tentative Provisions on Payment of Wages*

– *Administrative Regulations on the Housing Provident Fund*

– *Law of the People's Republic of China on Mediation and Arbitration of Labour Disputes*

– *Regulation on Work-related Injury Insurance*

The Group recruits employees in the ways that are in compliance with legal requirements, fulfilling terms related to the execution, modification, termination, or dissolution of labour contracts with all employees in all material aspects. Labour contracts are implemented in accordance with national laws and regulations and relevant internal policies. Employment relationships become effective only after mutual agreement and voluntary signing of labour contracts by both parties.

In line with the principle of giving priority to efficiency, the Group encourages employees to complete their own jobs within the 8-hour working day. If, due to an increase in workload, it is indeed necessary to extend the working hours, the Group will, under the condition of ensuring the employees' physical health, arrange for employees to work overtime in accordance with the law. In addition to statutory holidays and regular days off, we provide annual leave, sick leave, maternity leave, marriage leave, and work-related injury leave with national regulations.

Recruitment and Promotion

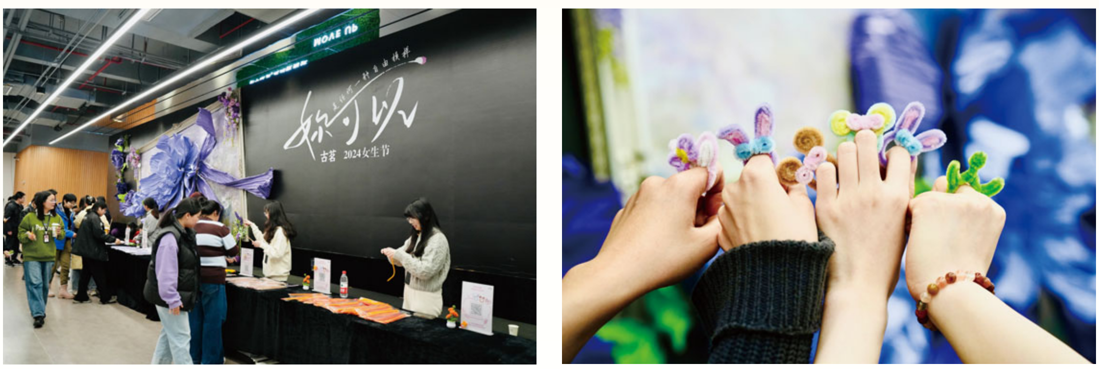
The Group assesses candidates according to the required competence levels for each position and the corresponding hiring criteria determined accordingly, and selects and hires the candidates who meet the position requirements on a merit basis. Under no circumstances will the Group discriminate against employees due to race, gender, skin color, religion, age, ethnicity, or disability. The equal opportunity policy also applies equally in other aspects, such as promotions, job transfers, compensation, training, and termination of labor contracts.

To promote the career growth of employees, we have formulated clear and well-defined career development plans for different career paths and established a standardized comprehensive assessment mechanism. This mechanism comprehensively evaluates employees from multiple dimensions such as professional capabilities, professional ethics, and job performance. After employees pass processes like promotion defense, we will give them promotion opportunities and corresponding salary adjustments. We provide two promotion opportunities each year, aiming to encourage employees to continuously improve themselves and achieve the common development of individuals and the Group.

Benefits and Care

We regard our employees as the most valuable assets of the Group, and their well-being and satisfaction are crucial to our organizational success. In addition to offering annual leave and paid sick leave, we continuously strive to enhance employee benefits, reflecting our commitment to fostering a positive and engaging work environment.

To celebrate the diversity and richness of culture, we organize a variety of festive activities throughout the year tailored to different holidays and seasons. During traditional festivals such as the Spring Festival, Mid-Autumn Festival, and other significant cultural celebrations, we host gatherings, banquets, and cultural exchange events that allow employees to share their traditions, stories, and customs. These activities not only strengthen team cohesion but also promote cultural understanding and respect among employees.



<International Women’s Day>

<Dragon Boat Festival Gift>

<Spring Festival Gift>

< Partner Day>

Guming Year-End Celebration

At our year-end celebration, we systematically review the business data and project milestones achieved throughout the year, utilizing visual presentations to enhance the team's sense of accomplishment. Senior executives deliver speeches to announce new strategies. Through relaxed and entertaining programs, we help employees unwind, balance the work atmosphere, and strengthen team collaboration.

2024 Guming Partner Conference

At the 2024 Guming Partner Conference, the brand adopted the distinct theme of "Endless Growth" and sincerely invited franchisees and employees to join in the grand event. At that time, partners from nearly ten thousand stores traveled from all corners of the country, and representatives from 17 major regions gathered together to attend this annual "Guming Partner Conference". This grand event has undoubtedly become a vital link and communication bridge between Guming and its partners and employees.

Additionally, to actively advance corporate culture development, strengthen employee cohesion, and enhance physical fitness, we organize all-staff team-building activities annually. In 2024, We organize and encourage our partners to spontaneously initiate various forms of "micro-movement" activities to help everyone relieve fatigue and take a short break. By integrating micro-movements into daily life, we aim to establish exercise habits and develop long-term engagement in physical activity. We motivate everyone to step out of the office and engage in vigorous exercise outdoors with their peers. By combining traditional and fun exercise forms, we immerse everyone in the experience, transmit happiness, relieve stress, and let them feel the double joy of exercise and team collaboration. During the sports season events, we explore and showcase the A and B sides of our "outstanding individuals" from a "sports" perspective. This not only demonstrates their unique charm but also showcases the young and diverse corporate image of our Group, enhancing its external appeal and influence.

Aspect B2: Health and Safety

We are subject to relevant health and safety laws and regulations. For details, please refer to the section headed "Regulations – Regulations on Labor Right and Interests – Work Safety" in the Prospectus. During the Reporting Period, we complied with the relevant applicable occupational health and safety laws and regulations in all material respects in the PRC. We strive to provide a safe working environment for our employees and implement work safety guidelines for all of our employees.

During the past three years including the Reporting Period, the Group had a total of 1 work-related fatality and 21 work-related injuries and a total of 2,204 workdays were lost due to occupational accidents. In response to the fatal accident, the Group promptly fulfilled its responsibility by providing compensation to the family of the affected employee.

Occupational health and safety performance	2024	2023	2022
Number of work-related fatalities	0	0	1
Percentage of work-related fatalities	0%	0%	0%
Number of work-related injuries	4	8	9
Number of working days lost due to work injury	413	531	1,260

To enhance workplace safety and prevent future accidents, we have implemented a comprehensive safety education program. This program is designed to foster a culture of safety, elevate employees' safety awareness, and strengthen our Group's safety management framework.

Production Safety

In pursuit of continuously optimizing and enhancing our ESG performance, the Group strictly adheres to relevant laws and regulations such as the *Production Safety Law of the People's Republic of China*, the *Regulations on Safety Training for Production and Business Units*, and the *Regulations on the Administration of Safety Technical Training and Assessment for Special Operations Personnel*. Based on these, we have meticulously established a comprehensive safety management and control system within our Group.

We have also carefully compiled the *Safety Standardized Operation Guidelines* and a series of manuals, which specifically address key operational segments such as subcontracted processing, solid beverage production, and triangular tea bag manufacturing. These manuals provide detailed explanations of standardized operational procedures and core safety prevention points.

Concurrently, we have formulated the *Safety Training and Education Management System*, which selects safety operational procedures tailored to different job types and processes, based on production characteristics and the Group's internal operational division demands, as the primary content for safety education. We are committed to implementing comprehensive safety education for all employees, stipulating that the Group must conduct safety training for safety management personnel at all levels at least once a year, with a cumulative training time of no less than 8 hours. For special operations personnel, we organize training and assessments strictly according to the requirements of the *Regulations on the Administration of Safety Technical Training and Assessment for Special Operations Personnel*, ensuring that they obtain special operation certificates before taking their posts.

Safety of Store Operations

We have posted various warning stickers in prominent locations within the store's operation area for employees working at the store. These stickers serve as reminders to operation staff, helping them avoid injuries caused by incorrect operations.

We conduct regular inspections of the posted stickers. Any damaged or illegible stickers are replaced in a timely manner. Additionally, during the onboarding process for new employees, we organize specialized training sessions. These sessions, incorporating the content of the warning stickers, enable new employees to become familiar with key operation points and enhance their safety awareness. As a result, we can effectively mitigate various risks during store operations and ensure the safe and orderly operation of the store.

Occupational Health

The Group is committed to providing a safe and healthy working environment for its employees, strictly adhering to labor laws regarding working hours, workplace conditions, and protective measures. To enhance employees' awareness of safety and emergency management, the Group regularly arranges fire safety training and drills.

< Fire Drill Activities>

Regarding workplace safety for employees, we adhere to internal regulations such as the *Patrol Rules for Office Areas, Safety, Environmental Protection, and Housekeeping Management Procedures*, and *Regulations of the Central Laboratory*. Additionally, we have implemented several measures to ensure employee safety:

- Establish a safety early warning system;
- Inform employees about safety inspections, injury and illness statistics, and other safety-related matters;
- Organize specialized training for employees; establish emergency response measures; and
- Implement safety protection measures for higher-risk tasks.

Aspect B3: Development and Training

The Group is aware that employees are the key to our sustainable growth. We value employee development and training and are committed to building a full-scale and multi-level growth platform for them. This is aimed at enhancing employees' professional skills and competitiveness while providing solid talent support for the long-term and stable development of the Group.

The Group meticulously planned a series of highly customized and theme-specific training programs, aimed at comprehensively enhancing the overall capabilities of employees across all positions.

- **New Employee Onboarding:** In 2024, we successfully conducted 5 offline new employee orientation programs, covering 314 new recruits. It is worth noting that all our newly hired employees are required to undergo a half-day initial onboarding training as a foundation, and the subsequent offline orientation program serves as a supplementary training. These programs not only helped new employees quickly break barriers but also significantly enhanced their communication and collaboration.

- **Skill Enhancement for In-service Employees:** For in-service employees, we launched the "Learning Time with *Good Me*" skill enhancement training series, which has successfully completed 16 sessions to date, continuously fueling their career development.

- **Specialized Empowerment for Special Roles:** For employees in key positions, we implemented more refined training programs. Specifically, we tailored the "*Good Me* Rising Star" leadership development course for frontline managers, aiming to groom future leaders. Additionally, we offered specialized business skills training for employees in operational roles (such as supervisors), ensuring their excellence in their respective fields and driving business forward.

< Employee Training>

Aspect B4: Labour Standard

The Group strictly adheres to relevant conventions of the regulations of the countries and regions where it operates in administering recruitment and employment practices. It rigorously screens the information of incoming employees in strict accordance with the national *Regulations on the Prohibition of Child Labour*, to avoid employing child labour. The Group has clear rest and leave policies, and encourages employees to complete their duties within the standard eight-hour workday based on the principle of efficiency. If an increase in workload necessitates extending working hours, the Group will arrange overtime work for employees in accordance with the law, while ensuring their physical health.

OUR BUSINESS

Aspect B5: Supply Chain Management

The Group places high importance on supply chain management, committed to creating an open, transparent, and fair collaborative environment, continuously optimizing supplier management system to achieve win-win outcomes with supplier partners while safeguarding corporate interests. In accordance with the *Supplier Audit Management Measures, Guming Supplier Performance Evaluation Assessment Form, Supplier Audit Management Measures, Guming Raw Material Acceptance Standards and Specifications*, the Group standardizes and implements compliant procurement practices and supplier management.

Our procurement center is responsible for the selection of our suppliers. As of December 31, 2024, our procurement center consisted of 112 dedicated employees. Senior members of our procurement center generally have worked in our product research and development team before, which enables seamless collaboration between supply chain team and product research and development team, thereby ensuring fresh, high-quality and stable supply from the field to the cup.

Advanced Technologies and Cold Chain Warehousing

Relying on its research and development capabilities centered on food science, the Group employs a variety of advanced technologies to process fruits, ensuring their freshness. By directly operating a network of warehouses, the warehouses support cold chain storage across different temperature ranges, including –20°C to –15°C, 1°C to 5°C, 8°C to 13°C, and 10°C to 15°C, ensuring optimal preservation for a diverse range of fruits.

Purchase Agreements and Quality Control

Our purchase agreements clearly outline product specifications, order procedures, quality requirements (in compliance with national and industry standards, as well as internal standards), and transportation and delivery requirements. Rigorous quality inspections are implemented, stipulating that the remaining shelf life of received products must be at least half of the standard shelf life indicated on the packaging. Products with quality issues will be rejected and returned, and in some cases, the Company reserves the right to recover losses from suppliers.

Cold Chain Logistics Capability

Our cold chain logistics capability is outstanding, utilizing our own fleet of vehicles equipped with professional temperature-controlled equipment for transportation, enabling efficient cold chain distribution from warehouses to stores and ensuring that products remain in a refrigerated environment throughout the transportation process.

- We operate 22 warehouses with a total area of approximately 220,000 square meters, of which over 60 thousand cubic meters are dedicated to cold chain storage, supporting a variety of temperature ranges.
- Approximately 75% of our stores are located within a 150-kilometer radius of our warehouses, enabling efficient distribution.

During the Reporting Period, we had a total of 1,174 suppliers, including 1,152 in China and 22 in Hong Kong, Macao, Taiwan and overseas regions. All suppliers complied with the relevant practices regarding the engagement of suppliers set by the Group.

Aspect B6: Product Responsibility

Product Quality

We are fully aware that safety in production is the cornerstone of the Group's sustainable development and an inescapable responsibility towards every employee, customer, and society. As a brand dedicated to providing high-quality tea beverage experiences, we profoundly understand that safety control in every production stage, from raw material sourcing to finished product manufacturing, is crucial to ensuring the quality, healthfulness, and reassuring nature of our products. We have equipped ourselves with food safety and quality compliance engineers who are responsible for overseeing and auditing food safety and quality compliance. The regulations we adhere to include but are not limited to:

– *Food Safety Law of the People's Republic of China*

– *Anti-Food Waste Law of the People's Republic of China*

– *Product Quality Law of the People's Republic of China*

– *Regulations on the Supervision and Administration of Dairy Product Quality and Safety*

– *Measures for the Administration of Supervision and Inspection of Food Production and Operation*

– *Measures for the Administration of Food Safety Sampling and Inspection*

– *Measures for the Administration of Food Safety Standards*

– *Decision of the State Council on Strengthening Food Safety Work*

– *National Emergency Response Plan for Food Safety Incidents*

At the initial stage of conceptualizing new products within the Group, the procurement center proactively begins to identify suitable suppliers who meet product safety and quality standards. This selection process integrates the expertise of the product development team, procurement center, and quality assurance team, jointly evaluating suppliers' certificates, qualifications, production capabilities, quality control, raw material sources, sales records, reliability, and market evaluations to pinpoint the most suitable partners. Among them, the quality assurance team plays a pivotal role in conducting in-depth assessments based on stringent product safety and quality standards.

We have implemented a rigorous quality control system to ensure consistent product quality and provide quality control training. Furthermore, we have developed a series of detailed internal policies that comprehensively cover key aspects of the logistics process, including receipt verification procedures, defective material handling mechanisms, material management norms, and quality assurance measures for fresh fruits in warehouses. When products are received at the warehouse, we rigorously conduct sample testing to confirm their compliance with our safety standards.

We mandate that store employees check the quality of all raw materials before use and refrain from using any that appear abnormal. We require all defective raw materials to be disposed of and report incidents of defective raw materials associated with customer complaints in accordance with policy. Beyond training, we also require store employees to conduct inspections at the beginning and end of each working day, including taking photos of various store areas and uploading them to our system.

In addition, we offer comprehensive pre-opening and in-operation training programs for our franchisees. These training sessions equip franchisees, trainers, and store staff with the necessary skills and knowledge to operate their businesses effectively. In 2024, we successfully completed training for a cumulative total of 8,133 franchisees, trainers, and store employees.

We have established close partnerships with qualified suppliers, not only scrutinizing their proposed solutions but also leveraging our in-depth understanding of various raw materials to jointly explore innovative solutions, driving continuous improvement in product quality together.

During the Reporting Period, the Group has not issued any product recalls due to safety or health-related issues.

Customer Service

The Group strived to provide extraordinary services to its customers, and sticked to customer experience as our orientation and kept on improving its service quality. We provided considerate services to our customers through responding to customer feedback and reinforcing our interaction, and continued to improve customer experience by combining the usage of information technology, with an aim to increase our customer satisfaction.

Upgrading Store Environment

As our stores are located throughout all city tiers and may be located in towns and townships, our stores' format varies in size and internal set-up, among others, depending on their locations. Our large stores typically feature spacious layouts, tables and seats for dine-in experiences, and display of branded merchandises, whereas the standard stores do not have tables and seats, and are more limited in space yet maintain the warm ambience that our stores share.

Improving Consumer Service Experience

Our stores offer consumers various convenient methods for order placement. Consumers can directly place orders at our store counters, or use our in-house developed mini programs to order pick-ups. We generally encourage our consumers to order through our mini programs, as it is more convenient and efficient for them and facilitates ongoing consumer engagement to retain them as members. Regardless of their order placement channels, our store-level order processing module promptly sends order information to our in-store kitchens for efficient fulfillment. The order processing module is able to track our order fulfillment status. For consumers that placed orders through our mini programs, the module can send notifications once their orders are ready for pick-up. Our store staff follow our specific protocols to provide high quality service when serving our consumers. After we fulfill consumer orders, we also solicit consumer feedback via our mini programs to continually refine our product and service quality.

Customer Complaint Process

For the management system and process of handling franchisee complaints, we have implemented the following measures:

- **Strictly adhere to food safety laws and the Group's after-sales standards:** When dealing with the after-sales approval of store materials, equipment, and systems, we ensure that every operation complies with food safety legal requirements, aiming to guarantee the food safety of each beverage, maintain the consistent taste of our Group's beverages, and safeguard the reasonable interests of our stores.

- **Closely follow the store operation guidelines for collaborative operations:** In response to specific issues encountered in store operations, we strictly adhere to the Group's store operation guidelines to ensure timely and effective collaborative solutions to the problems.

- **Comply with the Group's B-end customer complaint handling standards:** For any issues raised by franchisees regarding their stores, we will follow the Company's established B-end customer complaint handling procedures, which include detailed recording, timely feedback, and continuous follow-up until the issue is satisfactorily resolved.

To address the consumer complaints relating to food quality issues, including those received by our franchised stores, we have established a professional customer service team and implemented a series of procedures, including:

- communicating with the consumers in a timely manner and actively negotiating solutions;
- identifying the reasons for the complaints, and initiating an investigation of the store(s) involved in the complaint if necessary; and
- recording consumer feedback to enhance future supervision of our franchised stores.

During the period covered by the 2024 ESG Report, we have successfully addressed 29 feedback issues from consumers at directly-operated stores, achieving a 100% resolution rate for all complaints.

Customer Satisfaction Survey

We distribute the customer satisfaction survey to key customers annually to collect feedback regarding product and service quality. Through quantitative analysis of the survey data, we continuously refine service protocols and implement quality enhancements based on the analysis results.

Research, Development and Innovation

The Group is a pioneer in conducting food science research within the fresh tea beverage industry, possessing comprehensive R&D capabilities. Our product development team collaboratively drives product innovation, closely follows consumer preference trends, and rigorously analyzes ingredients. By quantifying the flavor characteristics of different ingredients, such as aroma, acidity, and sweetness, we have accumulated a flavor database of over 1,000 ingredients from various types or suppliers.

R&D Achievements and Innovation Capabilities

We utilize advanced technologies for processing, packaging, and transporting fruits to ensure freshness. For example, by promptly handling mangoes at their source and strictly controlling their packaging, transportation, and ripening processes, we have reduced ripening losses to 10%, significantly lower than the industry average of approximately 20%. We plan to deepen our cooperation with universities and research institutions such as Zhejiang University to further enhance our R&D capabilities.

Product Development Process

Our product development process primarily includes the following steps:

- **Idea Generation and Screening:** We seek product inspiration from multiple sources, including original team ideas, market research, consumer feedback, and supplier proposals.

- **Supplier and Ingredient Selection:** We carefully choose suppliers and ingredients to ensure timely delivery and superior quality, while closely collaborating with suppliers to consider upstream improvements.

- **Formula Development:** Through close collaboration, we experiment with different ingredient combinations, proportions, and mixing techniques to determine the optimal formula.

- **Internal and In-Store Testing:** After rigorous internal testing, samples are tested in selected stores to evaluate the formula's performance in actual operations and gather feedback.

- **Pre-Launch Preparations:** We coordinate with the supply chain management team to procure relevant ingredients, design comprehensive promotional plans, and prepare training materials for franchisees.

- **Post-Launch Feedback Collection:** We continuously track the performance of new products and collect consumer feedback to evaluate and improve the product development process.

Intellectual Property Protection

The Group strictly complies with the *Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China,* and *Copyright Law of the People's Republic of China*, emphasizing the protection of patents, trademarks, copyrights, and other intellectual property rights. We are committed to protecting our intellectual property assets while avoiding infringement of third-party rights to mitigate legal risks.

Our intellectual property includes trademarks, trademark applications, patents, and patent applications related to our brands and services, software copyrights, trade secrets and other intellectual property rights and licenses. As of the Reporting Period, the Group holds 544 registered trademarks, 44 patents and 39 registered domain names in China. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures as set forth below:

- We have formulated and implemented a comprehensive intellectual property management framework, consisting of the protective registration of trademarks, dynamic inspection of trademark registration by third parties, and regular communication with franchisees, to protect our own trademarks and other intellectual property rights;

- To prevent illegal use of our trademarks and brands, we have standardized the management of our trademarks in relation to registration, renewal, transfer, use and protection;

- We proactively register trademarks similar to our core trademarks to prevent potential malicious registration by third parties;

- We encourage to report to us any trademark misuse or infringement they found through a smooth communication mechanism;

- We engaged an external trademark consultant to continuously monitor trademark protection matters; and

- We designated dedicated personnel to monitor the market for unauthorized use of the identical or similar trademarks by third parties, manage the disputes and legal proceedings regarding our trademarks and trade names, and prevent infringement by third parties through legal means such as litigation.

During the Reporting Period, the Group has not incurred any disputes, claims, or litigation related to intellectual property or brand protection which would have material adverse effect on the Group as a whole.

Information Security and Privacy Protection

The Group prioritizes information security and privacy protection, strictly adhering to the *Data Security Law of the People's Republic of China,* the *Cybersecurity Law of the People's Republic of China*, and other privacy protection and information security-related regulations. In compliance with these regulations, we have established the "Data Security Management System" and the "System Compilation" to ensure customer data security, privacy safeguards, and protection of consumer rights.

We have implemented a series of stringent measures to enhance data protection:

- Establish a comprehensive data protection policy system to ensure that all data processing activities comply with applicable laws and regulations in all material aspects, such as the *Personal Information Protection Law and the Cybersecurity Law*. These policies are regularly reviewed and updated to adapt to evolving legal environments and business needs.

- Utilize advanced encryption technologies, firewall systems, intrusion detection and prevention mechanisms, as well as regular security vulnerability scanning and penetration testing to ensure the security of data during transmission, storage, and processing. Additionally, we implement multi-factor authentication and access control strategies to restrict access to sensitive data.

- Regularly conduct data security and privacy protection training for employees to raise their awareness of the importance of data protection and improve their ability to identify and prevent data leakage risks. Employees are encouraged to report potential security hazards to ensure timely response and handling of issues.

- Sign agreements with third-party data processors regarding data protection, requiring them to adhere to the substantially same data security standards as us. We regularly conduct data protection compliance audits on suppliers to ensure data security within the supply chain.

- Develop a detailed data breach emergency response plan, including incident reporting procedures, initial control measures, impact assessment, notification obligations, and subsequent improvement measures. Regular emergency drills are conducted to ensure that we can respond quickly and effectively in the event of a real incident, minimizing losses.

Privacy Protection for Consumers of Online Mini-programs

For consumers using our online mini-program, we strictly implement the "Privacy Policy." Consumers have the right to decide whether to provide their personal information to us. When consumers use the mini-program, we will inform them of the following policies, including but not limited to:

- How to collect and use personal information
- How to share, transfer, and publicly disclose personal information
- How to protect personal information
- How to exercise consumers' own rights
- How to store personal information
- Protection of personal information of minors

In 2024, no data security and privacy leakage incidents occurred within the Group.

Aspect B7: Anti-corruption

The Group is committed to upholding the highest ethical standards and maintaining a corporate culture of integrity and fairness. It firmly opposes all forms of corrupt practices such as embezzlement, bribery, extortion, fraud, and money laundering.

The Group strictly complies with laws and regulations, including the *Criminal Law of the People's Republic of China,* the *Anti-Money Laundering Law of the People's Republic of China*, the *Supervision Law of the People's Republic of China,* and the *Interim Provisions on Banning Commercial Bribery*. Moreover, we have formulated internal rules and regulations such as the *Anti-fraud, Anti-Money Laundering,* the *Anti-Bribery Management System*, and the *Guming Integrity Provisions*, thereby putting anti-corruption efforts into practice.

We provide training sessions to our employees and directors to ensure that all personnel have a heightened awareness of such policy and their compliance with applicable laws and regulations in the course of conducting business. In 2024, the total duration of anti-corruption training provided to the directors amounted to 25 hours. Additionally, we have a variety of complaint and reporting channels, such as reporting hotline and e-mail address that are open to both internal employees and the public to report any bribery or corruption acts, and our employees can also make anonymous reports to our internal audit committee. Our legal and internal control teams accept the reports of fraud and bribery and hold special investigations against such incidents. We maintain strict confidentiality of all whistleblower information.

We require our franchisees to sign integrity undertakings in which they undertake to comply with our anti-bribery and anti-corruption requirements. For instance, the integrity undertakings prohibits our franchisees from giving and taking any bribes, as well as making or receiving any improper payment. We also emphasize ethical value and commitment when picking suppliers, and we have implemented relevant policies forbidding our employees from receiving any kickbacks from our suppliers. We request our suppliers to comply with all the applicable laws and regulations relating to the procurement transactions. Our suppliers shall not make any payment to us out of the ordinary scope of our business collaboration. In the event that we find our suppliers are in breach of the foregoing arrangements, we are entitled to report the illegal acts to applicable authorities or terminate the supply agreement.

During the Reporting period, we identified instances where five employees accepted banquets hosted by franchisees, the Group promptly took action, including conducting a comprehensive internal investigation ensuring all related expenses were handled properly. These measures underscored the Group's commitment to fostering a culture of integrity and strengthening employees' compliance awareness.

OUR COMMUNITY

Aspect B8: Community Investment

As a responsible enterprise, the Group is committed to contributing to society and the industry to promote community harmony and industry development. During the Reporting Period, the Group made charitable donations of RMB2.2 million and actively contributed to promoting green and low-carbon development, facilitating industry exchanges and development, and strengthening community engagement.

Leading in Charity and Educational Support

In response to the floods that hit central China in 2024, the Group, along with the New Tea Beverage Public Welfare Fund, swiftly donated emergency supplies valued at over RMB500,000 to the affected areas. Specifically, 800 humanitarian emergency response kits were distributed to Chongyang County in Xianning City, Hubei Province, while 1,550 rice and oil packages were delivered to Pingjiang County in Yueyang City, Hunan Province, providing timely relief to those in need.

Furthermore, in the field of education support, the Group, in collaboration with the New Tea Beverage Public Welfare Fund, launched the "New Tea Beverage Public Welfare Fund · New Great Wall Science and Technology Yard Assistance Project" in 2024. The project fund totals RMB3 million and aims to promote educational equity and regional development through technological advancements. Under this framework, the Group established a close partnership with Northwest A&F University, particularly founding a Tea Science and Technology Yard in Xixiang, Shaanxi Province. This initiative not only invigorated the local tea planting industry but also provided robust support for its industrial upgrading and technological innovation.

Public Welfare Education Assistance Activities Warm Hearts

In 2024, Guming Public Welfare Education Assistance Activities were held at Chuishuizhai Primary School in Qiubei County, Wenshan Prefecture, Yunnan Province, and at Changdibuyizu Nationality Middle School in Luoping County, Yunnan Province. A total of 1,000 sets of school uniforms were donated to students of the two schools, and "*Good Me*" beverages were provided to all teachers and students of the two schools.

In 2024, Guming Public Welfare Education Assistance Activities were held at Donghu Primary School in Kaiyang County, Guiyang City, Guizhou Province, and at Getu River Town Boarding Primary School (Getu River Primary School) in Ziyun County, Anshun City. For Donghu Primary School, the dance classroom was renovated, 2 air conditioners were added, 141 sets of school uniforms were donated, and 55 sets of desks and chairs were donated. For Getu River Primary School, two sets of interactive classroom equipment (Banbantong) were donated, 100 sets of desks and chairs were donated, a mobile vegetable washing sink and rice steamer were added, and 80 sets of bedding (6-piece sets) were donated.

Promoting Traditional Culture through Innovative Integration

In an effort to celebrate and propagate traditional culture, an innovative fusion of "*Good Me*" fruit tea beverages and artifacts from the Jingzhou Museum was executed, with an investment of RMB470,000. This collaboration led to the creation of derivative merchandise and a pop-up event at Jingzhou Wanda Plaza. The event seamlessly combined the popularization of Jingzhou's cultural relics with the enchantment of milk tea products. Offline activities, such as a series of interactive games like creating lacquered fans, further enhanced visitors' understanding and appreciation of both the museum's treasures and the milk tea offerings.

APPENDIX

Environmental Key Performance Indicators[1]

	Data 2024	Unit
Air emissions		
NO_x emission	33,876.95	kg
SO_x emission	78.50	kg
PM emission	3,118.93	kg
GHG emissions		
Scope 1	13,436.14	Tonnes of CO_2-e
Scope 2	14,109.92	Tonnes of CO_2-e
Total GHG emissions	27,546.06	Tonnes of CO_2-e
GHG intensity	3.13	Tonnes/RMB1 million of revenue
Hazardous waste		
Total amount of hazardous waste	1.00	Tonnes
Intensity of hazardous waste	0.00	Tonnes/RMB1 million of revenue
Non-hazardous waste		
Total amount of non-hazardous waste	3,614.10	Tonnes
Intensity of non-hazardous waste	0.41	Tonnes/RMB1 million of revenue
Energy consumption		
Direct energy consumption	52,462.93	MWh
– Gasoline	2,822.49	MWh
– Diesel	49,305.62	MWh
– Other direct energy consumption	334.83	MWh
Indirect energy consumption	26,202.22	MWh
– Purchased electricity	26,202.22	MWh
Total energy consumption	78,665.15	MWh
Intensity of energy consumption	8.95	MWh/RMB1 million of revenue

1 Environmental figures are calculated with reference to *How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* published by the Stock Exchange.

	Data 2024	Unit
Water consumption		
Total water consumption	179,412.85	Tonnes
Water consumption intensity	20.41	Tonnes/RMB1 million of revenue
Packaging materials used for finished products		
Total amount of packaging materials	4,717.04	Tonnes
Intensity of packaging materials	0.54	Tonnes/RMB1 million of revenue

Social Key Performance Indicators

		2024 Number	%
Number of employees			
Total number of employees		2,726	N/A
Gender	Male	1,474	54.07%
	Female	1,252	45.93%
Age	Under 30	1,581	58.00%
	30-40	1,013	37.16%
	41-50	112	4.11%
	Over 50	20	0.73%
Employment type	Full-time	2,694	98.83%
	Part-time	32	1.17%
Area	Hong Kong	6	0.22%
	Mainland China	2,720	99.78%

		2024 Number	%
Employee turnover			
Total number of employees		1,020	37.42%
Gender	Male	576	39.08%
	Female	444	35.46%
Age	Under 30	690	43.64%
	30-40	290	28.63%
	41-50	33	29.46%
	Over 50	7	35.00%
Area	Hong Kong	1	16.67%
	Mainland China	1,019	37.46%
New employee			
Total number of employees		1,206	44.24%
Gender	Male	684	46.40%
	Female	522	41.69%
Age	Under 30	844	53.38%
	30-40	326	32.18%
	41-50	35	31.25%
	Over 50	1	5.00%
Area	Hong Kong	3	50.00%
	Mainland China	1,203	44.23%

		2024 Number	%
Performance in development and training			
Total number of trained employees		2,726	100.00%
Total training hours of employees		4,884	N/A
Average training hours per employee		1.79	N/A
Number of trained employees			
Gender	Male	1,474	100.00%
	Female	1,252	100.00%
Grade	Chief executives	5	100.00%
	Senior executives	23	100.00%
	Middle management	424	100.00%
	General staff	2,274	100.00%
Average training hours			
Gender	Male	1.79	N/A
	Female	1.79	N/A
Grade	Chief executives	1.79	N/A
	Senior executives	1.79	N/A
	Middle management	1.79	N/A
	General staff	1.79	N/A

Supply chain management performance	Number of suppliers
Mainland China	1,152
Hong Kong, Macao and Taiwan	1
Overseas	21

Occupational health and safety performance	2024	2023	2022
Number of work-related fatalities	**0**	0	1
Percentage of work-related fatalities	**0%**	0%	0%
Number of work-related injuries	**4**	8	9
Number of working days lost due to work injury	**413**	531	1,260

Performance in product responsibility	2024
Number of products subject to recalls for health and safety reasons	**0**
Percentage of products subject to recalls for health and safety reasons	**0%**
Number of products and service-related complaints received	**5,119**
Percentage of timely address of products and service-related complaints received	**100%**

Independent Auditor's Report

EY 安永

To the shareholders of Guming Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Guming Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 124 to 216, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), 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, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for the sale of goods and equipment, and the provision of management services to franchisees	
The Group's revenue is made of a number of streams relating to the operation of a franchised retail network and the trading of ingredients and other related products of freshly-made beverages and equipment. For the year ended 31 December 2024, the Group recognised revenue of approximately RMB6,745 million from the sale of goods and equipment to franchisees, and approximately RMB1,750 million from franchise management services. Revenue recognition for the sale of goods and equipment, and the provision of management services to franchisees is identified as a key audit matter. This is mainly because there was a risk that sales were deliberately overstated as a result of management override resulting from the pressure management may undergo to achieve planned results. In addition, the sale of goods and equipment and the provision of franchise management services were made to a large number of customers through an extensive franchised retail store network. The accounting policy relating to revenue recognition is disclosed in note 2.4 to the financial statements and the details of revenue are disclosed in note 5 to the financial statements.	We obtained an understanding of the transaction process of revenue recognition, evaluated and tested the Group's internal controls on the revenue recognition process. Based on our understanding of the sales process and review of sales contracts on a sample basis, we reviewed and evaluated the revenue recognition policy. We also performed the following substantive procedures: • performing analytical procedures on the Group's revenue by channel, by month, by customer and by product category; • performing, on a sampling basis, background checks on some of the franchisees, and verifying existence of the franchisees' stores; • recalculating the amounts of franchise management service income recognised during the year; • performing revenue cut-off procedures as well as tests of details by checking, on a sampling basis, the original supporting documents, such as sales orders, delivery notes and bank slips; • reconciling the data between operational and financial systems, and analysing transactional revenue data for trends and reasonableness; and • sending confirmation letters to customers, on a sampling basis, for confirming the trade receivable balances as at 31 December 2024.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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 HKSAs 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.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yin Guo Wei.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**8,791,355**	7,675,665
Cost of sales		**(6,103,870)**	(5,272,334)
Gross profit		**2,687,485**	2,403,331
Other income and gains	5	**186,826**	168,828
Selling and distribution expenses		**(479,413)**	(336,584)
Administrative expenses		**(311,439)**	(282,848)
Research and development expenses		**(232,618)**	(198,736)
Other expenses		**(17,544)**	(9,456)
OPERATING PROFIT		**1,833,297**	1,744,535
Finance costs	7	**(3,338)**	(5,233)
Fair value changes of financial liabilities at fair value through profit or loss	30	**(25,650)**	(294,215)
PROFIT BEFORE TAX	6	**1,804,309**	1,445,087
Income tax expense	10	**(311,091)**	(348,733)
PROFIT FOR THE YEAR		**1,493,218**	1,096,354
Attributable to:			
Owners of the parent		**1,478,507**	1,079,628
Non-controlling interests		**14,711**	16,726
		1,493,218	1,096,354
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year (RMB)	12	**0.71**	0.58
Diluted			
– For profit for the year (RMB)	12	**0.71**	0.52

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR		**1,493,218**	1,096,354
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**4,035**	(3,132)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**4,035**	(3,132)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investment designated at fair value through other comprehensive income:			
Changes in fair value	*16*	**909**	(19,951)
Income tax effect	*18*	**(150)**	3,292
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**759**	(16,659)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**4,794**	(19,791)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,498,012**	1,076,563
Attributable to:			
Owners of the parent		**1,483,301**	1,059,837
Non-controlling interests		**14,711**	16,726
		1,498,012	1,076,563

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**954,362**	590,058
Right-of-use assets	*14(a)*	**160,572**	178,401
Other intangible assets	*15*	**852**	107
Equity investment designated at fair value through other comprehensive income	*16*	**258,031**	257,122
Other non-current assets	*17*	**4,732**	36,934
Deferred tax assets	*18*	**24,985**	40,245
Long-term trade receivables	*19*	**104,593**	–
Contract assets	*22*	**5,275**	–
Long-term bank deposits	*25*	**501,588**	41,390
Total non-current assets		**2,014,990**	1,144,257
CURRENT ASSETS			
Inventories	*20*	**984,244**	881,141
Trade receivables	*21*	**290,872**	70,416
Contract assets	*22*	**35,254**	9,042
Prepayments, other receivables and other assets	*23*	**327,852**	298,809
Financial assets at fair value through profit or loss	*24*	**1,244,649**	197,285
Restricted cash	*25*	**41,510**	124,000
Cash and bank balances	*25*	**1,935,264**	2,427,979
Total current assets		**4,859,645**	4,008,672
CURRENT LIABILITIES			
Trade payables	*26*	**697,891**	601,272
Other payables and accruals	*27*	**391,496**	322,219
Tax payables		**64,965**	38,813
Contract liabilities	*28*	**79,116**	76,212
Interest-bearing other borrowings	*29*	**–**	124,000
Financial liabilities at fair value through profit or loss	*30*	**3,181,663**	3,156,013
Lease liabilities	*14(b)*	**37,157**	43,674
Total current liabilities		**4,452,288**	4,362,203
NET CURRENT ASSETS/(LIABILITIES)		**407,357**	(353,531)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,422,347**	790,726

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*18*	**136,132**	112,128
Contract liabilities	*28*	**24,973**	26,534
Interest-bearing bank borrowings	*29*	**121,233**	–
Deferred income	*31*	**10,988**	10,042
Lease liabilities	*14(b)*	**17,003**	26,516
Total non-current liabilities		**310,329**	175,220
NET ASSETS		**2,112,018**	615,506
EQUITY			
Equity attributable to owners of the parent			
Share capital	*32*	**127**	127
Reserves	*33*	**2,066,166**	582,865
		2,066,293	582,992
Non-controlling interests		**45,725**	32,514
TOTAL EQUITY		**2,112,018**	615,506

Mr. Yun'an Wang
Director

Mr. Xiudi Ruan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital RMB'000 *(note 32)*	Capital reserve* RMB'000 *(note 33)*	Statutory surplus reserve* RMB'000 *(note 33)*	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000	Retained earnings/ (accumulated losses)* RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2024	127	475,128	241,349	8,034	(7,543)	(134,103)	582,992	32,514	615,506
Profit for the year	–	–	–	–	–	1,478,507	1,478,507	14,711	1,493,218
Other comprehensive income for the year:									
Change in fair value of equity investment at fair value through other comprehensive, net of tax	–	–	–	759	–	–	759	–	759
Exchange differences on translation of foreign operations	–	–	–	–	4,035	–	4,035	–	4,035
Total comprehensive income for the year	–	–	–	759	4,035	1,478,507	1,483,301	14,711	1,498,012
Capital reduction repaid to non-controlling interests	–	–	–	–	–	–	–	(1,500)	(1,500)
Transfer from retained earnings	–	–	41,176	–	–	(41,176)	–	–	–
As at 31 December 2024	127	475,128	282,525	8,793	(3,508)	1,303,228	2,066,293	45,725	2,112,018

	Attributable to owners of the parent								
	Share capital RMB'000 *(note 32)*	Capital reserve* RMB'000 *(note 33)*	Statutory surplus reserve* RMB'000 *(note 33)*	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000	Retained earnings/ (accumulated losses)* RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	112	119,606	204,609	24,693	(4,411)	(1,176,991)	(832,382)	15,788	(816,594)
Profit for the year	–	–	–	–	–	1,079,628	1,079,628	16,726	1,096,354
Other comprehensive loss for the year:									
Change in fair value of equity investment at fair value through other comprehensive, net of tax	–	–	–	(16,659)	–	–	(16,659)	–	(16,659)
Exchange differences on translation of foreign operations	–	–	–	–	(3,132)	–	(3,132)	–	(3,132)
Total comprehensive income/(loss) for the year	–	–	–	(16,659)	(3,132)	1,079,628	1,059,837	16,726	1,076,563
Equity-settled share option arrangements *(Note 34)*	–	55,537	–	–	–	–	55,537	–	55,537
Ordinary shares issued under equity-settled share option arrangements *(Note 32)*	15	299,985	–	–	–	–	300,000	–	300,000
Transfer to retained earnings arising from deregistration of subsidiaries	–	–	(35,000)	–	–	35,000	–	–	–
Transfer from retained earnings	–	–	71,740	–	–	(71,740)	–	–	–
As at 31 December 2023	127	475,128	241,349	8,034	(7,543)	(134,103)	582,992	32,514	615,506

* These reserve accounts comprise the consolidated reserves of RMB2,066,166,000 (2023: RMB582,865,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,804,309**	1,445,087
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**82,179**	73,110
Depreciation of right-of-use assets	*14(a)*	**57,864**	61,661
Amortisation of other intangible assets	*15*	**300**	366
Deferred income recognised in profit or loss	*5*	**(42)**	–
Losses on disposal of items of property, plant and equipment	*6*	**1,162**	974
Fair value changes of financial assets at fair value through profit or loss	*5*	**(15,506)**	(1,909)
Fair value changes of financial liabilities at fair value through profit or loss	*30*	**25,650**	294,215
Equity-settled share-based payment expenses	*6*	**–**	55,537
Interest income	*5*	**(65,076)**	(53,735)
Imputed interest for long-term trade receivables and non-current portion of contract assets	*5*	**(3,185)**	–
Finance costs	*7*	**3,338**	5,233
Foreign exchange differences, net	*6*	**12,672**	(4,315)
		1,903,665	1,876,224
Increase in long-term trade receivables		**(101,839)**	–
Increase in inventories		**(103,103)**	(175,581)
Increase in trade receivables		**(220,456)**	(32,905)
Increase in contract assets		**(31,056)**	(9,042)
Increase in prepayments, other receivables and other assets		**(29,043)**	(61,864)
Increase in trade payables		**96,619**	211,729
Increase in other payables and accruals		**50,261**	89,459
Increase/(decrease) in contract liabilities		**1,343**	(14,546)
Cash generated from operations		**1,566,391**	1,883,474
Income tax paid		**(245,825)**	(310,168)
Net cash flows generated from operating activities		**1,320,566**	1,573,306

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(449,095)**	(398,845)
Proceeds from disposal of items of property, plant and equipment		**54,565**	10,815
Purchases of intangible assets	*15*	**(1,045)**	–
Purchase of financial assets at fair value through profit or loss		**(7,444,536)**	(745,040)
Proceeds from disposal of financial assets at fair value through profit or loss		**6,412,678**	587,010
Purchase of bank deposits with original maturity of more than three months when acquired	*25*	**(576,578)**	(541,048)
Proceeds from bank deposits with original maturity of more than three months when acquired	*25*	**120,000**	553,785
Receipt of government grants for property, plant and equipment	*31*	**988**	10,042
Interest received		**61,448**	52,327
Net cash flows used in investing activities		**(1,821,575)**	(470,954)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital reduction repaid to non-controlling interests		**(1,500)**	–
Repayment of redeemable capital contribution arising from the Reorganisation		**–**	(9,568)
Proceeds from issuance of warrants and convertible redeemable preferred shares of the Company		**–**	9,568
Payment of capital reduction arising from the reorganisation		**–**	(94,348)
Proceeds from exercise of share options		**–**	300,000
Proceeds from interest-bearing bank and other borrowings		**121,000**	171,048
Repayment of interest-bearing other borrowings		**(124,000)**	(47,048)
Decrease/(increase) in restricted cash		**82,490**	(124,000)
Interest paid		**(2,216)**	(1,272)
Principal portion of lease payments	*35*	**(56,065)**	(60,461)
Interest portion of lease payments	*35*	**(2,786)**	(3,961)
Net cash flows generated from financing activities		**16,923**	139,958
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(484,086)**	1,242,310
Cash and cash equivalents at beginning of year		**2,357,961**	1,114,468
Effect of foreign exchange rate changes, net		**(8,637)**	1,183
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,865,238**	2,357,961

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**1,935,264**	2,427,979
Long-term bank deposits		**501,588**	41,390
Cash and bank balances and long-term bank deposits as stated in the consolidated statement of financial position	*25*	**2,436,852**	2,469,369
Less: Non-pledged bank deposits with original maturity of more than three months when acquired	*25*	**(571,614)**	(111,408)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,865,238**	2,357,961

1. CORPORATE AND GROUP INFORMATION

Guming Holdings Limited (the "**Company**") is an exempted company incorporated in the Cayman Islands with limited liability on 31 August 2021. The registered office address of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the operation of a franchised retail network and trading of ingredients and other related products of freshly-made beverages and equipment in the People's Republic of China (the "**PRC**").

In the opinion of the directors of the Company, the ultimate controlling shareholders of the Company are Mr. Wang Yun'an, Mr. Qi Xia, Mr. Ruan Xiudi and Ms. Pan Pingping.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 February 2025 (the "**Listing**") by way of its initial public offering ("**IPO**").

Information about subsidiaries

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

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Guming (Hong Kong) Limited (「古茗(香港)有限公司」)		Hong Kong 22 November 2021	HK$1	–	100%	Investment holding
Guming Technology Group Co., Ltd. (「古茗科技集團有限公司」)	*(2)*	PRC/ Mainland China 12 June 2018	RMB360,000,000	–	100%	Provision of franchise management service and research and development
Zhejiang Lichuan Food Technology Co., Ltd. (「浙江勵川食品科技有限公司」)	*(1)*	PRC/ Mainland China 2 June 2020	RMB10,000,000	–	70%	Processing and sale of goods and equipment
Zhejiang Guming Houan Information Technology Co., Ltd. (「浙江古茗後岸信息技術有限公司」)	*(1)*	PRC/ Mainland China 21 September 2020	RMB20,000,000	–	100%	Development of information technology
Zhejiang Mingxingpei Supply Chain Co., Ltd. (「浙江茗星配供應鏈有限公司」)	*(1)*	PRC/ Mainland China 8 April 2022	RMB100,000,000	–	100%	Warehousing and logistics management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Zhejiang Qiding Import and Export Co., Ltd. (「浙江奇鼎進出口有限公司」)	(1)	PRC/ Mainland China 27 March 2019	RMB10,000,000	–	100%	Sale of goods and equipment
Zhejiang Qiding Supply Chain Co., Ltd. (「浙江奇鼎供應鏈有限公司」)	(1)	PRC/ Mainland China 27 August 2020	RMB20,000,000	–	100%	Provision of supply chain services and sale of goods and equipment
Hangzhou Guming Technology Co., Ltd. (「杭州古茗科技有限公司」)	(1)	PRC/ Mainland China 16 September 2021	RMB20,000,000	–	100%	Development of information technology
Zhejiang Guoru Food Technology Co., Ltd. (「浙江果如食品科技有限公司」)	(1)	PRC/ Mainland China 19 May 2022	RMB10,000,000	–	70%	Processing and sale of goods and equipment
Zhejiang Qiming Trading Co., Ltd. (「浙江奇茗貿易有限公司」)	(1)	PRC/ Mainland China 8 October 2022	RMB50,000,000	–	100%	Provision of supply chain services and sale of goods and equipment
Zhejiang Guming Supply Chain Management Co., Ltd. (「浙江古茗供應鏈管理有限公司」)	(1)	PRC/ Mainland China 10 October 2022	RMB100,000,000	–	100%	Provision of supply chain services and sale of goods and equipment
Zhejiang Shuicang Food Technology Co., Ltd. (「浙江水倉食品科技有限公司」)	(1)	PRC/ Mainland China 19 May 2022	RMB10,000,000	–	70%	Processing and sale of goods and equipment

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Guangxi Hengxian Sanhe Tea Co., Ltd. (「廣西橫縣三禾茶業有限公司」)	(1)	PRC/ Mainland China 4 June 2019	RMB1,000,000	–	70%	Processing and sale of goods and equipment
Zhejiang Meiming Trading Co., Ltd. (「浙江梅茗貿易有限公司」)	(1)	PRC/ Mainland China 8 May 2023	RMB30,000,000	–	100%	Provision of supply chain services and sale of goods and equipment
Zhejiang Jingming Import and Export Co., Ltd. (「浙江景茗進出口有限公司」)	(1)	PRC/ Mainland China 9 August 2023	RMB30,000,000	–	100%	Sale of goods and equipment

The English names of the companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

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

Notes:

(1) These entities are registered as limited liability companies under PRC law.

(2) These entities are registered as wholly-foreign-owned enterprises under PRC law.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investment designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

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

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specific totals and subtotals. It also requires disclosure of management-defined performance measures in a note and introduces new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation of the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the new and revised standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); 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 the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Categories	**Principal annual rates**
Buildings	4.8%
Machinery	9.5%-47.5%
Office equipment	19.0%-47.5%
Motor vehicles	23.8%-47.5%
Leasehold improvements	Over the shorter of the lease terms and 33.3%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 5 years, which is the license period of the software.

Research and development costs

All research costs are charged to the statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) *Right-of-use assets*

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

Office premises, company-operated stores and plant	2-10 years
Leasehold land	50 years

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

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial investments

Wealth management products are classified as financial assets at fair value through profit or loss ("**FVTPL Assets**"). FVTPL Assets are measured and recorded at fair value with net changes in fair value recognised in profit or loss.

Upon initial recognition, the Group elected to classify irrevocably an equity investment designated at fair value through other comprehensive income ("**OCI**") when it meets the definition of equity under IAS 32 *Financial Instruments: Presentation* and is not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on the financial asset is never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity investment designated at fair value through OCI is not subject to impairment assessment.

Purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Trade and other receivables and long-term trade receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. The Group initially measures receivables, except for trade receivables and long-term trade receivables that do not contain a significant financing component, at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables and long-term trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

Receivables are stated at amortised cost, using the effective interest method less allowance for credit losses.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and the Group has a business model to hold the asset in order to collect contractual cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables, long-term trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables, long-term trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

Financial liabilities at amortised cost

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The warrants and convertible redeemable preferred shares issued by the Company were designated upon initial recognition at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in profit or loss. The component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realised. The net fair value changes relating to market risk are recognised in profit or loss which do not include any interest charged on these financial liabilities.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in OCI or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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 for financial reporting purposes.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, 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; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, 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; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Sale of goods and equipment*

The Group generates revenue from the sale of goods, including ingredients and other related products of freshly-made beverages, and equipment, which is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and equipment.

(b) *Provision of franchise management services*

The Group enters into franchise agreements with all franchisees. As the franchisor, the Group provides franchise management services under its franchise agreements with franchisees. Franchise is a right to sell products in a particular area using the Group's brand name and trademarks.

The Group's franchise management services revenue mainly includes income from initial franchise fees, income from continuing support services fees and income from the provision of training and other services.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) *Provision of franchise management services (Continued)*

For income from initial franchise fees, the franchisee pays a fixed fee and revenue is recognised over the franchise period. Initial franchise fees are generally charged for pre-opening support services provided to the franchisees, including location analysis and certain advisory services like license application, marketing advisory services and operational support. As those services are highly interrelated with the franchise right, they are not individually distinct from the ongoing licensing arrangement provided to the franchisees.

For income from continuing support services fees, the franchisee receives ongoing operational support services, which are highly interrelated with the franchise right, from the Group during the whole franchise period, and pays continuing support services fee, which is determined based on a pre-determined fixed amount per month multiplying the number of the applicable franchisee's stores and a pre-determined rate range as a percentage of the applicable franchisee's stores procurement amounts, and the Group recognises revenue when the franchisee's subsequent usage occurs.

For income from the provision of training and other services, including pre-opening training services and other training services, and store supervisory and maintenance services, revenue is recognised when the related services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group. The pre-opening training services provided to the franchisees are considered to be distinct as the training contents are largely unrelated to the Group's brand name and trademarks.

(c) *Sales from company-operated stores*

The Group generates revenue from stores directly operated by the Group, revenue is recognised when the control of the products is transferred to the customer.

(d) *Rights of return*

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

Estimation uncertainty

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

Variable consideration

The Group estimates variable consideration to be included in the transaction price for the sale of goods and equipment with rights of return and the initial franchise fee for certain customers.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group. The Group updates its assessment of expected returns quarterly. Estimates of expected return are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future.

In addition, the Group estimates the variable consideration related to some initial franchise fee arrangements to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised would not occur when the uncertainty (i.e., closure of franchise shops within 12 months after the set up or closure of franchise shops before the full settlement of franchise management services fees) associated with the variable consideration is subsequently resolved.

Revenue recognition from the provision of franchise management services over time

During the year, revenue from initial franchise fees recognised over time amounted to RMB120,735,000 (2023: RMB109,509,000). As at 31 December 2024, the balances of contract liabilities amounted to RMB94,891,000 (31 December 2023: RMB92,977,000).

Franchise rights, which represent primarily the right to access the Group's brand name and trademarks, are granted to franchisees upon upfront initial payments for the first year and are renewable annually by the franchisees at no cost, the control of services is transferred over time. Based on the historical franchise information of the franchised shops, the management of the Group determined that license fees from the franchise business are recognised as contract liabilities upon receipt of the upfront initial payments and are released to profit or loss as revenue over the estimated franchise period of three years for each reporting period.

Actual franchise periods may differ from the estimated franchise periods. The management of the Group would periodically review the estimated franchise periods of the franchisees and considers if any adjustment to the current estimation is needed.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Fair values of convertible redeemable preferred shares

The fair values of the convertible redeemable preferred shares measured at fair value through profit or loss are determined using the valuation techniques, including the discounted cash flow method and the option-pricing method. Such valuation is based on key parameters about risk-free interest rate, discounts for lack of marketability ("**DLOM**") and volatility, which are subject to uncertainty and might materially differ from the actual results. The fair values of convertible redeemable preferred shares at 31 December 2024 were RMB3,181,663,000 (31 December 2023: RMB3,156,013,000). Further details are included in notes 30 and 41 to the financial statements.

Fair value of an unlisted equity investment

The unlisted equity investment has been valued based on a market-based valuation technique as detailed in note 41 to the financial statements. The valuation requires the Group to determine the price-to-sales ratio ("**P/S**") for similar instruments, adjusted by discount for lack of marketability. The Group classifies the fair value of the unlisted equity investment as Level 3. The fair value of the unlisted equity investment at 31 December 2024 was RMB258,031,000 (31 December 2023: RMB257,122,000). Further details are included in notes 16 and 41 to the financial statements.

Fair value measurement of share-based payments

The Group has set up the 2019 share incentive plan and the 2022 share incentive plan and granted options to the Group's directors and employees. The fair value of the options are determined by the binomial option-pricing model at the date of grant to employees. Significant estimates on assumptions, including the underlying equity value, risk-free interest rate, expected volatility, and dividend yield, are made by the board of directors of the Company. Further details are included in note 34 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. During the years ended 31 December 2024 and 2023, the Group is principally engaged in the operation of a franchised retail network and the trading of ingredients and other related products of freshly-made beverages and equipment. Management reviews the operating results of the Group's business as one operating segment for the purpose of making decisions about resource allocation and performance assessment. Therefore, the chief operating decision maker of the Company regards that there is only one segment which is used to make strategic decisions.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operations in Mainland China and no non-financial long-term assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the years ended 31 December 2024 and 2023.

5. REVENUE, OTHER INCOME AND GAIN

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers		
Sale of goods and equipment	**7,027,475**	6,144,711
Franchise management services	**1,749,633**	1,518,646
Sales from company-operated stores	**14,247**	12,308
	8,791,355	7,675,665

5. REVENUE, OTHER INCOME AND GAIN (Continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024	Sale of goods and equipment RMB'000	Franchise management services RMB'000	Sales from company-operated stores RMB'000	Total RMB'000
Types of goods or services				
Sale of goods	6,562,701	–	–	6,562,701
Sale of equipment	464,774	–	–	464,774
Initial franchise fees	–	120,735	–	120,735
Continuing support services fees	–	1,564,634	–	1,564,634
Provision of training and other services	–	64,264	–	64,264
Sales from company-operated stores	–	–	14,247	14,247
	7,027,475	1,749,633	14,247	8,791,355
Geographical market				
Mainland China	7,027,475	1,749,633	14,247	8,791,355
Timing of revenue recognition				
Revenue recognised over time	–	1,749,633	–	1,749,633
Revenue recognised at a point in time	7,027,475	–	14,247	7,041,722
	7,027,475	1,749,633	14,247	8,791,355

5. REVENUE, OTHER INCOME AND GAIN (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2023	Sale of goods and equipment RMB'000	Franchise management services RMB'000	Sales from company-operated stores RMB'000	Total RMB'000
Types of goods or services				
Sale of goods	5,778,264	–	–	5,778,264
Sale of equipment	366,447	–	–	366,447
Initial franchise fees	–	109,509	–	109,509
Continuing support services fees	–	1,311,905	–	1,311,905
Provision of training and other services	–	97,232	–	97,232
Sales from company-operated stores	–	–	12,308	12,308
	6,144,711	1,518,646	12,308	7,675,665
Geographical market				
Mainland China	6,144,711	1,518,646	12,308	7,675,665
Timing of revenue recognition				
Revenue recognised over time	–	1,518,646	–	1,518,646
Revenue recognised at a point in time	6,144,711	–	12,308	6,157,019
	6,144,711	1,518,646	12,308	7,675,665

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods and equipment	**9,769**	8,031
Franchise management services	**66,443**	49,489
	76,212	57,520

5. REVENUE, OTHER INCOME AND GAIN (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods and equipment

The performance obligation of the sale of goods and equipment is satisfied upon delivery of the goods and equipment and payment in advance is normally required, except for sales with payments by instalments and customers with credit terms, where payment is generally due within 2 days to 90 days from delivery or issuance of billings. Some contracts provide customers with a right of return which gives rise to variable consideration.

There is unsatisfied performance obligation for the sale of goods and equipment at the end of the reporting period. As permitted under IFRS 15, the Group applies the practical expedient and does not disclose the transaction price allocated to the unsatisfied performance obligations for contracts of the sale of products, which are generally with an original expected length of one year or less.

Franchise management services

For franchise management services, the Group recognises revenue over time as services are rendered. Some initial franchise fee arrangements contain variable consideration. There was unsatisfied performance obligation for franchise management services at the end of the reporting period.

Sales from company-operated stores

The performance obligation of sales from company-operated stores is satisfied upon delivery of the products and payment is received upon delivery. There was no unsatisfied performance obligation for sales from company-operated stores at the end of the reporting period.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to franchise management services at the end of the reporting period, which do not include any variable consideration that are constrained, are as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within 1 year	**69,918**	66,443
1 year to 2 years	**22,930**	23,118
2 years to 3 years	**2,043**	3,416
	94,891	92,977

5. REVENUE, OTHER INCOME AND GAIN (Continued)

Other income and gains

	2024 RMB'000	2023 RMB'000
Other income		
Government grants		
– related to income*	80,010	90,009
– related to assets**	42	–
Bank interest income	65,076	53,735
Imputed interest income for long-term trade receivables and non-current portion of contract assets	3,185	–
Additional tax deduction***	5,863	3,908
Sale of scraps	1,973	1,100
Others	15,171	13,852
	171,320	162,604
Gains		
Foreign exchange differences, net	–	4,315
Fair value changes of financial assets at fair value through profit or loss	15,506	1,909
	15,506	6,224
Total other income and gains	186,826	168,828

* The government grants related to income mainly represent incentives received from the local government in connection with certain financial support to local business enterprises for the purpose of encouraging business development. These grants are recognised in profit or loss upon receipt of these grants. There are no unfulfilled conditions or contingencies relating to these grants.

** The Group has received certain government grants related to the investments in production plants. The grants related to assets were recognised in profit or loss over the useful lives of relevant assets. Details of these grants related to assets are set out in note 31 to the financial statements.

*** The amounts represent the additional input value added tax deduction, pursuant to the announcement of the State Administration of Taxation, which became effective from 1 April 2019 onwards.

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of services provided and inventories sold*		**6,103,870**	5,272,334
Depreciation of property, plant and equipment	*13*	**82,179**	73,110
Depreciation of right-of-use assets	*14(a)*	**57,864**	61,661
Amortisation of other intangible assets**	*15*	**300**	366
Lease payments not included in the measurement of lease liabilities	*14(c)*	**21,967**	16,299
Research and development expenses***		**232,618**	198,736
Employee benefit expense (including directors' and chief executive's remuneration as set out in note 8):			
Wages and salaries		**589,661**	505,268
Equity-settled share-based payment expenses	*34*	**–**	55,537
Pension scheme contributions and social welfare****		**110,394**	63,715
		700,055	624,520
Foreign exchange differences, net		**12,672**	(4,315)
Fair value changes of financial assets at fair value through profit or loss	*5*	**(15,506)**	(1,909)
Fair value changes of financial liabilities at fair value through profit or loss	*30*	**25,650**	294,215
Losses on disposal of items of property, plant and equipment, net		**1,162**	974
Listing expenses		**23,517**	12,884
Auditor's remuneration		**1,750**	–

* Cost of services provided and inventories sold includes expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The amortisation of other intangible assets is included in administrative expenses in profit or loss.

*** Research and development expenses include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	**2,449**	1,272
Interest on lease liabilities	**2,786**	3,961
	5,235	5,233
Less: Interest capitalised	**(1,897)**	–
	3,338	5,233

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

(i) On 28 December 2023, Mr. Ruan Xiudi, Mr. Cai Yunjiang and Ms. Jin Yayu were appointed as executive directors of the Company.

Certain of the directors received remuneration from the subsidiaries now comprising the Group prior to their appointment as the directors of the Company.

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees:		
Directors	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**4,258**	3,499
Performance related bonuses*	**564**	1,916
Pension scheme contributions and social welfare	**334**	264
Equity-settled share-based payments	**–**	4,726
	5,156	10,405
	5,156	10,405

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

Subsequent to the end of the reporting period, Mr. Zhuo Yue, Ms. Zheng Xiaodong and Mr. Li Jianbo were appointed as independent non-executive directors of the Company. There were no fees and other emoluments paid to the independent non-executive directors during the year (2023: Nil).

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2024

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Equity-settled share-based payments RMB'000	Total remuneration RMB'000
Chief executive and executive director:					
Mr. Wang Yun'an	2,620	–	129	–	2,749
Executive directors:					
Mr. Qi Xia	480	–	34	–	514
Mr. Ruan Xiudi(i)	487	–	69	–	556
Mr. Cai Yunjiang(i)	356	420	56	–	832
Ms. Jin Yayu(i)	315	144	46	–	505
	1,638	564	205	–	2,407
Non-executive director:					
Mr. Huang Yaoxin	–	–	–	–	–
	4,258	564	334	–	5,156

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

Year ended 31 December 2023

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Equity-settled share-based payments RMB'000	Total remuneration RMB'000
Chief executive and executive director:					
Mr. Wang Yun'an	1,780	1,352	94	2,511	5,737
Executive directors:					
Mr. Qi Xia	499	–	15	1,142	1,656
Mr. Ruan Xiudi(i)	486	–	66	–	552
Mr. Cai Yunjiang(i)	460	420	55	654	1,589
Ms. Jin Yayu(i)	274	144	34	419	871
	1,719	564	170	2,215	4,668
Non-executive director:					
Mr. Huang Yaoxin	–	–	–	–	–
	3,499	1,916	264	4,726	10,405

No remunerations were paid or payable by the Group to the directors and a chief executive as an inducement to join or upon joining the Group or a compensation for loss of office during the year (2023: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2023: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the year ended 31 December 2024 included one director (2023: one director). Details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2023: four) highest paid employees, who are neither a director nor chief executive of the Company for the year ended 31 December 2024 are as follow:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**8,794**	5,590
Performance related bonuses*	**1,258**	1,108
Pension scheme contributions and social welfare	**441**	301
Equity-settled share-based payments	**–**	23,990
Total	**10,493**	30,989

* Certain highest paid employees of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**2**	–
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	2
HK$4,500,001 to HK$5,000,000	**–**	1
HK$22,000,001 to HK$22,500,000	**–**	1
Total	**4**	4

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Company and the Group's subsidiaries incorporated in the BVI are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

PRC corporate income tax has been provided at the rate of 25% on the taxable profits of the Group's PRC subsidiaries for the reporting period.

According to the notices (Zhe Zheng Ban [2015] No. 66, Jing Wei Fa [2017] No.13 and Jing Zheng Ban Investment Memorandum [2020] No.22) on the economic development of Jingning She Autonomous County issued by the General Office of the People's Government of Zhejiang Province, the People's Government of Jingning She Autonomous County, and the General Office of the People's Government of Jingning She Autonomous County, respectively, investment enterprises registered in the Jingning She Autonomous County are entitled to a preferential income tax policy for 10 years since the date of registration. Accordingly, certain of the Group's PRC subsidiaries registered in the Jingning She Autonomous County are entitled to a preferential income tax exemption for the reporting period.

Certain of the Group's PRC subsidiaries are accredited as "High and New Technology Enterprises" and were therefore entitled to a preferential income tax rate of 15% during the years ended 31 December 2024 and 2023. Such qualifications are subject to review by the relevant tax authority in the PRC for every three years.

One of the Group's PRC subsidiaries is qualified as a "Double Soft Enterprise" ("**DSE**") under the Corporate Income Tax Law during the reporting period. According to the relevant tax regulations, the qualified subsidiary was exempted from corporate income tax ("**CIT**") for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2021, the first year of profitable operation.

Certain of the Group's PRC subsidiaries are qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 5% during the years ended 31 December 2024 and 2023.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to a 10% PRC withholding tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be 5%.

10. INCOME TAX (Continued)

The income tax expense of the Group for the year is analysed as follows:

	2024 RMB'000	2023 RMB'000
Current – PRC		
Charge for the year	**271,977**	295,609
Deferred *(Note 18)*	**39,114**	53,124
Total	**311,091**	348,733

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**1,804,309**	1,445,087
Tax at the PRC corporate income tax rate of 25%	**451,077**	361,272
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**24,000**	47,000
Effect of tax concessions	**(151,059)**	(114,133)
Expenses not deductible for tax	**981**	871
Research and development super deduction	**(29,261)**	(33,206)
Tax losses and temporary differences not recognised	**15,353**	86,929
Tax charge at the Group's effective rate	**311,091**	348,733

11. DIVIDENDS

No dividends have been paid or declared by the Company during the years ended 31 December 2024 and 2023.

Dividends of RMB1.74 billion to the Company's existing shareholders prior to the Listing have been approved by a board resolution and shareholders resolution on 6 January 2025. These financial statements do not reflect these dividend payables.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,091,229,320 (2023: 1,876,220,390), for the purpose of computing basic earnings per share. The number of ordinary shares has been adjusted retrospectively for the effect of the issues relating to the capitalisation issue in February 2025 and the partial exercise of the over-allotment option in March 2025 (note 44), with 204,272,800 shares in aggregate, and as if the capitalisation issue and the partial exercise of the over-allotment option had been completed on 1 January 2023.

The calculation of basic earnings per share is based on:

	2024	2023
Earnings		
Profit attributable to ordinary equity holders of the parent *(RMB'000)*	**1,478,507**	1,079,628
Shares		
Weighted average number of ordinary shares outstanding during the year	**2,091,229,320**	1,876,220,390
Basic earnings per share *(RMB)*	**0.71**	0.58

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

(b) Diluted

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the changes in fair value of financial liabilities at fair value through profit or loss, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares which has been adjusted retrospectively for the effect of the issues relating to the capitalisation issue in February 2025 and the partial exercise of the over-allotment option in March 2025, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the diluted earnings per share amounts does not take into account the convertible redeemable preferred shares outstanding during each of the reporting periods as their effect would have been anti-dilutive.

	2024	2023
Earnings		
Profit attributable to ordinary equity holders of the parent *(RMB'000)*	**1,478,507**	1,079,628
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**2,091,229,320**	1,876,220,390
Adjustment for:		
Share options outstanding during the year	**–**	183,107,341
Adjusted weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation	**2,091,229,320**	2,059,327,731
Diluted earnings per share *(RMB)*	**0.71**	0.52

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	–	143,470	43,583	83,723	76,286	396,427	743,489
Accumulated depreciation	–	(44,746)	(22,669)	(37,173)	(48,843)	–	(153,431)
Net carrying amount	–	98,724	20,914	46,550	27,443	396,427	590,058
At 1 January 2024, net of accumulated depreciation	–	98,724	20,914	46,550	27,443	396,427	590,058
Additions	–	43,102	25,030	21,082	4,291	408,705	502,210
Depreciation provided during the year	(5,138)	(25,409)	(13,231)	(21,679)	(16,722)	–	(82,179)
Transfers	471,246	128,497	1,135	–	2,864	(603,742)	–
Disposals	–	(43,001)	(9,561)	(2,932)	(233)	–	(55,727)
At 31 December 2024, net of accumulated depreciation	466,108	201,913	24,287	43,021	17,643	201,390	954,362
At 31 December 2024:							
Cost	471,246	251,377	56,349	94,014	83,208	201,390	1,157,584
Accumulated depreciation	(5,138)	(49,464)	(32,062)	(50,993)	(65,565)	–	(203,222)
Net carrying amount	466,108	201,913	24,287	43,021	17,643	201,390	954,362

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	122,765	35,304	81,240	78,452	16,391	334,152
Accumulated depreciation	(25,191)	(13,147)	(31,059)	(30,941)	–	(100,338)
Net carrying amount	97,574	22,157	50,181	47,511	16,391	233,814
At 1 January 2023, net of accumulated depreciation	97,574	22,157	50,181	47,511	16,391	233,814
Additions	21,441	13,605	19,070	3,211	383,816	441,143
Depreciation provided during the year	(19,332)	(11,360)	(20,051)	(22,367)	–	(73,110)
Transfers	3,472	–	–	308	(3,780)	–
Disposals	(4,431)	(3,488)	(2,650)	(1,220)	–	(11,789)
At 31 December 2023, net of accumulated depreciation	98,724	20,914	46,550	27,443	396,427	590,058
At 31 December 2023:						
Cost	143,470	43,583	83,723	76,286	396,427	743,489
Accumulated depreciation	(44,746)	(22,669)	(37,173)	(48,843)	–	(153,431)
Net carrying amount	98,724	20,914	46,550	27,443	396,427	590,058

As at 31 December 2024, the buildings held by subsidiaries of the Company with net carrying amounts of approximately RMB240,450,000 (31 December 2023: Nil) were pledged to secure bank facilities granted to the Group as disclosed in note 29 to the financial statements.

14. LEASES

The Group as a lessee

The Group has lease contracts for items of office premises, company-operated stores and plant used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises, company-operated stores and plant generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased office premises and plant outside the Group.

(a) Right-of-use assets

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

	Office premises, company-operated stores and plant RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2023	107,829	107,922	215,751
Additions	24,311	–	24,311
Depreciation charge	(59,285)	(2,376)	(61,661)
As at 31 December 2023 and 1 January 2024	**72,855**	**105,546**	**178,401**
Additions	**40,035**	**–**	**40,035**
Depreciation charge	**(55,813)**	**(2,051)**	**(57,864)**
As at 31 December 2024	**57,077**	**103,495**	**160,572**

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of year	**70,190**	106,340
New leases	**40,035**	24,311
Accretion of interest recognised during the year	**2,786**	3,961
Payments	**(58,851)**	(64,422)
Carrying amount at end of year	**54,160**	70,190
Analysed into:		
Current portion	**37,157**	43,674
Non-current portion	**17,003**	26,516

The maturity analysis of lease liabilities is disclosed in note 42(c) to the financial statements.

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**2,786**	3,961
Depreciation charge of right-of-use assets	**57,864**	61,661
Expense relating to short-term leases	**21,967**	16,299
Total amount recognised in profit or loss	**82,617**	81,921

(d) The total cash outflows for leases are disclosed in note 35(c) to the financial statements.

15. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2024	
At 1 January 2024:	
Cost	**4,573**
Accumulated amortisation	**(4,466)**
Net carrying amount	**107**
At 1 January 2024, net of accumulated amortisation	**107**
Additions	**1,045**
Amortisation provided during the year	**(300)**
At 31 December 2024, net of accumulated amortisation	**852**
At 31 December 2024:	
Cost	**5,652**
Accumulated amortisation	**(4,800)**
Net carrying amount	**852**
31 December 2023	
At 1 January 2023:	
Cost	4,645
Accumulated amortisation	(4,172)
Net carrying amount	473
At 1 January 2023, net of accumulated amortisation	473
Amortisation provided during the year	(366)
At 31 December 2023, net of accumulated amortisation	107
At 31 December 2023:	
Cost	4,573
Accumulated amortisation	(4,466)
Net carrying amount	107

16. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Unlisted equity investment, at fair value:		
Adopt A Cow Holding Group Co., Ltd.	**258,031**	257,122

The above equity investment was irrevocably designated at fair value through OCI as the Group considers the investment to be strategic in nature.

The movement of this equity investment during the year is as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**257,122**	277,073
Fair value gain/(loss) recognised in OCI	**909**	(19,951)
At end of year	**258,031**	257,122

17. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayment for property, plant and equipment	**4,732**	36,934

18. DEFERRED TAX

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

	Contract liabilities RMB'000	Losses available for offsetting against future taxable profits RMB'000	Unrealised profits arising from intra-group transactions RMB'000	Lease liabilities RMB'000	Deferred income RMB'000	Total RMB'000
At 1 January 2024	**13,947**	**3,019**	**21,597**	**8,195**	**2,511**	**49,269**
Deferred tax credited/(charged) to profit or loss during the year	**288**	**208**	**(10,922)**	**(3,241)**	**236**	**(13,431)**
Gross deferred tax assets at 31 December 2024	**14,235**	**3,227**	**10,675**	**4,954**	**2,747**	**35,838**
At 1 January 2023	27,315	4,945	13,886	23,489	–	69,635
Deferred tax credited/(charged) to profit or loss during the year	(13,368)	(1,926)	7,711	(15,294)	2,511	(20,366)
Gross deferred tax assets at 31 December 2023	13,947	3,019	21,597	8,195	2,511	49,269

As at 31 December 2024 and 2023, deferred tax assets have been recognised in respect of all tax losses arising in Mainland China, respectively, which will expire in one to five years for offsetting against future taxable profits.

As at 31 December 2024, certain subsidiaries of the Group had deductible temporary differences of RMB1,567,505,000 (31 December 2023: RMB1,507,521,000). Deferred tax assets have not been recognised in respect of these deductible temporary differences as it is not considered probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

18. DEFERRED TAX (Continued)

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

	Unrealised gains from financial assets at fair value through profit or loss RMB'000	Unrealised gains from equity investment designated at fair value through OCI RMB'000	Right-of-use assets RMB'000	Withholding taxes RMB'000	Contract assets RMB'000	Total RMB'000
At 1 January 2024	**86**	**1,588**	**8,122**	**110,000**	**1,356**	**121,152**
Deferred tax charged/(credited) to profit or loss during the year	**87**	**–**	**(3,128)**	**24,000**	**4,724**	**25,683**
Deferred tax credited to OCI during the year	**–**	**150**	**–**	**–**	**–**	**150**
Gross deferred tax liabilities at 31 December 2024	**173**	**1,738**	**4,994**	**134,000**	**6,080**	**146,985**
At 1 January 2023	5	4,880	23,801	63,000	–	91,686
Deferred tax charged/(credited) to profit or loss during the year	81	–	(15,679)	47,000	1,356	32,758
Deferred tax credited to OCI during the year	–	(3,292)	–	–	–	(3,292)
Gross deferred tax liabilities at 31 December 2023	86	1,588	8,122	110,000	1,356	121,152

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

18. DEFERRED TAX (Continued)

Deferred tax liabilities have been recognised for the withholding tax that would be payable on the earnings of certain subsidiaries incorporated in PRC for the years ended 31 December 2024 and 2023 that are expected to be distributed in the foreseeable future. As to the other subsidiaries incorporated in PRC, the Group has no plan to distribute the respective retained earnings as at 31 December 2024 and 2023.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	**24,985**	40,245
Net deferred tax liabilities recognised in the consolidated statements of financial position	**136,132**	112,128

19. LONG-TERM TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Long-term trade receivables	**249,611**	–
Less: Due within one year	**(145,018)**	–
	104,593	–

According to the payment terms in the sales contracts of equipment with certain customers, instalment repayments are allowed and part of the sales consideration will be collected after one year. The above arrangements are finance lease arrangements under IFRS 16 and the Group's long-term receivables are lease receivables.

19. LONG-TERM TRADE RECEIVABLES (Continued)

An ageing analysis of the long-term trade receivables as at the end of the reporting period, based on the dates of delivery of equipment are as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**10,847**	–
1 to 3 months	**47,453**	–
3 to 6 months	**46,293**	–
	104,593	–

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Management has assessed that the expected credit loss rate for trade receivables is minimal as at the end of the reporting period. In the opinion of the directors of the Company, the Group's long-term trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**155,160**	106,792
Work in progress	**76,876**	37,187
Finished goods	**752,208**	737,162
	984,244	881,141

21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**290,872**	70,416

The Group's trade receivables arise from the sale of products. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period generally ranges from 2 days to one month, extending up to three months for major direct sales customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the dates of delivery of goods and equipment/rendering of franchising services, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**125,166**	46,664
1 to 3 months	**92,339**	16,870
3 to 6 months	**69,374**	4,479
6 months to 1 year	**3,993**	2,403
	290,872	70,416

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Management has assessed that the expected credit loss rate for trade receivables is minimal as at the end of the reporting period. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

22. CONTRACT ASSETS

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Contract assets arising from:			
Franchise management services	**40,529**	9,042	–
Analysed into:			
Current portion	**35,254**	9,042	–
Non-current portion	**5,275**	–	–

Contract assets are initially recognised for revenue earned from the provision of franchise management services as the receipt of some franchise management services fees are allowed to defer for three to twenty-four months. The related balance of contract assets is reclassified to trade receivables at the end of the deferred period. The increase in contract assets as at 31 December 2024 and 2023 was the result of the increase in the ongoing income from the provision of franchise management services for those contracts with deferred terms at the end of that year.

The expected timing of recovery or settlement for contract assets is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**35,254**	9,042
1 year to 2 years	**5,275**	–
	40,529	9,042

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. Management has assessed that the expected credit loss rate for contract assets is minimal as at the end of the reporting period. In the opinion of the directors of the Company, the Group's contract assets relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	**114,320**	148,339
Prepaid expenses	**53,143**	29,080
Deposits	**16,862**	18,875
Value-added tax recoverable	**129,402**	88,337
Others	**14,125**	14,178
	327,852	298,809

Financial assets included in the above balances are unsecured, non-interest-bearing and repayable on demand. These balances relate to receivables for which there was no recent history of default and past due amounts.

As at the end of the reporting period, the loss allowance was assessed to be minimal.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Wealth management products	**1,244,649**	197,285

The above unlisted investments were wealth management products issued by banks in Mainland China and Hong Kong with a maturity period within one year or due on demand. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

25. CASH AND BANK BALANCES, RESTRICTED CASH AND LONG-TERM BANK DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash on hand and cash at banks	**1,865,238**	2,357,961
Short-term bank deposits	**70,026**	70,018
Cash and bank balances	**1,935,264**	2,427,979
Restricted cash	**41,510**	124,000
Long-term bank deposits	**501,588**	41,390
Denominated in:		
Cash and bank balances		
RMB	**1,929,624**	2,332,836
Hong Kong Dollars ("**HKD**")	**13**	–
The United States Dollars ("**USD**")	**2,425**	74,715
Swiss Franc ("**CHF**")	**3,202**	20,428
	1,935,264	2,427,979
Restricted cash		
RMB	**41,510**	124,000
Long-term bank deposits		
RMB	**501,588**	41,390

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

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. The bank deposits are made for varying periods between six months and three years depending on the cash management of the Group, and earn interest at fixed rates between 0.1% and 4.3% per annum. The bank balances and deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

As at 31 December 2024, restricted cash of RMB20,000,000 was pledged for the Group's bank facilities and as at 31 December 2023, restricted cash of RMB124,000,000 was pledged for the Group's interest-bearing other borrowings as disclosed in note 29 to the financial statements.

26. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**684,927**	594,838
3 to 6 months	**10,603**	4,088
6 months to 1 year	**2,361**	2,346
	697,891	601,272

As at 31 December 2024, included in the Group's trade payables were amounts due to the related parties of RMB1,918,000 (31 December 2023: RMB152,000) (note 39(b)).

Trade payables are non-interest-bearing and normally settled within 30 days.

As at the end of the reporting period, the carrying amounts of trade payables approximated to their fair values.

27. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Payroll and welfare payable	**129,532**	114,409
Tax payable other than corporate income tax	**23,412**	15,051
Deposits received	**60,528**	36,482
Other payables for property, plant and equipment	**106,084**	87,068
Accrued expenses	**68,957**	59,337
Other payables	**2,983**	9,872
	391,496	322,219

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of the reporting period approximated to their corresponding carrying amounts.

28. CONTRACT LIABILITIES

	31 December 2024 RMB'000	31 December 2023 RMB'000	1 January 2023 RMB'000
Advances received from customers:			
Sale of goods and equipment	**9,198**	9,769	8,031
Franchise management services	**94,891**	92,977	109,261
	104,089	102,746	117,292
Analysed into:			
Current portion	**79,116**	76,212	57,520
Non-current portion	**24,973**	26,534	59,772

Contract liabilities of the Group mainly arise from the advance payments received from customers for products yet to be delivered and services yet to be provided. The increase in contract liabilities as at 31 December 2024 and the decrease in contract liabilities as at 31 December 2023 were mainly due to the increase or decrease of short-term advances received from customers in relation to the sale of goods and equipment and the provision of franchise management services at the end of that year.

The expected timing of recognition of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**79,116**	76,212
1 year to 2 years	**22,930**	23,118
2 years to 3 years	**2,043**	3,416
	104,089	102,746

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	2024 Effective interest rate (%)	2024 Maturity	2024 RMB'000	2023 Effective interest rate (%)	2023 Maturity	2023 RMB'000
Current							
Other borrowings – secured	*(i)*	**N/A**	**N/A**	**–**	1.30	2024	124,000
Non-current							
Bank borrowings – secured	*(ii)*	**3.01**	**2026~2029**	**121,233**	N/A	N/A	–

	2024 RMB'000	2023 RMB'000
Analysed into:		
Other borrowings repayable:		
Within one year	**–**	124,000
Bank borrowings repayable:		
In the second year	**27,383**	–
In the third to fifth years, inclusive	**93,850**	–
	121,233	–
	121,233	124,000

Notes:

(i) As at 31 December 2024, there were no secured other borrowings (31 December 2023: RMB124,000,000) denominated in RMB, interest-bearing at fixed rates and repayable within one year and are secured by restricted cash.

(ii) As at 31 December 2024, the Group's bank facilities amounted to RMB881,450,000, of which RMB128,033,000 had been utilised. All of these bank facilities are guaranteed by subsidiaries of the Company and secured by the buildings with net carrying amounts of approximately RMB240,450,000 and restricted cash with amounts of approximately RMB20,000,000 held by subsidiaries of the Company as disclosed in notes 13 and 25 to the financial statements, respectively. As at 31 December 2024, all of the Group's bank borrowings were denominated in RMB and interest-bearing at floating rates.

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Convertible redeemable preferred shares	**3,181,663**	3,156,013

Convertible redeemable preferred shares

Since the date of incorporation, the Company has completed financing by issuing a series of preferred shares ("**Preferred Shares**") as follows:

	Date of issuance	Purchase price (RMB/share)	Number of shares	Total consideration RMB'000
Series A-1 Preferred Shares with par value of US$0.00001 each	2022/05/18	2.3	21,739,140	50,613
Series A-2 Preferred Shares with par value of US$0.00001 each	2023/09/15	2.2	4,347,820	9,568
Series A-3 Preferred Shares with par value of US$0.00001 each	2022/08/23	2.3	173,913,040	404,907
Series A-4 Preferred Shares with par value of US$0.00001 each	2022/08/23	2.4	86,956,540	209,040
Series A Preferred Shares with par value of US$0.00001 each		2.35	286,956,540	674,128

The key terms of the Preferred Shares are summarised as follows:

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) Conversion feature

Each Preferred Share shall be convertible, at the option of the holders of the Preferred Shares ("**Holders**") thereof, at any time after the date of issuance, and without the payment of any additional consideration by the Holders thereof, into such number of fully paid ordinary shares of the Company as is determined by dividing the applicable deemed original issue price for such series of Preferred Shares by the conversion price for such series of Preferred Shares in effect ("**Conversion Price**") at the time of conversion. The Conversion Price shall be subject to adjustment from time to time, including but not limited to share splits and combinations, share dividends and distributions, reorganisation, consolidations or reclassifications, and adjustment upon issuance of new securities for a consideration per share less than the conversion price.

All outstanding Preferred Shares shall automatically be converted into ordinary shares of the Company at the applicable ratio upon the closing of an initial public offering ("**IPO**") implying a pre-offering market capitalisation of the Company that is no less than RMB10,000,000,000 (the "**Qualified IPO**"), or with respect to each series of Preferred Shares, the date and time, or the occurrence of an event, specified in a written request for such conversion delivered to the Company by the Holders of at least a majority of the series of Preferred Shares then outstanding, voting together as a single class on an as-converted to ordinary shares basis.

(b) Redemption feature

Notwithstanding anything to the contrary herein, if (i) the Company fails to complete a Qualified IPO by 30 September 2027; (ii) any material breach of the transaction documents by any group company and/or the founder parties which results in a loss of more than RMB30,000,000 in the aggregate by any investor due to the failure incurring such material breach within fifteen (15) business days upon the request by any Investors; (iii) any existing or future holder of the equity securities of the Company requests the Company to redeem the equity securities held by it; or (iv) there is the occurrence of criminal punishment to any chief founder party arising from any criminal offences committed by any group company and/or any chief founder party in relation to taxation liability, corruption, bribery, embezzlement of property, misappropriation of property or accounting fraud, the investors may initiate to request the Company to redeem all or part of the outstanding Preferred Shares (the "**Redemption**").

Pursuant to the shareholders' agreement entered into between the Company and its investors on 26 December 2023, the redemption rights ceased to be exercisable immediately before the first filing of the listing application by the Company with The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), and shall resume to be exercisable in accordance with below terms upon the earliest of (i) the withdrawal or abandonment of such listing application by the Company; (ii) the rejection of such listing application by the Hong Kong Stock Exchange; (iii) the lapse of such listing application and such listing application is not renewed by the Company within six months; or (iv) the expiry of eighteen months from the day of the first filing of the listing application by the Company with the Hong Kong Stock Exchange if no Qualified IPO has been consummated by then (or such later date as the parties herein unanimously agree in writing).

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(c) Liquidation preferences

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company or any of the following events: (i) the liquidation, dissolution or winding-up of the Company or (ii) any trade sale ("**Deemed Liquidation Event**") that shall be distributed to holders of Preferred Shares in the sequence below:

If, upon any such liquidation, distribution, winding up or Deemed Liquidation Event of the Company, the assets of the Company shall be insufficient to pay the Holders in full on all Series A Preferred Shares, then such assets shall be distributed among the Holders, in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

After distribution or payment in full of the Series A Preference Amount, the remaining assets of the Company available for distribution to members shall be distributed to all holders of issued and outstanding ordinary shares and the Holders of Preferred Shares pro rata on an as-converted basis.

(d) Voting rights

Each Preferred Share shall carry a number of votes equal to the number of ordinary shares of the Company then issuable upon its conversion into ordinary shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. The Holders shall be entitled to vote on all matters on which the holders of ordinary shares shall be entitled to vote.

(e) Presentation and classification

The Group designated the entire instruments including the host debt and conversion derivative of Preferred Shares as financial liabilities measured as fair value through profit or loss. Changes in fair value of Preferred Shares were recorded in "fair value changes of financial liabilities at fair value through profit or loss". Management considered that fair value changes in the Preferred Shares attributable to changes of own credit risk are not significant.

The movements of the convertible redeemable preferred shares included in financial liabilities at fair value through profit or loss are set out below:

	2024 RMB'000	2023 RMB'000
At beginning of year	**3,156,013**	2,818,901
Issuance of preferred shares upon exercising warrants	**–**	43,303
Fair value change	**25,650**	293,809
At end of year	**3,181,663**	3,156,013

30. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Warrants

On 18 May 2022, the Company issued warrants to the Investors for the subscription of 4,347,820 Series A-2 Preferred Shares, 173,913,040 Series A-3 Preferred Shares and 86,956,540 Series A-4 Preferred Shares (together, the "**Warrants**"), respectively. In accordance with the Warrants, the Company and the other parties thereto will execute the shareholders' agreements, pursuant to which, from the date thereof until termination or expiration of the Warrants or of the exercise of the warrants, the holders of the Warrants are entitled to the rights specified in the shareholders' agreements. The above issued warrants were converted into Preferred Shares upon exercise. The Group designated the above issued warrants as financial liabilities measured as fair value through profit or loss.

The movements of the warrants included in financial liabilities at fair value through profit or loss are set out below:

	2024 RMB'000	2023 RMB'000
At beginning of year	–	42,897
Issuance of preferred shares upon exercising warrants	–	(43,303)
Fair value change	–	406
At end of year	–	–

The Group applied the discount cash flow method to determine the equity value of the Company and adopted the option-pricing method to determine the fair values of the financial liabilities at fair value through profit or loss as at the end of the reporting period. Key valuation assumptions used to determine the fair values of convertible redeemable preferred shares and warrants are set out below:

	2024	2023
Discount rate	13.0%	15.0%
Risk-free interest rate	4.4%	4.0%
Discounts for lack of marketability ("**DLOM**")	7.8%	11.1%
Volatility	43.6%	41.2%

The Group estimated the risk-free interest rate based on the yield of the RMB China Government Bond and USD America Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of redemption option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on the annualised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

31. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Government grants	**10,988**	10,042

Movements in government grants of the Group during the year are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	**10,042**	–
Government grants received	**988**	10,042
Credited to profit or loss during the year	**(42)**	–
At end of year	**10,988**	10,042

The Group received government grants for capital expenditure incurred for property, plant and equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

32. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Authorised:		
Number of ordinary shares of US$0.00001 each	**4,713,043,460**	4,713,043,460
Issued and fully paid:		
Number of ordinary shares of US$0.00001 each	**1,886,956,520**	1,886,956,520
Par value of ordinary shares *(RMB'000)*	**127**	127

32. SHARE CAPITAL (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue Ordinary shares	Share capital USD	Share capital RMB'000
As at 1 January 2023	1,669,565,220	16,696	112
Ordinary shares issued under equity-settled share option arrangements	217,391,300	2,174	15
As at 31 December 2023 and 1 January 2024 and 31 December 2024	**1,886,956,520**	**18,870**	**127**

33. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity in financial statements.

(i) Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies comprising the Group prior to the incorporation of the Company. Additionally, it also represents the additional contribution made by the shareholders of the Company and reserves arising from equity-settled share-based payment transactions.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the share capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

2022 Share Incentive Plan

On the 24 June 2022 ("**Adoption Date**"), the board of directors of the Company approved the 2022 share incentive plan (the "**2022 Plan**") for the purpose of attracting and retaining the best available personnel for positions of substantial responsibility, providing additional incentives to eligible participants who contribute to the success of the Company's business. Eligible participants of the 2022 Plan may include directors and employees of the Company or its subsidiaries. The 2022 Plan shall remain in force for 10 years from the Adoption Date, unless otherwise cancelled or amended.

The maximum aggregate number of shares may be issued under the 2022 Plan shall not exceed 217,391,300 ordinary shares of the Company. The outstanding share options granted to directors and employees will become vested in four equal tranches of 25% over a period of four years.

On 30 November 2023, the Group waived the vesting conditions of all the outstanding share options under the 2022 Plan. Accordingly, these share options were vested immediately, which was treated as an acceleration of vesting.

The following share options were outstanding under the 2022 Plan during the year ended 31 December 2023:

	Weighted average exercise price	Number of options RMB
At 1 January 2023	1.38	214,623,183
Granted during the year	1.38	2,768,117
Exercised during the year	1.38	(217,391,300)
At 31 December 2023		–

The fair value of the shares granted under the 2022 Plan during the year ended 31 December 2023 was determined at RMB22,050,000, and the Group recognised equity-settled share-based payment expenses of RMB55,537,000 in profit or loss for the above mentioned shares granted to directors and employees of the Group for the year ended 31 December 2023.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

2022 Share Incentive Plan (Continued)

The fair value of equity-settled share options granted was estimated as at the date of grant to directors and employees using a binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the key assumptions that the model used for the 2022 Plan:

	2023
Dividend yield *(%)*	0.00%
Expected volatility *(%)*	41.90%
Historical volatility *(%)*	41.90%
Risk-free interest rate *(%)*	3.98%
Expected life of options *(year)*	10
Weighted average share price *(RMB per share)*	9.18

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB40,035,000 (2023: RMB24,311,000) and RMB40,035,000 (2023: RMB24,311,000), respectively, in respect of lease arrangements.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Interest-bearing bank and other borrowings RMB'000
At 1 January 2023	106,340	2,861,798	–
Changes from financing cash flows	(64,422)	–	122,728
New leases	24,311	–	–
Interest expense	3,961	–	1,272
Fair value changes	–	294,215	–
At 31 December 2023 and 1 January 2024	70,190	3,156,013	124,000
Changes from financing cash flows	**(58,851)**	**–**	**(5,216)**
New leases	**40,035**	**–**	**–**
Interest expense	**2,786**	**–**	**2,449**
Fair value changes	**–**	**25,650**	**–**
At 31 December 2024	**54,160**	**3,181,663**	**121,233**

(c) Total cash outflow for leases

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

	2024 RMB'000	2023 RMB'000
Within operating activities	**21,967**	16,299
Within financing activities	**58,851**	64,422
Total	**80,818**	80,721

36. CONTINGENT LIABILITIES

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

37. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in note 29 to the financial statements.

38. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for purchase of property, plant and equipment	**49,295**	183,065

39. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

The Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Purchase of goods:		
Companies controlled by Mr. Wang Yun'an and Mr. Qi Xia	**21,993**	14,783

The purchases from the related parties were conducted in the ordinary course of business and based on commercial terms mutually agreed by the counterparties.

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

	2024 RMB'000	2023 RMB'000
Trade related:		
Trade payables		
Companies controlled by Mr. Wang Yun'an and Mr. Qi Xia	**1,918**	152

As at the end of the reporting period, the Group's outstanding balances with related parties were all unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**10,826**	6,606
Performance related bonuses	**1,246**	3,961
Pension scheme contributions and social welfare	**690**	558
Equity-settled share-based payments	**–**	23,546
Total compensation paid to key management personnel	**12,762**	34,671

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

31 December 2024	Financial assets at fair value through profit or loss	Financial asset at fair value through OCI		
	Mandatorily RMB'000	Equity investment RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investment designated at fair value through OCI	–	258,031	–	258,031
Financial assets at fair value through profit or loss	1,244,649	–	–	1,244,649
Trade receivables	–	–	290,872	290,872
Long-term trade receivables	–	–	104,593	104,593
Financial assets included in prepayments, other receivables and other assets	–	–	30,987	30,987
Restricted cash	–	–	41,510	41,510
Long-term bank deposits	–	–	501,588	501,588
Cash and bank balances	–	–	1,935,264	1,935,264
Total	1,244,649	258,031	2,904,814	4,407,494

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

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

Financial assets (Continued)

31 December 2023	Financial assets at fair value through profit or loss	Financial asset at fair value through OCI		
	Mandatorily RMB'000	Equity investment RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investment designated at fair value through OCI	–	257,122	–	257,122
Financial assets at fair value through profit or loss	197,285	–	–	197,285
Trade receivables	–	–	70,416	70,416
Financial assets included in prepayments, other receivables and other assets	–	–	33,053	33,053
Restricted cash	–	–	124,000	124,000
Long-term bank deposits	–	–	41,390	41,390
Cash and bank balances	–	–	2,427,979	2,427,979
Total	197,285	257,122	2,696,838	3,151,245

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

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

Financial liabilities

31 December 2024	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	**3,181,663**	**–**	**3,181,663**
Trade payables	**–**	**697,891**	**697,891**
Financial liabilities included in other payables and accruals	**–**	**238,552**	**238,552**
Interest-bearing bank borrowings	**–**	**121,233**	**121,233**
Lease liabilities	**–**	**54,160**	**54,160**
Total	**3,181,663**	**1,111,836**	**4,293,499**

31 December 2023	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities at fair value through profit or loss	3,156,013	–	3,156,013
Trade payables	–	601,272	601,272
Financial liabilities included in other payables and accruals	–	192,759	192,759
Interest-bearing bank borrowings	–	124,000	124,000
Lease liabilities	–	70,190	70,190
Total	3,156,013	988,221	4,144,234

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

The fair values of financial liabilities at fair value through profit or loss are determined using the option-pricing method using significant unobservable market inputs. Details of the method were disclosed in note 30.

The fair values of long-term bank deposits, long-term trade receivables and long-term interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of long-term bank deposits, long-term trade receivables and long-term interest-bearing bank borrowings approximate to their fair values.

The fair values of wealth management products included in financial assets at fair value through profit or loss have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of unlisted equity investment designated at fair value through other comprehensive income, has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable input		Sensitivity of fair value to the input
Equity investment designated at fair value through OCI	Valuation multiples	Average P/S multiple of peers	2024: 3.13	5% increase/decrease in the multiple would result in increase/decrease in fair value by RMB12,901,000/ RMB12,901,000
			2023: 3.30	5% increase/decrease in the multiple would result in increase/decrease in fair value by RMB12,856,000/ RMB12,856,000
		DLOM	2024: 25.0%	5% increase/decrease in the multiple would result in decrease/increase in fair value by RMB4,301,000/ RMB4,301,000
			2023: 19.0%	5% increase/decrease in the multiple would result in decrease/increase in fair value by RMB3,016,000/ RMB3,016,000

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 2023: (Continued)

	Valuation technique	Significant unobservable input		Sensitivity of fair value to the input
Financial liabilities at fair value through profit or loss	Option-pricing method	Risk-free interest rates	2024: 4.4%	5% increase/decrease in the multiple would result in decrease/increase in fair value by RMB232,000/ RMB250,000
			2023: 4.0%	5% increase/decrease in the multiple would result in decrease/increase in fair value by RMB164,000/ RMB185,000
		Volatility	2024: 43.6%	5% increase/decrease in the multiple would result in increase/decrease in fair value by RMB380,000/ RMB358,000
			2023: 41.2%	5% increase/decrease in the multiple would result in increase/decrease in fair value by RMB1,176,000/ RMB1,039,000
		DLOM	2024: 7.8%	5% increase/decrease in the multiple would result in decrease/increase in fair value by RMB13,273,000/ RMB13,273,000
			2023: 11.1%	5% increase/decrease in the multiple would result in decrease/increase in fair value by RMB12,837,000/ RMB12,837,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

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

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2024				
Equity investment designated at fair value through OCI	**–**	**–**	**258,031**	**258,031**
Financial assets at fair value through profit or loss	**–**	**1,244,649**	**–**	**1,244,649**
Total	**–**	**1,244,649**	**258,031**	**1,502,680**
As at 31 December 2023				
Equity investment designated at fair value through OCI	–	–	257,122	257,122
Financial assets at fair value through profit or loss	–	197,285	–	197,285
Total	–	197,285	257,122	454,407

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2024				
Financial liabilities at fair value through profit or loss	**–**	**–**	**3,181,663**	**3,181,663**
As at 31 December 2023				
Financial liabilities at fair value through profit or loss	–	–	3,156,013	3,156,013

During the year, there were no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the retranslated value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in USD/RMB rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2024			
If RMB weakens against USD	**5**	**2,022**	**1,679**
If RMB strengthens against USD	**(5)**	**(2,022)**	**(1,679)**
31 December 2023			
If RMB weakens against USD	5	3,736	2,989
If RMB strengthens against USD	(5)	(3,736)	(2,989)

(b) Credit risk

The carrying amounts of cash and bank balances, trade receivables, long-term trade receivables, contract assets and financial assets included in prepayments, other receivables and other assets included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 31 December 2024 and 2023. The Group classifies financial instruments on the basis of shared credit risk characteristics, such as instrument types and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment.

Cash and bank balances and long-term bank deposits

As at 31 December 2024 and 2023, all cash and bank balances and long-term bank deposits were deposited in high-credit-quality financial institutions without significant credit risk. These financial assets were not yet past due and their credit exposure is classified as stage 1.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Trade receivables, long-term trade receivables and contract assets

To manage the risk arising from trade receivables, long-term trade receivables and contract assets, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally ranged from 2 days to three months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables and contract assets. In addition, the Group reviews regularly the recoverable amount of trade receivables, long-term trade receivables and contract assets to ensure that adequate impairment losses are made. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables, long-term trade receivables and contract assets. The expected credit losses also incorporate forward-looking information based on key economic variables such as inflation rate. As at 31 December 2024 and 2023, the expected credit loss rate for trade receivables, long-term trade receivables and contract assets was assessed to be minimal.

Other receivables and assets

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group has classified financial assets included in prepayments, other receivables and other assets in stage 1 because there was no recent history of default. Management continuously monitors their credit risk. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging

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

31 December 2024	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	290,872	290,872
Long-term trade receivables	–	–	–	104,593	104,593
Contract assets	–	–	–	40,529	40,529
Financial assets included in prepayments, other receivables and other assets					
– Normal*	30,987	–	–	–	30,987
Restricted cash					
– Not yet past due	41,510	–	–	–	41,510
Long-term bank deposits					
– Not yet past due	501,588	–	–	–	501,588
Cash and bank balances					
– Not yet past due	1,935,264	–	–	–	1,935,264
Total	2,509,349	–	–	435,994	2,945,343

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

31 December 2023	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	–	–	–	70,416	70,416
Contract assets	–	–	–	9,042	9,042
Financial assets included in prepayments, other receivables and other assets					
– Normal*	33,053	–	–	–	33,053
Restricted cash					
– Not yet past due	124,000	–	–	–	124,000
Long-term bank deposits					
– Not yet past due	41,390	–	–	–	41,390
Cash and bank balances					
– Not yet past due	2,427,979	–	–	–	2,427,979
Total	2,626,422	–	–	79,458	2,705,880

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

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

31 December 2024	Within 1 year RMB'000	Over 1 year and within 2 years RMB'000	Over 2 years and within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	697,891	–	–	–	697,891
Financial liabilities included in other payables and accruals	238,552	–	–	–	238,552
Interest-bearing other borrowings	3,642	30,481	98,093	–	132,216
Lease liabilities	38,398	14,390	3,002	–	55,790
Financial liabilities at fair value through profit or loss	896,498	–	–	–	896,498
Total	1,874,981	44,871	101,095	–	2,020,947

31 December 2023	Within 1 year RMB'000	Over 1 year and within 2 years RMB'000	Over 2 years and within 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade payables	601,272	–	–	–	601,272
Financial liabilities included in other payables and accruals	192,759	–	–	–	192,759
Interest-bearing other borrowings	124,000	–	–	–	124,000
Lease liabilities	45,843	22,629	5,171	141	73,784
Financial liabilities at fair value through profit or loss	842,568	–	–	–	842,568
Total	1,806,442	22,629	5,171	141	1,834,383

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes lease liabilities but excludes financial liabilities designated at fair value through profit or loss). Adjusted capital comprises all components of equity and financial liabilities designated at fair value through profit or loss. The adjusted net debt-to-capital ratios as at the end of each reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Total liabilities	**4,762,617**	4,537,423
Less: Financial liabilities at fair value through profit or loss	**(3,181,663)**	(3,156,013)
Adjusted net debt	**1,580,954**	1,381,410
Equity attributable to owners of the parent	**2,066,293**	582,992
Add: Financial liabilities at fair value through profit or loss	**3,181,663**	3,156,013
Adjusted capital	**5,247,956**	3,739,005
Adjusted net debt-to-capital ratio	**30.1%**	36.9%

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	28	–
Investments in subsidiaries	1,067,017	1,067,017
Total non-current assets	1,067,045	1,067,017
CURRENT ASSETS		
Financial assets at fair value through profit or loss	38,014	–
Cash and bank balances	299	–*
Total current assets	38,313	–*
CURRENT LIABILITIES		
Amounts due to subsidiaries	75,267	12,883
Financial liabilities at fair value through profit or loss	3,181,663	3,156,013
Total current liabilities	3,256,930	3,168,896
NET CURRENT LIABILITIES	(3,218,617)	(3,168,896)
NET LIABILITIES	(2,151,572)	(2,101,879)
EQUITY		
Share capital	127	127
Reserves *(note)*	(2,151,699)	(2,102,006)
DEFICIENCY IN ASSETS	(2,151,572)	(2,101,879)

* The amount is less than RMB1,000.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	52,824	(2,203,254)	(2,150,430)
Loss for the year	–	(307,098)	(307,098)
Ordinary shares issued under equity-settled share option arrangements	299,985	–	299,985
Equity-settled share option arrangements	55,537	–	55,537
As at 31 December 2023 and 1 January 2024	**408,346**	**(2,510,352)**	**(2,102,006)**
Loss for the year	**–**	**(49,693)**	**(49,693)**
As at 31 December 2024	**408,346**	**(2,560,045)**	**(2,151,699)**

44. EVENTS AFTER THE REPORTING PERIOD

Dividend declaration

On 6 January 2025, the Company passed a board resolution and shareholders resolution to declare a dividend of RMB1.74 billion to existing shareholders prior to the Listing, of which RMB0.84 billion had been settled by cash in January to March 2025.

Listing of the shares of the Company

In connection with the listing of the shares of the Company on the Main Board of the Hong Kong Stock Exchange, 182,403,600 new ordinary shares (with the full exercise of the offer size adjustment option and before any exercise of the over-allotment option) with a nominal value of US$0.00001 each were issued at a price of HK$9.94 per ordinary share including share premium for a total cash consideration of HK$1,813,092,000, before deducting underwriting fees, commissions and related expenses. Dealing of the shares of the Company on the Main Board of the Hong Kong Stock Exchange commenced on 12 February 2025.

In March 2025, 21,869,200 shares were issued by the partial exercise of the over-allotment option at a price of HK$9.94 per ordinary share including share premium for a total cash consideration of HK$217,380,000, before deducting underwriting fees, commissions and related expenses.

Conversion of convertible redeemable preferred shares into ordinary shares

Upon the Group's listing on the Main Board of the Hong Kong Stock Exchange on 12 February 2025, all convertible redeemable preferred shares were derecognised from financial liabilities at fair value through profit or loss and were converted into ordinary shares. The fair value of each preferred share on the conversion date is the offer price in the global offering.

The completion of the Qualified IPO has triggered the automatic termination of all the special rights granted to the convertible redeemable preferred shares.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

Definitions

In this report, the following expressions have the meanings set out below unless the context requires otherwise:

"2024 ESG Report"	the environmental, social and governance report of the Company for the year ended December 31, 2024
"Acting-in-Concert Arrangement"	the acting-in-concert agreement entered into by Mr. Wang, Mr. Qi, Mr. Ruan, Ms. Pan, Modern Leaves Limited, Ancient Leaves Limited, Chivalrous Lancers Limited, Chivalrous Cavalry Limited, Cousin Tea Limited, Uncle Tea Limited, Spring Equinox Drinks Limited and Winter Solstice Drinks Limited on April 14, 2022 acknowledging and confirming that, among other things, they are parties acting in concert since April 14, 2022 at any meeting of our Group where each of them and/or the directors appointed by them is entitled to vote on corporate matters as shareholders or directors and the deed of adherence to the acting-in-concert agreement entered into by Nascent Leaves Limited, Chivalrous Knights Limited, Nephew Tea Limited and Summer Solstice Drinks Limited dated December 27, 2023, details of which are set out in the section headed "History, Reorganization and Corporate Structure – Acting-in-Concert Arrangement" in the Prospectus
"AGM"	annual general meeting of the Company
"Articles of Association"	the third amended and restated articles of association of the Company which was effective from the Listing Date
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company"	Guming Holdings Limited (古茗控股有限公司), a company with limited liability incorporated in the Cayman Islands on August 31, 2021
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Mr. Qi, Mr. Ruan, Ms. Pan, and the intermediate holding companies through which they are interested in our Shares, namely Modern Leaves Limited, Ancient Leaves Limited, Nascent Leaves Limited, Chivalrous Lancers Limited, Chivalrous Cavalry Limited, Chivalrous Knights Limited, Cousin Tea Limited, Uncle Tea Limited, Nephew Tea Limited, Spring Equinox Drinks Limited, Winter Solstice Drinks Limited and Summer Solstice Drinks Limited

"critical mass"	in the context of discussing our regional densification strategy, a province or the store network in a province achieving "critical mass" refers to at least 500 "*Good me*" stores opened in the province
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"Global Offering"	has the meaning ascribed to it in the Prospectus
"GMV"	gross merchandise value
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time
"Guming Technology"	Guming Technology Group Co., Ltd. (古茗科技集團有限公司), a limited liability company established in the PRC on June 12, 2018 and a wholly-owned subsidiary of our Company
"HK$" or "HK dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	April 24, 2025, being the latest practicable date prior to the publication of this report for ascertaining certain information contained herein
"Listing"	the listing of Shares on the Main Board of the Stock Exchange on February 12, 2025
"Listing Date"	February 12, 2025, being the date on which the Shares were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mr. Qi"	Mr. Xia Qi (戚俠先生), an executive Director, the president of our Company and one of our Controlling Shareholders
"Mr. Ruan"	Mr. Xiudi Ruan (阮修迪先生), an executive Director and one of our Controlling Shareholders

"Mr. Wang"	Mr. Yun'an Wang (王雲安先生), founder of our Group, Chairman of the Board, an executive Director, the chief executive officer of our Company and one of our Controlling Shareholders
"Ms. Pan"	Ms. Pingping Pan (潘萍萍女士), one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of the Board
"per-store GMV"	calculated by multiplying the per-store daily GMV by the number of days in the relevant period. The number of days for the years ended December 31 is 365 days. The per-store daily GMV is calculated by dividing the total GMV generated by our stores in a given period by the aggregate of the number of days that each of our stores could be open for business in the given period, which is measured by the number of days from (i) the latter of a store's launch day and the first day of the period, to (ii) the earlier of a store's closure day and the last day of the period. Launch day refers to the first day a newly launched store opens for business
"per-store number of cups sold"	calculated by multiplying the per-store daily number of cups sold by the number of days in the relevant period. The number of days for the years ended December 31 is 365 days. The per-store daily number of cups sold is calculated by dividing the total number of cups sold by our stores in a given period by the aggregate of the number of days that each of our stores could be open for business in the given period, which is measured by the number of days from (i) the latter of a store's launch day and the first day of the period, to (ii) the earlier of a store's closure day and the last day of the period. Launch day refers to the first day a newly launched store opens for business
"Post-IPO Share Scheme"	the share incentive plan approved and adopted by the Company on January 27, 2025, and amended from time to time, the principal terms of which are set out in "Statutory and General Information – Post-IPO Share Scheme" in Appendix IV of the Prospectus
"PRC" or "China" or "Mainland China"	the People's Republic of China, excluding, for the purposes of this report, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"presence"	in the context of discussing our regional densification strategy, establishing "presence" in a province refers to at least 10 "*Good me*" stores opened in the province
"Prospectus"	the prospectus issued by the Company on February 4, 2025 in connection with the Hong Kong public offering of the Shares

"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year from January 1, 2024 to December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Series A Preferred Shares"	series A preferred shares with par value of US$0.00001 each in the share capital of the Company, comprising of series A-1, series A-2, series A-3, series A-4 preferred shares of the Company
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of US$0.00001 each
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"towns and townships"	when used together, towns (鎮) and townships (鄉) refer to all of China's township-level administrative areas excluding subdistricts (街道), which are typically located in relatively developed, downtown urban areas
"US$"	United States dollar(s), the lawful currency of the United States of America
"%"	per cent.