

EASTBUY

东方甄选

East Buy Holding Limited

東方甄選控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1797)

2025 ANNUAL REPORT



EASTBUY
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. YU Minhong (俞敏洪), *Chairman and chief executive officer*

Mr. YIN Qiang (尹強), *Chief financial officer*

Non-executive Director

Ms. SUN Chang (孫暢)

Independent non-executive Directors

Mr. TONG Sui Bau (董瑞豹)

(resigned on 21 January 2025)

Mr. KWONG Wai Sun Wilson (鄺偉信)

Mr. LIN Zheyang (林哲瑩)

Mr. YAN Andrew Y (閻焱)

(appointed on 21 January 2025)

BOARD COMMITTEES

Audit committee

Mr. TONG Sui Bau, *Committee chairman*

(resigned on 21 January 2025)

Mr. YAN Andrew Y, *Committee chairman*

(appointed on 21 January 2025)

Mr. KWONG Wai Sun Wilson

Mr. LIN Zheyang

Remuneration committee

Mr. LIN Zheyang, *Committee chairman*

Ms. SUN Chang

Mr. TONG Sui Bau *(resigned on 21 January 2025)*

Mr. YAN Andrew Y *(appointed on 21 January 2025)*

Nomination committee

Mr. YU Minhong, *Committee chairman*

Mr. TONG Sui Bau *(resigned on 21 January 2025)*

Mr. LIN Zheyang

Mr. YAN Andrew Y *(appointed on 21 January 2025)*

JOINT COMPANY SECRETARIES

Ms. Song Jie *(appointed on 22 August 2025)*

Ms. Ma Wing Yee *(appointed on 22 August 2025)*

Mr. Cheung Kai Cheong Willie *(resigned on 22 August 2025)*

AUTHORISED REPRESENTATIVES

Mr. YIN Qiang

Ms. Ma Wing Yee *(appointed on 22 August 2025)*

Mr. Cheung Kai Cheong Willie *(resigned on 22 August 2025)*

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEADQUARTERS

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2 Haidian East Third Road

Haidian District

Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 40, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

LEGAL ADVISERS

As to Hong Kong Laws and United States Laws

Skadden, Arps, Slate, Meagher & Flom and affiliates

As to PRC Laws

Tian Yuan Law Firm

As to Cayman Islands Laws

Conyers Dill & Pearman

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

PRINCIPAL BANK

Bank of China (Hong Kong) Limited

STOCK CODE

1797

WEBSITE

ir.eastbuy.com

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE HIGHLIGHTS

	FY2025			FY2024		
	Continuing RMB'000	Discontinued RMB'000	Combined total RMB'000	Continuing RMB'000	Discontinued ⁽¹⁾ RMB'000	Combined total RMB'000
Revenue	4,392,071	–	4,392,071	6,525,551	547,013	7,072,564
Profit before tax	60,745	–	60,745	433,725	1,588,354 ⁽²⁾	2,022,079
Profit for the year ⁽³⁾	6,191	–	6,191	249,145	1,470,363 ⁽²⁾	1,719,508
Profit for the year attributable to:						
– Owners of our Company	5,735	–	5,735	249,140	1,470,363 ⁽²⁾	1,719,503
– Non-controlling interests	456	–	456	5	–	5
Earnings per share						
– Basic (RMB)	0.01	–	0.01	0.24	1.44	1.68
– Diluted (RMB)	0.01	–	0.01	0.23	1.38	1.61
Non-IFRS measure: Adjusted profit for the year (unaudited) ⁽⁴⁾	173,546	–	173,546	709,394	1,471,316 ⁽²⁾	2,180,710
Non-IFRS measure: Adjusted EBITDA (unaudited) ⁽⁵⁾	98,893	–	98,893	773,760	130,830	904,590

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	RMB'000				
	FY2025	FY2024	FY2023	FY2022	FY2021
Revenue	4,392,071	7,072,564	4,509,849	898,535	1,418,655
Gross profit	1,404,041	2,119,008	1,954,769	413,491	412,208
Operating profit/(loss)	(109,884)	419,948	1,070,815	(579,571)	(1,480,227)
Profit/(loss) for the year	6,191	1,719,508	971,286	(533,964)	(1,658,392)
Profit/(loss) attributable to owners of our Company	5,735	1,719,503	971,286	(533,954)	(1,658,392)
Non-IFRS measure: Adjusted net profit/(loss) (unaudited)	173,546	2,180,710	1,089,333	(363,725)	(1,322,557)

CONDENSED CONSOLIDATED BALANCE SHEET

			RMB'000		
	FY2025	FY2024	FY2023	FY2022	FY2021
Assets:					
Non-current assets	333,568	377,632	416,022	367,912	738,572
Current assets	5,758,945	6,163,887	3,436,916	1,691,481	2,546,746
Total assets	6,092,513	6,541,519	3,852,938	2,059,393	3,285,318
Equity and liabilities:					
Equity attributable to owners of our Company	5,117,097	4,969,216	2,803,808	1,641,008	2,008,872
Non-controlling interests	861	405	–	–	–
Total equity	5,117,958	4,969,621	2,803,808	1,641,008	2,008,872
Non-current liabilities	20,004	58,999	20,301	25,058	233,604
Current liabilities	954,551	1,512,899	1,028,829	393,327	1,042,842
Total liabilities	974,555	1,571,898	1,049,130	418,385	1,276,446
Total equity and liabilities	6,092,513	6,541,519	3,852,938	2,059,393	3,285,318

Notes:

- (1) The discontinued figures in FY2024 were from 1 June 2023 to 29 February 2024. The disposal of education business was completed on 1 March 2024, on which date control of education businesses passed to the acquirer, New Oriental Group.
- (2) It includes the gain on disposal of education business in FY2024. The gain on disposal of education business, net income tax expense was RMB1.3 billion.
- (3) If we have excluded the financial impact from the disposal of Time with Yuhui on 25 July 2024 (the “**Disposal of Time with Yuhui**”), which is the one-off expense incurred and profit generated by Time with Yuhui, the net profit from continuing operations was RMB135.4 million in the Reporting Period. For details of the Disposal of Time with Yuhui, please refer to the announcement of the Company dated 25 July 2024.
- (4) Adjusted profit (“**Adjusted Profit**”) for the year represents profit for the year less loss on fair value changes of financial assets at FVTPL (non-current) and loss on disposal of a financial asset at FVTPL (non-current), plus share-based compensation expenses for the financial year.
- (5) Adjusted EBITDA (“**Adjusted EBITDA**”) (or earnings before interest, taxes, depreciation, and amortisation) represents profit for the year plus income tax expenses, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the financial year.



BUSINESS OVERVIEW AND OUTLOOK

OUR BUSINESS

We have positioned ourselves as a private label products and livestreaming e-commerce platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides agricultural products as its core product under our private label brand, “East Buy” (東方甄選), and a cultural communication company that provides customers with a pleasant experience. Through the provision of high-quality products and services, the promotion of traditional Chinese culture and positive values, we hope to contribute and provide every customer and viewer with a better, healthier, and high-quality life.

Since 2021, we have expanded our businesses in private label products and livestreaming e-commerce and established “East Buy”, which has become a well-known online platform for selling top-quality and good value for money agricultural and other products. Not only does the platform offer an alternative channel for farmers and local companies to sell high-quality agricultural and other products to a broader customer base, it also provides consumers with a platform which offers a wide range of high-quality products with transparency in pricing. Leveraging our deep understanding of customers’ needs, we select quality agricultural and other products for our customers through our integrated supply chain management and diversified cooperation with various third parties. We create value for consumers by providing various private label products under the “East Buy” brand, which are designed to be healthy and high-quality with good value for money, including fruits and vegetables, meat and poultry, baked goods, cereals, oils and ready-to-eat foods, seafood, dairy products, nutritional and health-care food, pet food, and daily necessities, etc. Through direct cooperation with producers and local enterprises, we aspire to promote quality products that have traditionally lacked sales channels and to improve the operational efficiency of the industry supply chain, so as to accelerate rural revitalisation and contribute long-term value to the relevant upstream and downstream industry.

Being consistent with our Company’s history, we continue to stand by a “customer-centric” long-term development strategy. Through innovative livestreaming activities and providing premium services, we provide our customers with a unique and entertaining shopping experience that involves the sharing of knowledge, wisdom and Chinese culture and history. We have an established team of talented livestreamers and have adopted a multi-channel strategy to reach a wider consumer base. We have set up various livestreaming channels, including East Buy Beautiful Life (東方甄選美麗生活) and East Buy Private Label (東方甄選自營產品) on Douyin (抖音), which focus on different product categories to continually create positive, unique and interesting content to attract and retain user viewership, while at the same time, promote traditional Chinese culture and share knowledge with consumers. During the Reporting Period, we have adopted a multi-platform strategy and sold our private label products on various platforms, such as Taobao (淘寶), JD.com (京東), Pinduoduo (拼多多), REDnote (小紅書), Mini program (微信小程序), Wechat Mini store (微信小店) and our own APP. Our Company has also established a membership system which has provided members with unique and exclusive membership services and offered members lower prices on a limited selection of nationally-branded and private label products in a wide range of merchandise categories on our own APP since October 2023. The “East Buy” brand has become increasingly prominent in the industry, quickly becoming synonymous with “quality, accessibility, and lifestyle culture” in China, particularly as related to agricultural and other daily necessities products, and thereby, our brand is gaining millions of loyal viewers/followers and returning customers.

The key operating metrics in the livestreaming e-commerce business are summarised below:

	FY2025	FY2024
Key operating data		
GMV (RMB) (billion) ⁽¹⁾	8.7	14.3
Number of paid orders on Douyin (million)	91.6	181.1
Number of paid membership subscriptions on East Buy's APP (thousand)	264.3	198.6

Note:

(1) Includes the paid GMV from all sales channels such as Douyin, Taobao and our own APP, etc.

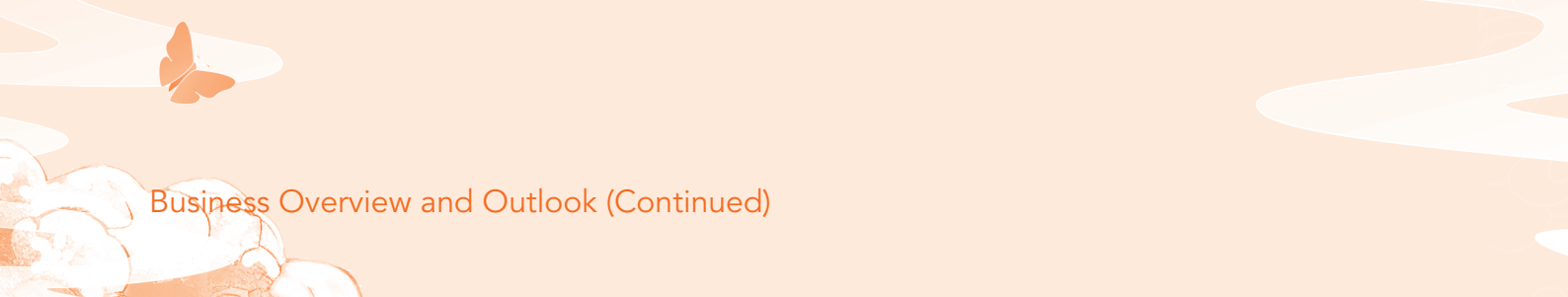
BUSINESS DEVELOPMENTS

Our financial performance

FY2025 is a momentous year for East Buy, signifying the third anniversary of our establishment since business transition. Despite the numerous unforeseen hardships we have encountered over these three years, our collective efforts have enabled us to achieve remarkable development.

Total net revenues from continuing operations (i.e., private label products and livestreaming e-commerce businesses) decreased by 32.7% from RMB6.5 billion for FY2024 to RMB4.4 billion for FY2025. The net profit from continuing operations for FY2025 turned positive from a loss in the first half of FY2025, realizing a net profit of RMB6.2 million as compared to a net profit of RMB249.1 million for FY2024. As there was the Disposal of Time with Yuhui during the Reporting Period, if we have excluded the financial impact from the Disposal of Time with Yuhui, which is the one-off expense incurred and profit generated by Time with Yuhui, the net profit from continuing operations increased by 30.0% from RMB104.2 million for FY2024 to RMB135.4 million for FY2025.

The progress and challenges we faced in FY2025 reinforced the foundational business model of East Buy. East Buy has always been adhering to its initial brand philosophy which focuses on "health, high quality and good value for money" (健康、高品質、高質價比), while maintaining our consumer-centric approach. We have further strengthened the development of our private label products and have launched a cumulative 732 SPUs in private label products as of 31 May 2025 (FY2024: 488 SPUs). We have expanded our product categories from the initial category of fresh food and snacks to a more diversified product range. Compared with our past focus on traffic-oriented needs, we pay more attention to the actual needs of families and concentrate resources on those business areas with high user access frequency and stable demand, such as daily consumer goods, food and household items. We are pleased that our private label products have become a major growth driver and contributed approximately 43.8% of total GMV for FY2025.



Business Overview and Outlook (Continued)

During the Reporting Period, East Buy has successfully launched several private label product lines, such as nutritional and healthcare foods, pet foods, and clothing, which are highly competitive in the market, and has achieved excellent performance. The nutritious and healthy food products under our “East Buy” (東方甄選) brand have shown a strong growth momentum, among which are soft candies, probiotics, fish oil, and prickly pear juice grew rapidly. At the same time, daily consumables such as eggs, grilled sausages, toast, milk have become the common choice of many families due to their reliable quality and broad applicability, and their market recognition continues to increase.

Additionally, we have a strong presence in the farmlands across the 28 provinces in China, where we can directly connect high-quality fruit production areas with consumer markets ensuring nationwide distribution of regional fruits. Citrus, apples, kiwis, tomatoes, and sweet potatoes, among other products, have become phenomenal sellers. For its outstanding contributions to the promotion of agricultural products, the Company has been awarded honorary titles, such as “Quality Supplier” and “Promotion Ambassador” by the Agricultural and Rural Bureaus of Xinjiang, Sichuan, Shaanxi, Shandong, Hunan, and Hubei provinces, among others. It has also been recognized by the Turpan Municipal Agricultural and Rural Bureau in Xinjiang as an outstanding unit for promoting the development of high-quality fruit and supporting rural revitalization, and for the Group’s positive role in rural revitalization and agricultural upgrading.

In FY2025, we made a comprehensive layout centered on a livestreaming platform that focuses on carefully selecting premium products for customers, and a long-term positioning centered around private label products under the East Buy brand. In terms of product exposure, the product traceability live broadcast is promoted on different Douyin account and WeChat channel, so that more users can have a deep understanding of the quality and culture of the products, forming a unique impression for our private label products under the East Buy brand.

The Company has continued to adopt the multi-platform, multi-matrix strategy to expand its reach for a wider consumer base and increase brand awareness and influence. While continuing enriching the products and services in livestreaming channels, we also opened online shop channels in different platforms, e.g. Mini program, Wechat Mini store, Tmall, JD.com, Pinduoduo, REDnote. In addition, leveraging on New Oriental’s Learning Centers, we began to explore offline channels such as setting up vending machines in the learning centers. The layout and development in the Company’s APP strategy have been advancing at a rapid pace. Currently, East Buy’s APP continued to bring in more well-known brands and blockbuster products, enriching its product categories. And in each product category, we have carefully selected at least one to two high-quality products to ensure that different consumers demands can be met. Thus, the average contribution per individual user has also been steadily increasing, which fully demonstrates the high stickiness and loyalty of our users. We have held a variety of marketing activities to continuously increase the number of members and their activity levels. Building on our existing paid membership base, we also introduced a “Family and Friends Card” to enhance user experience while attracting more new users.

In the APP, the GMV and average order value of private label products are increasing steadily. The proportion of the private label products from our APP in the total GMV of such private label products has grown from 16.3% in FY2024 to 28.8% in FY2025. This not only reflects our progress in supply chain management, but also proves the trust that users, especially paying members, have in our East Buy brand. In the future, we will further expand the variety and number of our private label products and continue to improve the satisfaction and repeated purchase rate of our private label products.

By continuously enriching the product portfolio (including external brands and our private label products) and providing personalised shopping experience, East Buy's APP user satisfaction rate has reached a height – 98.7% (FY2024: 97.3%). We expect to offer not only products, but also one-stop shopping solutions for families which recommend the most suitable products based on customers' purchasing habits and hobbies. We believe such online supermarket model based on user trust is particularly valuable in the current market environment.

We have spared no effort to strengthen the distribution service system. On March 15, 2025, East Buy's first cold storage warehouse, "East Buy Central China Warehouse No. 1" officially commenced operations and began operating smoothly in Zhengzhou. This warehouse marks a significant milestone in the Company's supply chain layout. Leveraging our superior geographical location, we have integrated logistics resources and expanded our direct express delivery routes to effectively shorten logistics transit time to provide consumers with a faster delivery experience, which marks a further upgrade of the supply chain system for East Buy's private label products, laying a solid foundation for continuously optimizing service quality and enhancing market competitiveness.

Further, we have built a more comprehensive organisational structure to support the rapid development of our businesses, and cultivated more excellent talents in the professional field. As of 31 May 2025, the total number of personnel in our private label products and livestreaming e-commerce team reached 1,401, of which 1,070 were full time employees and 331 were part time employees. We also had 643 personnel dedicated to our supply chain and product, of which 496 were full time employees and 147 were part time employees. We have emphasised on talent training, strengthening organisational structure building, and advocating a unified set of values to ensure that our employees can maximise their potential in their respective positions and collectively contribute to the Company's long-term development.

As a result of the above strategic implementation, our GMV for FY2025 was RMB8.7 billion. While the GMV from Douyin represented a large majority of our GMV, our GMV from APP represented 15.7% of total GMV. The total number of paid orders from our third-party products and our private label products on Douyin for FY2025 has reached approximately 91.6 million.

FUTURE OUTLOOK BEYOND THE REPORTING PERIOD

With the conclusion of FY2025, we are embracing a new beginning and continue to be committed to providing users with high-quality products and services. Our strategic positioning is firm and clear. In the future, we will continue to strive to become a livestreaming platform that focuses on carefully selecting premium products for our customers, an outstanding product and technology company that continually provides agricultural products as its core product under our private label, “East Buy”, and a cultural communication company that provides customers with pleasant experience. We firmly believe in our mission of promoting public welfare and creating value for society.

Going forward, we will focus our efforts in the following key areas:

Pursuing ultimate product quality

Quality is the primary focus of East Buy. We will continue to adhere to high standards of product selection and strictly control the quality of each product. Whether it is our private label products or co-branded products, we will implement a stringent review mechanism to ensure that every product received by consumers meets or exceeds expectations of individuals, especially in basic categories related to people’s livelihood.

Since 2021, we have been developing private label product business, adhering to the “customer-centric” long-term development strategy and continuously strengthening its capabilities in end-to-end management and control from the source to after-sales service. To date, the Company has established a system of private label products covering multiple categories such as fruits and vegetables, dairy and bakery products, nutritional and healthcare products, and daily necessities. It will continue to deepen capacity building in supply chain management, quality control, and other areas, striving to respond to consumers’ expectations for high-quality products and trustworthy brands through stable and transparent mechanisms, practical and effective processes, and continuously optimized services.

Going forward, East Buy will continue to improve and refine the management system for suppliers of its private-label products, formulate strict internal norms, and establish an institutional framework covering access, review, and hierarchical management. It will also continuously advance full-process management measures, including qualification review, on-site factory inspections, product standard formulation, production-following supervision, unannounced inspections, and annual reviews, to steadily enhance the compliance and stability of the supply chain. Centering on the entire product lifecycle, we will build a quality control system that covers key links such as raw material selection, product design, production and processing, packaging and transportation, as well as sales and usage, striving to integrate “high standards” into every step. Meanwhile, the Company will also explore optimizing packaging design based on sustainable concepts, extend product lifecycles, and gradually promote green and high-quality consumption patterns.

Strengthening the APP and membership system

Since its establishment, our APP has been committed to providing users with high-quality products and services. To date, it has become an important bridge connecting loyal user groups with high-quality products. We will continue to optimise user experience, especially our members, and ensure that every user can enjoy satisfactory services. We hope that the number of paid members will continue to increase in the long term.

In the future, we will expand the user coverage of our APP by developing new user acquisition channels to increase monthly active users (MAU) and registered members. The Group will also undergo membership enhancements by refining and improving the membership system with expanded benefits and privileges, including provision of renewal gifts for members, introducing the “Family and Friends Card” as a free gift, allowing membership perks for orders placed on WeChat Mini Store, initiating one-click membership activation at checkout and exclusive member flash sales, etc, in order to elevate membership experience.

Moreover, we will continuously optimize the APP’s product offerings: by onboarding more domestic and international premium brands, effectively enriching the product assortment and expanding the range of categories available for members to purchase.

We will continue to upgrade our East Buy APP and Mini Program, continuously improving and unlocking new product capabilities. The Group has built a community forum through its APP and a book club to meet users’ content interaction needs within the APP, provide a direct engagement platform between East Buy and users, serve as a hub for new product launches and discussions, and enrich community interaction formats. The Company believes that the above improvements ensure a smoother, more engaging, and value-driven experience for our users.

Innovative livestreaming e-commerce model and content ecology

We are well aware of the importance of knowledge dissemination and cultural transmission and will continue to invest into creation of innovative content and livestreaming format. During the Reporting Period, we continued to actively promote the development of cultural content. While promoting distinctive agricultural products, we created innovative livestreaming content through different channels. During the Reporting Period, East Buy successively held nineteen outdoor livestreaming events in such as Guizhou, Xinjiang, Inner Mongolia, Sichuan, Ningxia, Yunnan etc, to showcase local customs and distinctive culture while promoting specialty products.



Business Overview and Outlook (Continued)

In terms of product exposure, we encourage product managers to participate in live broadcasts and will continue to explore and enrich the stories behind each of our products, using livestreaming to broadcast the production and design process to our followers and users. Our traceability livestreaming sessions ensure that users can better understand and build trust in our private label products.

For the livestreaming channel in our own APP, the Group will further carry out a number of enhancements and introduce new features to boost engagement and interactivity, including setting up livestream customer leaderboards for the ranking of top viewers, live polls, emoji interactions, live chat and bullet comments for audience participation during livestreaming sessions. The Company believes that these upgrades make livestreaming sessions more entertaining in order to attract more users.

Technology infrastructure, Big Data and AI:

The Group has invested and will continually invest in core technology innovation to enhance platform stability and scalability. Through optimising system architecture and data governance for greater load capacity and expansion, ensuring smooth performance during traffic peaks. Further, the Group is of the view that the high accessible and high performance infrastructure guarantees uninterrupted core operations and boosts efficiency. The upgraded data management and resource allocation, integrated large-scale AI models can also fuel business growth and innovation. The Group will build an algorithmic platform to provide strategic improvements based on analysis of key recommendation scenarios from the East Buy APP. These advancements deliver a seamless, high-speed user experience while laying a future-proof foundation for expansion. Through cutting-edge technology, the Group has made use of the data gathered to make better business decisions.

Strengthening food safety and social responsibility

Amid the transformation of the business landscape, we will continue to strive with great effort. We will always bear in mind the original aspiration and mission of the establishment of East Buy, and constantly select and create high-quality products and ultimate services for our users. In view of the widespread social concern over food safety in consumption market in recent years, East Buy understands its responsibility for ensuring food safety. We will continue to adhere to the principle of high standards in product selection and strive to address social pain points, especially stand out in basic categories related to people's livelihood. We believe that through unrelenting efforts, East Buy will become one of the most trusted brands of Chinese families, leading the healthy development of the industry.

"A better life is all in East Buy" ("美好生活, 盡在東方甄選"). This is our commitment and our motivation to move forward. Looking to the future, East Buy will continue to uphold its original aspirations, continue to innovate, provide users with better products and services, and work together to create a better life.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Our revenue from continuing operations decreased by 32.7% from RMB6.5 billion for FY2024 to RMB4.4 billion for FY2025 among which our revenue from our APP increased from RMB0.9 billion for FY2024 to RMB1.1 billion for FY2025. If excluding the revenue amount generated by the livestreaming channel of Time with Yuhui, our total revenues from continuing operations decreased by 30.9% from RMB6.1 billion for FY2024 to RMB4.2 billion for FY2025.

Private label products and livestreaming e-commerce business

Revenue from our private label products and livestreaming e-commerce segment decreased by 32.7% from RMB6.5 billion for FY2024 to RMB4.4 billion for FY2025, among which revenue from our private label products amounted to approximately RMB3.5 billion. During the Reporting Period, we have been working on strengthening the supply chain management system, expanding our product categories, and increasing the number of products offerings and SPUs.

COST OF REVENUE, GROSS PROFIT AND GROSS MARGIN

Our total cost of revenue from continuing operations decreased by 38.2% from RMB4.8 billion in FY2024 to RMB3.0 billion for FY2025, primarily due to the decrease in cost of inventories and logistics cost for private label products as a result of decrease in the GMV.

Our gross profit from continuing operations decreased by 17.0% from RMB1.7 billion for FY2024 to RMB1.4 billion for FY2025. Our gross profit margin from continuing operations increased from 25.9% for FY2024 to 32.0% for FY2025, primarily due to the healthy development of our private label products and livestreaming e-commerce business.

OTHER INCOME, GAINS AND LOSSES

Our other income, gains and losses from continuing operations increased by 28.1% from RMB138.1 million for FY2024 to RMB176.9 million for FY2025, primarily due to the changes in fair value of FVTPL.

SELLING AND MARKETING EXPENSES

Our selling and marketing expenses from continuing operations increased by 4.2% from RMB866.1 million for FY2024 to RMB902.1 million for FY2025, primarily due to the increase in advertising expenses.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses from continuing operations decreased by 3.5% from RMB131.6 million for FY2024 to RMB127.0 million for FY2025, primarily due to a decrease in share option expense during the Reporting Period.

ADMINISTRATIVE EXPENSES

Our administrative expenses from continuing operations increased by 22.5% from RMB395.6 million for FY2024 to RMB484.8 million for FY2025, primarily due to the distribution of all remaining undistributed profits from Time with Yuhui as disclosed in the announcement of the Company dated 25 July 2024.

SHARE OF RESULTS OF ASSOCIATES

Our share of results of associates decreased from a gain of RMB3.8 million for FY2024 to a loss of RMB0.7 million for FY2025, primarily due to the change from profit to loss in Beijing Shidai Yuntu Book Co., Ltd. (北京時代雲圖圖書有限責任公司).

INCOME TAX EXPENSES

Our income tax expenses from continuing operations were RMB54.6 million for FY2025, compared to RMB184.6 million for FY2024, primarily due to the decrease in net profit during the Reporting Period.

NET PROFIT FOR THE YEAR

As a result of the above, our net profit from continuing operations decreased from RMB249.1 million for FY2024 to RMB6.2 million for FY2025. If we excluded the financial impact from the Disposal of Time with Yuhui, which are the one-off expense incurred and profit generated by Time with Yuhui, the net profit from continuing operations increased by 30.0% from RMB104.2 million for FY2024 to RMB135.4 million for FY2025.

NON-IFRS MEASURES

To supplement our financial information presented in accordance with IFRS, we also use Adjusted Profit for the year and Adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparison of operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We also believe these measures provide useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they have assisted our management. Please note, however, our presentation of Adjusted Profit and Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our consolidated statements of profit or loss or financial condition as reported under IFRS.

We define Adjusted profit for the year represents profit for the year less loss on fair value changes of financial assets at FVTPL (non-current), and loss on disposal of a financial asset at FVTPL (non-current), plus share-based compensation expenses for the year. We define Adjusted EBITDA as profit for the year plus income tax expense, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the year.

Management Discussion and Analysis (Continued)

The following table reconciles our net profit from continuing operations for the year to Adjusted Profit from continuing operations for the year:

	FY2025 RMB'000 (unaudited)	FY2024 RMB'000 (unaudited)
Reconciliation of profit for the year to Adjusted Profit for the year:		
Net profit from continuing operations	6,191	249,145
Add:		
Share-based compensation expenses	160,653	416,955
Less:		
Loss on disposal of a financial asset at FVTPL (non-current)	—	(23)
Loss on fair value changes of financial assets at FVTPL (non-current)	(6,702)	(43,271)
Adjusted Profit from continuing operations for the year	173,546	709,394

The following table reconciles our profit from continuing operations for the year to Adjusted EBITDA from continuing operations for the year:

	FY2025 RMB'000 (unaudited)	FY2024 RMB'000 (unaudited)
Reconciliation of net profit from continuing operations for the year to Adjusted EBITDA		
Net profit	6,191	249,145
Add:		
Income tax expense	54,554	184,580
Share-based compensation expenses	160,653	416,955
Finance costs	2,932	2,159
Impairment losses recognised under expected credit loss model, net of reversal	2,708	4,713
Depreciation of property and equipment	15,840	20,328
Depreciation of right-of-use assets	32,959	33,957
Less:		
Other income, gains and losses	176,944	138,077
Adjusted EBITDA from continuing operations for the year	98,893	773,760

OTHER INFORMATION ABOUT OUR FINANCIAL PERFORMANCE

Liquidity and capital resources

During the Reporting Period, we met our cash requirements primarily from cash and cash equivalents and proceeds from the 2020 Subscription. We had cash and cash equivalents of RMB2.5 billion as at 31 May 2025 compared to RMB2.3 billion as at 31 May 2024. We had term deposits of RMB0.6 billion as at 31 May 2025, compared to RMB1.1 billion as at 31 May 2024. We also had financial assets (current) at FVTPL of RMB2.0 billion as at 31 May 2025, compared to RMB1.3 billion as at 31 May 2024. Thus, total monetary capital was RMB5.1 billion as at 31 May 2025. Cash and cash equivalents were represented by bank balances and cash; and bank balances and cash comprised cash and short-term deposits with an original maturity of three months or less. Financial assets (current) at FVTPL comprised wealth management products.

During the Reporting Period, we primarily used cash to fund required working capital and other recurring expenses to support the expansion of our operations. Going forward, we believe that our liquidity requirements will be satisfied by using funds from a combination of internally generated cash and net proceeds from our 2020 Subscription.

As at the end of FY2025, our gearing ratio was 16.0%, compared with 24.0% at the end of FY2024, calculated as total liabilities divided by total assets.

Cash flow

The following table sets forth our cash flows for the two comparable years:

	FY2025 RMB'000	FY2024 RMB'000
Net cash from operating activities	89,292	856,088
Net cash from investing activities	195,495	202,753
Net cash (used in) financing activities	(53,121)	(14,768)
Net increase in cash and cash equivalents	231,666	1,044,073
Cash and cash equivalents at the beginning of the financial year	2,262,464	1,165,137
Effect of exchange rate changes	5,409	53,254
Cash and cash equivalents at the end of the financial year	2,499,539	2,262,464

Net cash from operating activities

Our net cash from operating activities primarily consists of our profit before tax for the financial year adjusted by non-cash items, non-operating items and changes in working capital. Our net cash generated from operating activities in FY2025 was RMB89.3 million. The difference between cash generated from operating activities before tax and interest of RMB127.1 million and the profit before tax of RMB60.7 million was mainly due to: (i) a RMB7.6 million of loss on disposal of a subsidiary; (ii) a RMB113.8 million decrease in inventories and a RMB65.2 million decrease in trade and other receivables due to the decrease in GMV during the Reporting Period; and (iii) excluding the effect of share-based compensation expenses of RMB160.7 million.

Net cash from investing activities

Our net cash from investing activities in FY2025 was approximately RMB195.5 million, primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB2.4 billion, withdrawal of term deposits of RMB1.6 billion and net cash inflow on RMB527.7 million on disposal of education business, which was partially offset by purchases of financial assets at fair value through profit or loss of RMB3.1 billion and placement of term deposits of RMB1.1 billion.

Net cash used in financing activities

Our net cash used in financing activities in FY2025 was approximately RMB53.1 million, primarily attributable to payments on repurchase of ordinary shares of RMB110.4 million and repayments of lease liabilities of RMB34.5 million.

Capital expenditure

The following table sets forth our capital expenditure for the years indicated:

	FY2025 RMB'000	FY2024 RMB'000
Purchase of property and equipment	25,830	35,858

Our capital expenditures were primarily for purchases of property and equipment in FY2024 and FY2025, respectively. Our purchases of property and equipment were RMB35.9 million for FY2024 and RMB25.8 million for FY2025, respectively.

Off-balance sheet commitments and arrangements

As at 31 May 2025, we had not entered into any off-balance sheet transactions.

Future plans for material investments and capital assets

As at 31 May 2025, we did not have any other foreseeable plans for material investments and capital assets.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

On 25 July 2024, Beijing Xuncheng entered into a disposal agreement with Mr. Dong and the Target Company pursuant to which Beijing Xuncheng's 100% equity interest in the Target Company was transferred to Mr. Dong at a consideration of RMB76,585 thousand, and thereafter, the Target Company ceased to be a consolidated affiliated company of the Group. For further details, please refer to the announcement of the Company dated 25 July 2024.

Save as disclosed above, during the Reporting Period, we did not have any other material acquisitions and/or disposals of subsidiaries and affiliated companies.

Significant investments held

Save as disclosed above, the Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 May 2025) during FY2025.

Employees and remuneration policy

As at 31 May 2025, we had 1,070 full-time employees and 331 part-time employees (31 May 2024: 1,318 full-time employees and 565 part-time employees). The number of employees employed by the Group varies from time to time depending on needs and employees are remunerated based on industry practice.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to assessment of individual performance. The Company also has the 2023 Scheme and the 2025 Share Scheme.

The total remuneration expenses, including share-based compensation expense incurred by the Group for FY2025 was 1.2 billion, representing a year-on-year decrease of 17.6% from RMB1.4 billion for FY2024.

Foreign exchange risk

Foreign exchange risk arises when commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of our operating entities. We operate in the PRC with most of the transactions settled in RMB. During the Reporting Period, we had assets and liabilities denominated in United States dollars and Hong Kong dollars. We continuously monitor changes in currency exchange rates and will take necessary measures to mitigate exchange rate impact.

Indebtedness

During the Reporting Period, we did not incur any bank loan or other borrowings. Our Directors consider that we have adequate cash and capital resources considering our bank balances and cash, term deposits and our financial assets at FVTPL, wealth management products generated from our operating activities and the net proceeds from the share subscriptions to fund our operations and expansion, therefore, we do not plan to incur any borrowing in the 12 months from the date of this report.

Pledge of assets

As at 31 May 2025, none of our Group's assets were pledged.

Contingent liabilities

As at 31 May 2025, we did not have any material contingent liabilities.

Property and equipment

Movements in our Group's property and equipment during FY2025 are detailed in Note 15 to the consolidated financial statements.

Material litigation

During the Reporting Period, our Company was not involved in any material litigation or arbitration; nor were our Directors aware of any material litigation or claims that were pending or threatened against our Company as at 31 May 2025.

Reserves

As at the end of FY2025, we had distributable reserves of approximately RMB5.4 billion, further details of which are set out at Note 41 to the consolidated financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under our Articles of Association or Cayman Islands Laws that would oblige our Company to offer new Shares on a pro-rata basis to existing Shareholders.

Tax relief and exemption

Our Directors are not aware of any tax relief and exemption available to our Shareholders by reason of them holding our Company's securities.

Public float

Based on the information publicly available to our Company, and to the best knowledge of our Directors, as at the Latest Practicable Date, our Company maintained the prescribed percentage of public float under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As at Latest Practicable Date, our Board consists of six members, comprising two executive Directors, one non-executive Director and three independent non-executive Directors, namely:

Name	Age	Position	Date of appointment
YU Minhong (俞敏洪)	62	Executive Director, <i>Chairman</i> ⁽¹⁾ , <i>Chief executive officer</i>	16 December 2023
YIN Qiang (尹強)	51	Executive Director, <i>Chief financial officer</i>	23 May 2018
SUN Chang (孫暢)	57	Non-executive Director	7 February 2018
KWONG Wai Sun Wilson (鄭偉信)	59	Independent non-executive Director	15 March 2019
LIN Zheyang (林哲瑩)	60	Independent non-executive Director	20 January 2020
YAN Andrew Y (閻焱)	67	Independent non-executive Director	21 January 2025

Note:

(1) since 23 May 2018

The biographies of each of our current Directors are set out below:

Executive Directors

YU Minhong (俞敏洪) ("Mr. Yu")

Mr. Yu, aged 62, is an executive Director, our Company's chief executive officer, chairman of the Nomination Committee, and Chairman of our Board. Mr. Yu is also the chairman and a director of Beijing Xuncheng, since May 2015, and certain companies under the New Oriental Group, including Leci Internet. Mr. Yu received his bachelor's degree in English from Peking University, China in July 1985. Mr. Yu is the founder and currently the executive chairman of the board of directors of New Oriental, since 2001, and was a director of Sunlands Technology Group, a company whose American depository shares are listed on the New York Stock Exchange (NYSE: STG), from August 2017 (and an independent director from March 2018) to June 2019. Since 2001, Mr. Yu has been the chairman and director of New Oriental, our Controlling Shareholder and a company whose American depository shares are listed on the New York Stock Exchange (NYSE: EDU) and shares are listed on the Stock Exchange (stock code: 9901).

YIN Qiang (尹強) ("Mr. Yin")

Mr. Yin, aged 51, is an executive Director and our Company's chief financial officer. He is also a director and chief financial officer of Beijing Xuncheng, since January 2016, director of Zhuhai Chongsheng since July 2019 to November 2020, and director and general manager of Hainan Haiyue Dongfang Network Technology Co., Ltd. (海南海悅東方網絡科技有限公司) since October 2020. Mr. Yin received his bachelor's degree in economics from Capital University of Economics and Business (首都經濟貿易大學), China, in July 1996 and his master's degree in business management from Peking University, China, in July 2008. Mr. Yin is also a PRC accredited accountant (since October 2001). Aside from our Group, Mr. Yin has been the vice-president of New Oriental China since April 2019. Mr. Yin was the financial controller and assistant vice-president of New Oriental China from June 2005 to May 2016, and senior accountant at PricewaterhouseCoopers from 1996 to 2001.

Non-executive Director

SUN Chang (孫暢) (“Ms. Sun”)

Ms. Sun, aged 57, is a non-executive Director and a member of the Remuneration Committee. She was our Company’s co-chief executive officer until 19 January 2020. Ms. Sun is a director of Beijing Xuncheng, since May 2015 and Dexin Dongfang since March 2018. Ms. Sun received her bachelor’s degree in pre-school education from Beijing Normal University (北京師範大學), China, in July 1990 and her master’s degree in business administration from Renmin University of China (中國人民大學), China, in July 1999. Aside from our Group, Ms. Sun was the assistant vice-president and the vice-president of New Oriental China from 2012 to 2016 and from 2016 to 2020, respectively. Ms. Sun was the general manager of the investment division at China Netcom Group Corporation Limited (now China United Network Communications Group Co., Ltd. (中國聯合網絡通訊集團有限公司)), or China Unicom (中國聯通) from 2000 to 2004, and the marketing manager at Microsoft (China) Co., Ltd. (微軟(中國)有限公司) from 1997 to 2000.

Independent Non-executive Directors

KWONG Wai Sun Wilson (鄺偉信) (“Mr. Kwong”)

Mr. Kwong, aged 59, is an independent non-executive Director and a member of the Audit Committee. Mr. Kwong is an associate member of the Institute of Chartered Accountants in England and Wales. Mr. Kwong received his bachelor of arts degree from the University of Cambridge, United Kingdom, in June 1987. Mr. Kwong is an executive director of China Metal Resources Utilisation Limited, since August 2013, a company listed on the Stock Exchange (stock code: 1636). Mr. Kwong also acts as an independent non-executive director of Shunfeng International Clean Energy Limited, since July 2014, a company listed on the Stock Exchange (stock code: 1165), C.banner International Holdings Limited, since August 2011, a company listed on the Stock Exchange (stock code: 1028), China Outfitters Holdings Limited, since June 2011, a company listed on the Stock Exchange (stock code: 1146), and China New Higher Education Group Limited, since March 2017, a company listed on the Stock Exchange (stock code: 2001). Mr. Kwong was the president of Gushan Environmental Energy Limited, a company listed on the New York Stock Exchange (NYSE: GU) (from December 2007 to October 2012). Prior to this, he was a managing director in the investment banking division and the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited from March 2004 to July 2006, and a director and the general manager of the corporate finance division of Cazenove Asia Limited, from 2002 to 2003, and from 1997 to 2003, respectively.

LIN Zheyang (林哲瑩) (“Mr. Lin”)

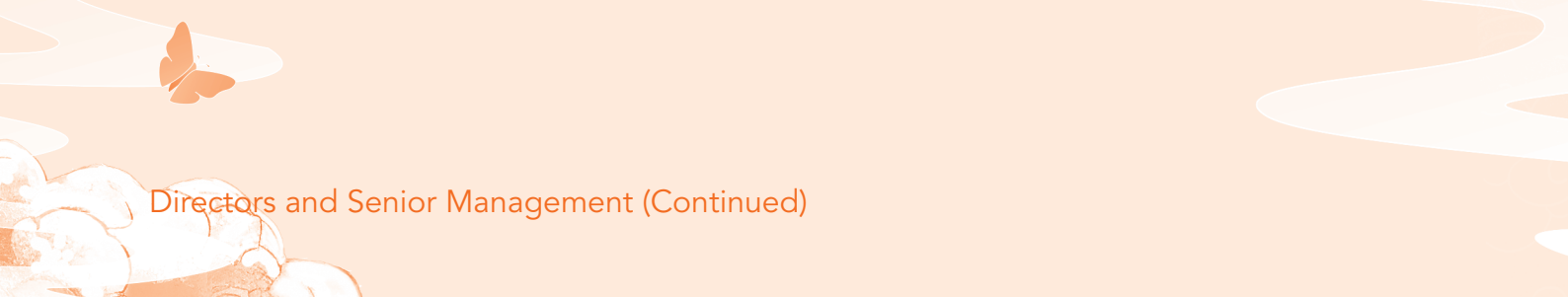
Mr. Lin, aged 60, is an independent non-executive Director, chairman of the Remuneration Committee, and a member of the Nomination Committee and the Audit Committee. Mr. Lin received his bachelor’s degree majoring in planning statistics from the Shanxi University of Finance and Economics (formerly known as the Shanxi College of Finance and Economics), China, in July 1987, a master’s degree in business administration from the Guanghua School of Management, Peking University in China, in July 2006, and a doctoral degree in business administration from ESC Rennes School of Business, France, in June 2008. Aside from our Group, Mr. Lin served as a director of Shenzhen Fengchao Technology Limited, from November 2016 to December 2017; and served as a vice-chairperson of S.F. Holdings (Group) Co., Ltd., from June 2014 to December 2019, and has been serving as an executive director of Ancient Jade Capital Management Co., Ltd., since January 2011, and a chairman of the board of Aerospace Times Feipeng Co., Ltd. since December 2020. Aside from our Company, Mr. Lin also holds, or held, directorships in the following listed companies: (i) executive director and vice-chairperson of S.F. Holding Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 002352), from March 2017 to December 2022; (ii) independent non-executive director of Shanghai Dongzheng Automotive Finance Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2718), from August 2018 to June 2020 and (iii) director of GCH Technology CO., Ltd. a company listed on the Shanghai Stock Exchange (stock code: 688625), from December 2015 to September 2021.

YAN Andrew Y (閻焱) (“Mr. Yan”)

Mr. Yan, aged 67, is an independent non-executive Director, chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee. Mr. Yan received a bachelor’s degree in Engineering from Nanjing Aeronautic Institute (currently known as Nanjing University of Aeronautics and Astronautics) in 1982 and a master’s degree in International Political Economy from Princeton University in 1989. Mr. Yan is the Founding Managing Partner of SAIF Partners since October 2001. Prior to that, Mr. Yan served as the Managing Director and Head of Hong Kong office of Emerging Markets Partnership, the management company of AIG Asian Infrastructure Funds, from 1994 to 2001. Currently, Mr. Yan is an independent director of: (i) ATA Creativity Global (formerly known as ATA Inc.), a company listed on the Nasdaq (Nasdaq: AACG); (ii) Qifu Technology, Inc. (formerly known as 360 DigiTech, Inc.), a company listed on the Nasdaq and the Stock Exchange (Nasdaq: QFIN; stock code: 3660); (iii) Guoyuan Securities Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 728) and (iv) Petrochina Company Limited, a company listed on the Shanghai Stock Exchange and the Stock Exchange (Shanghai Stock Exchange stock code: 601857; stock code: 857). In the past three years, Mr. Yan also held directorships as independent non-executive director in the following listed companies: (i) China Southern Airlines Co Ltd., a company listed on the Shanghai Stock Exchange, the Stock Exchange and NYSE (Shanghai Stock Exchange stock code: 600029; stock code: 01055; NYSE: ZNH), from April 2021 to October 2022; (ii) China Resources Land Limited, a company listed on the Stock Exchange (stock code: 1109), from July 2006 to July 2023.

Mr. Yan and Mr. Kwong have appropriate professional accounting or related financial management experience for the purpose of Rule 3.10(2) of the Listing Rules.

Mr. Yan (appointed on 21 January 2025) obtained legal advice on 9 January 2025 as required under Rule 3.09D of the Listing Rules from the legal advisor of the Company and confirmed he understood his obligations as a director of a listed company.



Directors and Senior Management (Continued)

We have received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules (as amended from time to time), and our Board considers each of them independent.

Save as disclosed in this annual report, (a) none of our Directors has: (i) held any other directorship on another public company in Hong Kong or overseas in the last three years preceding the Latest Practicable Date, (ii) has any other professional qualifications, or (iii) any other relationship with any other Director, senior manager or substantial shareholder (as defined in the Listing Rules) of our Company; and (b) no other matters have occurred during FY2025 that need to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules or that need to be brought to the attention of our Shareholders or the Stock Exchange.

SENIOR MANAGEMENT

Mr. Yu is our Company's chief executive officer and Mr. Yin is our Company's chief financial officer. Mr. Yu and Mr. Yin are also our executive Directors. See "— Executive Directors" above for their biographies.

JOINT COMPANY SECRETARIES

SONG Jie (宋契) ("Ms. Song")

Ms. Song joined the Group in May 2018 as its director of investor relations, and has been responsible for the capital market communication and management before and after the Company's listing, information disclosure and compliance management, the Board and board committees-related matters, investor relations and general meeting-related affairs, ESG reporting and governance, and management of share incentive schemes of the Company. Ms. Song has participated in the IPO process of the Company and optimized investor relations and information disclosure, and promoted ESG sustainable development strategies. She has received a number of awards for her outstanding performance. Ms. Song is familiar with the operation of the Group and has extensive experience in the corporate practice. Ms. Song has previously held positions in charge of investor relations and information disclosure at multiple listed companies, and possesses over 15 years of experience in capital market communication and management, corporate governance, and board-related matters. Further, Ms. Song studied at the School of Finance of Central University of Finance and Economics, majoring in International Economics and Trade/Financial Risk Management, she holds bachelor's degrees in Commerce and Economics from Victoria University (Melbourne, Australia) and a Master of Arts in International Economics and Finance at the International Business School at Brandeis University.

MA Wing Yee (馬詠儀) ("Ms. Ma")

Ms. Ma is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 10 years of experience in corporate governance and company secretarial practice in listed companies on the Stock Exchange. She is currently the company secretary of a few listed companies on the Stock Exchange. Ms. Ma obtained a bachelor's degree of arts from the University of Hong Kong. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Save as disclosed above, there have been no further matters that need to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the last published interim report.

Our Board is pleased to present this Directors' report together with our Group's consolidated financial statements for FY2025.

OUR COMPANY AND OUR PRINCIPAL ACTIVITIES

Our Company is an investment holding company. We were incorporated as an exempted company with limited liability under the laws of the Cayman Islands on 7 February 2018, and our shares were listed on the Main Board of the Stock Exchange on 28 March 2019.

Since 2021, we have expanded our businesses in private label products and livestreaming e-commerce and established "East Buy", which has become a well-known online platform for selling top-quality and good value for money agricultural and other products. Not only does the platform offer an alternative channel for farmers and local companies to sell high-quality agricultural and other products to a broader customer base, it also provides consumers with a platform which offers a wide range of high-quality products with transparency in pricing. Leveraging our deep understanding of customers' needs, we select quality agricultural and other products for our customers through our integrated supply chain management and diversified cooperation with various third parties. We create value for consumers by providing various private label products under the "East Buy" brand, which are designed to be healthy and high-quality with good value for money, including fruits and vegetables, meat and poultry, baked goods, cereals, oils and ready-to-eat foods, seafood, dairy products, nutritional and health-care food, pet food, and daily necessities, etc. Through direct cooperation with producers and local enterprises, we aspire to promote quality products that have traditionally lacked sales channels and to improve the operational efficiency of the industry supply chain, so as to accelerate rural revitalisation and contribute long-term value to the relevant upstream and downstream industry.

Our subsidiaries are set out in Note 39 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of our Group's business (as required by Schedule 5 to the Companies Ordinance), including an analysis of our Group's financial performance, an indication of our Group's likely future business developments, a description of the principal risks and uncertainties facing our Group and our Group's key relationships with our stakeholders who have a significant impact on our Group and on which our Group's success depends, is set out in "Business overview and outlook", and "Management discussion and analysis". All the review, discussions and analysis mentioned above form part of this Directors' report. Events affecting our Company that have occurred between the end of FY2025 and the date of this report are set out in "Events after the Reporting Period".

FINANCIAL RESULTS AND SUMMARY

Our Group's results for FY2025 are set out in the "Consolidated statement of profit or loss and other comprehensive income" at pages 157 to 158.

A summary of our Group's consolidated financial positions is set out at pages 159 to 160.

OUR MAJOR CUSTOMERS AND SUPPLIERS

During FY2025: (a) our Group's five largest customers accounted for approximately 1.38% of our total revenues, while the largest customer accounted for approximately 0.72% of our total revenues; and (b) our Group's top five suppliers accounted for approximately 20.44% of our total purchase amounts, while the largest supplier accounted for approximately 6.41% of our total purchase amounts.

None of our Directors, and, to the best of our Directors' knowledge, none of their respective associates, or any Shareholder who, to the best of our Directors' knowledge, owns 5% or more of our issued capital, has any interest in any of our five largest customers and suppliers during FY2025 and up to the date of this annual report.

NET PROCEEDS FROM THE 2020 SUBSCRIPTION

The 2020 Subscription was completed on 24 December 2020 and raised approximately HK\$1.783 billion in net proceeds. Subsequent to the 2020 Subscription, our Group had used the net proceeds from the 2020 Subscription in the manner and according to the intended uses set out in the circular of the Company dated 14 October 2020. On 21 January 2022, the Board has resolved to change the use of the remaining net proceeds as at the same date and the Group had used the net proceeds in accordance with the intended use as set out in the announcement of the Company dated 21 January 2022 (the "**January 2022 Announcement**"). On 21 January 2025, the Board has further resolved to extend the initial expected timeline for the unutilised net proceeds as at the same date to three years from 21 January 2025 as set out in the announcement of the Company dated 21 January 2025 (the "**January 2025 Announcement**").

The utilisation of the net proceeds for FY2025 and the updated expected timeline of full utilization as disclosed in the January 2025 Announcement are summarised as follows:

HK\$ million ⁽¹⁾	Unutilised amount as at 1 June 2024	Utilised during FY2025	Unutilised amount as at 31 May 2025	Updated expected timeline of full utilisation
Sales and marketing	250.4	7.6	242.8	Three years from 21 January 2025
Technology infrastructure	3.9	–	3.9	Three years from 21 January 2025
Business related staff	105.6	11.6	94.0	Three years from 21 January 2025
Working capital	168.0	0.1	167.9	Three years from 21 January 2025
Total	527.9	19.3	508.6	

Notes:

- (1) The amounts "utilised during FY2025" are based on the exchange rate of HK\$1.0912: RMB1.
- (2) The figures presented in this table are approximations and subject to currency exchange rate fluctuation and rounding.
- (3) The updated expected timeline for utilisation of the unutilised net proceeds above is based on the Group's best estimation as of the date of this report and is subject to change based on the future development of market conditions.

SHARE MATTERS

Share capital movements

Movements in our Company's share capital and details of issued Shares during FY2025 are set out in Note 28 to the consolidated financial statements.

On 1 November 2024, our Shareholders granted to our Directors a general mandate to repurchase up to 10% of our then-total number of issued Shares. During FY2025, we repurchased approximately 5,883,000 Shares on the Stock Exchange.

Purchase, sale or redemption of our Company's listed securities

During FY2025, the Company repurchased approximately 5,883,000 Shares (the "Repurchased Shares") on the Stock Exchange at an aggregate consideration of HK\$98,742,235. Particulars of the Repurchased Shares are as follows:

Month of repurchase	Number of Repurchased Shares	Highest price paid (HK\$)	Lowest price paid (HK\$)	Total consideration paid (HK\$)
August 2024	74,500	12.10	11.34	877,190
September 2024	2,982,000	13.20	11.60	36,896,880
October 2024	2,826,500	26.00	15.34	60,968,165

All the Repurchased Shares have been cancelled. The Company considered that the above repurchases demonstrated the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to Shareholders.

Save as disclosed above, neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities listed on the Stock Exchange (including sale of treasury shares (as defined in the Listing Rules)) during the Reporting Period. As of 31 May 2025, the Company did not hold any treasury shares (as defined in the Listing Rules).

Debentures issued

Our Group did not issue any debentures during FY2025.

Equity-linked agreements

Except as disclosed in this annual report, no equity-linked agreement was entered into by our Group, or existed during FY2025.

Final dividends

Our Board does not recommend the distribution of a final dividend for FY2025 (FY2024: Nil).

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with the Corporate Governance Code, we established the Remuneration Committee to formulate our Directors' remuneration policies. The remuneration is determined based on each Director's and senior manager's qualification, position, responsibility and seniority. In addition to this, our Directors and senior managers may have been granted options under our Pre-IPO Scheme and 2019 Scheme, and are eligible to participate as grantees of our 2023 Scheme and 2025 Scheme.

Our Directors', senior managers' and top five highest paid individuals' remuneration are detailed at Notes 11 and 12 to the consolidated financial statements.

None of our Directors waived or agreed to waive any remuneration and there were no emoluments paid by our Group to any of our Directors as an inducement to join, or upon joining our Group, or as compensation for loss of office. Our Group did not pay any of our Directors any discretionary bonuses during FY2025.

DIRECTORS AND THEIR SERVICE CONTRACTS AND APPOINTMENT LETTERS

Directors and senior management

A list of Directors and senior managers and their biographical details are set out in "Directors and senior management" above.

The interests and short positions as at the end of FY2025 of our Directors, and our Company's chief executives and substantial shareholders (as defined in the SFO) in our Company and associated corporations (as appropriate) that falls to be disclosed under Part XV of the SFO are set out in "Other information" below.

Directors' service agreements

Each of our executive Directors entered into a service agreement with our Company for an initial term of three years from the effective date of the appointment or until the third annual general meeting of our Company since the effective date of the appointment, whichever is earlier (and subject to retirement requirements as and when required by our Articles of Association), and which will automatically renew for a term of three years thereafter.

Each of our non-executive Director and independent non-executive Directors signed a letter of appointment with our Company for an initial term of three years with effect from the Listing Date or until the third annual general meeting of our Company since the Listing Date (which is earlier, and subject to retirement requirements as and when required by our Articles of Association), and which will automatically renew for a term of three years thereafter.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

Permitted indemnity provision

Pursuant to Article 164 of the Articles of Association and subject to applicable Laws, every Director (including resigned directors during the period of his/her directorship at our Company) shall be indemnified out of the assets and profits of our Company against all losses or liabilities incurred or sustained by him/her as a director of our Company, except for losses or liabilities in respect of fraud or dishonesty. This permitted indemnity provision was in force during FY2025 and continued to be in force as at the Latest Practicable Date.

OUR CONTROLLING SHAREHOLDER'S AND DIRECTORS' COMPETING BUSINESS

Neither our Controlling Shareholder nor any of our Directors had any interest in a business, apart from that of our Group, that competes or is likely to compete, directly or indirectly, with our Group's business, which would require disclosure pursuant to Rule 8.10 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of continuing transactions with our connected persons in our ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. We set out below details of our non-exempt continuing connected transactions in accordance with Chapter 14A of the Listing Rules:

Contractual Arrangements

Overview

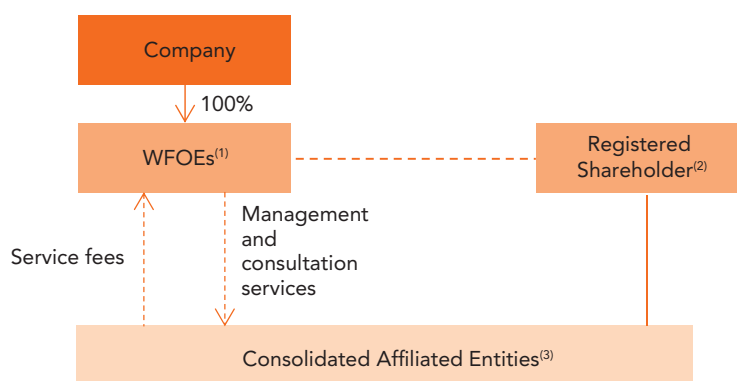
Our Group entered into a series of Contractual Arrangements with Beijing Xuncheng and its subsidiaries, and the Previous Registered Shareholders, pursuant to which our Company obtained effective control over and had the right to receive all of the economic benefits derived from Beijing Xuncheng and its subsidiaries, and proportional control and right to receive the economic benefits derived from our then non-wholly owned subsidiary, Dongfang Youbo, through our Operating Entity's controlling interest and proportionate shareholding in Dongfang Youbo. On 16 August 2019, we, through Beijing Xuncheng, acquired the remaining interest in Dongfang Youbo, following which, Dongfang Youbo became a wholly-owned subsidiary of our Company.

As a result of the Contractual Arrangements, the financial results of our Consolidated Affiliated Entities are able to be consolidated into our Group's financial information as if they were our Company's subsidiaries. During the Reporting Period, the revenue of our Consolidated Affiliated Entities amounted to RMB4,392,071 thousand (accounting for approximately 100% of the revenue of our Group over the Reporting Period), compared with RMB7,072,564 thousand in FY2024 (accounting for approximately 100% of the revenue of our Group in FY2024).

Directors' Report (Continued)

During FY2025, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements has been unwound as none of the restrictions that led to their adoption has been removed.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

- (1) Dexin Dongfang, Zhuhai Chongsheng and Hainan Haiyue (collectively, the WFOEs). On 1 March 2024, the transfer of Xi'an Ruiying (a WFOE prior to the Education Disposal) to New Oriental Group as part of the Education Disposal was completed.
- (2) Our Registered Shareholder is New Oriental China. New Oriental China has become the sole registered shareholder of Beijing Xuncheng since 24 May 2023, prior to this, the Previous Registered Shareholders were New Oriental China, Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and the Tianjin Limited Partnerships.
- (3) Beijing Xuncheng, our Operating Entity, and its subsidiaries.
- (4) "—" denotes legal and beneficial ownership in the equity interests of the WFOEs.
- (5) "—" denotes legal ownership in the equity interests of the Consolidated Affiliated Entities.
- (6) "→" denotes control by the WFOEs under the Contractual Arrangements through: (a) powers of attorney to exercise all registered shareholders' rights in the Operating Entity, (b) exclusive options to acquire all or part of the equity interests in the Operating Entity, and (c) equity pledges over the equity interests in the Operating Entity.
- (7) "→" denotes the control by the WFOEs over the Consolidated Affiliates Entities through the respective powers of attorney to exercise all shareholders' rights in Beijing Xuncheng, exclusive options to acquire all or part of the equity interests in the Consolidated Affiliates Entities and equity pledges over the equity interest in the Consolidated Affiliates Entities.

Summary of our Contractual Arrangements

We set out below a brief description of each of the specific agreements that comprise the Contractual Arrangements, the further details of which are set out in "Contractual Arrangements" in the Prospectus:

(a) *Exclusive Management Consultancy and Business Cooperation Agreement*

Dexin Dongfang, on the one hand, and the Previous Registered Shareholders and our Relevant VIE Entities, on the other hand, entered into an exclusive management consultancy and business cooperation agreement on 10 May 2018, pursuant to which Dexin Dongfang has the exclusive right to provide, or designate any third party to provide, each of our Relevant VIE Entities with corporate management and educational services, intellectual property licensing services as well as technical and business support services. Such services include, among others, advisory services, research and consulting services, market development and planning services, human resources and internal information management, sales of proprietary products and intellectual property and know-how, and other additional services as the parties may mutually agree from time to time.

(b) *Exclusive Call Option Agreement*

Dexin Dongfang, on the one hand, and the Previous Registered Shareholders and Beijing Xuncheng, on the other hand, entered into an exclusive call option agreement on 10 May 2018, pursuant to which Dexin Dongfang had an exclusive option to purchase all or part of the equity interests in Beijing Xuncheng from the Previous Registered Shareholders for the minimum amount of consideration permitted by applicable PRC Law and under circumstances in which Dexin Dongfang or its designated third party is permitted under PRC laws to acquire all or part of the equity interests of Beijing Xuncheng.

(c) *Equity Pledge Agreement*

Dexin Dongfang, on the one hand, and the Previous Registered Shareholders and Beijing Xuncheng, on the other hand, entered into an equity pledge agreement on 10 May 2018, pursuant to which the Previous Registered Shareholders unconditionally and irrevocably pledged all of their respective equity interests in Beijing Xuncheng to Dexin Dongfang in order to guarantee the performance of the Contractual Arrangements by the Relevant VIE Entities and the Previous Registered Shareholders. Under the Equity Pledge Agreement, the Previous Registered Shareholders have agreed that, without prior written consent of Dexin Dongfang, they will not transfer or dispose of the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice Dexin Dongfang's interest.

(d) *Powers of Attorney*

Each of the Previous Registered Shareholders and Beijing Xuncheng has executed an irrevocable power of attorney on 10 May 2018, appointing Dexin Dongfang (or any person that it designates) to appoint directors and vote on behalf of that relevant Previous Registered Shareholder on all matters of our Consolidated Affiliated Entities that require shareholders' approval.

(e) *Supplemental Agreement of Zhuhai Chongsheng*

Dexin Dongfang and Zhuhai Chongsheng, on the one hand, and Beijing Xuncheng and the Previous Registered Shareholders, on the other hand, entered into a supplemental agreement on 10 October 2019, pursuant to which, Zhuhai Chongsheng would be jointed as a party to the Contractual Arrangements and gain all the rights and assume all the obligations of Dexin Dongfang under the agreements underlying the Contractual Arrangements (as appropriate).

(f) *Second Supplemental Agreement*

Dexin Dongfang, Zhuhai Chongsheng, Xi'an Ruiying, Hainan Haiyue Dongfang Network Technology Co., Ltd. ("**Hainan Haiyue**"), Wuhan Dongfang Youbo Network Technology Co., Ltd. ("**Wuhan Dongfang**"), Beijing Xuncheng and its subsidiaries and all of the Previous Registered Shareholders entered into a second supplemental agreement on 1 February 2021, pursuant to which, Xi'an Ruiying, Hainan Haiyue and Wuhan Dongfang joined as parties to the Contractual Agreements between Dexin Dongfang, Beijing Xuncheng and its subsidiaries and the registered shareholders (including the Exclusive Option Agreement, Exclusive Management Consultancy and Cooperation Agreement, Equity Pledge Agreement, Letters of Undertaking and Powers of Attorney) and the supplemental agreement of Zhuhai Chongsheng, and assumed the same rights and share the same obligations as Dexin Dongfang and Zhuhai Chongsheng under the Contractual Agreements and the supplemental agreement of Zhuhai Chongsheng.

(g) *Third Supplemental Agreement*

Dexin Dofang, Zhuhai Chongsheng, Xi'an Ruiying, Hainan Haiyue, Wuhan Dongfang, Beijing Xuncheng and its subsidiaries and the Previous Registered Shareholders entered into a third supplemental agreement on 24 May 2023, pursuant to which, from the date on which Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and the Tianjin Limited Partnerships cease to be the shareholders of Beijing Xuncheng, Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司) and Tianjin Limited Partnerships shall cease to have any rights or obligations under the Contractual Agreements (including the Exclusive Option Agreement, Exclusive Management Consultancy and Cooperation Agreement, Equity Pledge Agreement, Letters of Undertaking and Powers of Attorney), the supplemental agreement and the second supplemental agreement; and from the same date, the New Oriental China shall act as the sole shareholder of Beijing Xuncheng, and each of Dexin Dongfang, Zhuhai Chongsheng, Xi'an Ruiying, Hainan Haiyue, Wuhan Dongfang, Beijing Xuncheng and its subsidiaries and New Oriental China shall continue with its rights and obligations under the Contractual Agreements, the supplemental agreement and the second supplemental agreement.

(h) *Fourth Supplemental Agreement*

Dexin Dofang, Zhuhai Chongsheng, Xi'an Ruiying, Hainan Haiyue, Wuhan Dongfang, Beijing Xuncheng and its subsidiaries and New Oriental China entered into a fourth supplemental agreement on 7 March 2024, pursuant to which, from the dates on which the equity interests of Kuxue Huisi and Xi'an Ruiying were transferred to New Oriental China, and the date on which Wuhan Dongfang deregisters, each of Kuxue Huisi, Xi'an Ruiying and Wuhan Dongfang will cease to have any rights or obligations under the contractual agreements (including the Exclusive Option Agreement, Exclusive Management Consultancy and Cooperation Agreement, Equity Pledge Agreement, Letters of Undertaking and Powers of Attorney), the supplemental agreement, the second supplemental agreement and third supplemental agreement; and other parties to the contractual agreements, the supplemental agreement, the second supplemental agreement and third supplemental agreement shall continue to performance such agreements.

Reasons for our Contractual Arrangements

We operate online and mobile platforms and livestreaming e-commerce business in China (collectively, the "**Relevant Business**"), which are subject to foreign investment restrictions or prohibitions under PRC law, namely: (a) foreign investors are restricted from holding more than 50% equity interest in a company which operates value-added telecommunications services (with a few exceptions), and (b) the foreign investors are prohibited from holding any equity interest in a company whose operation are deemed as production and operation of radio and television programs. See "Contractual Arrangements – PRC Laws relating to foreign investment restrictions" in the Prospectus for more information on these restrictions.

Given the above restrictions and as advised by Tian Yuan Law Firm, our PRC legal adviser, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entities directly through equity ownership. Instead, we operate our Relevant Business through our Consolidated Affiliated Entities. To maintain effective control over the Relevant Business operated by our Consolidated Affiliated Entities and to receive the economic benefits generated by our Relevant Business, a series of Contractual Arrangements have been entered into between our WFOEs, our Consolidated Affiliated Entities and their Registered Shareholders.

Our Directors believe that: (a) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (b) the Contractual Arrangements (and the terms of the VIE agreements underlying the Contractual Arrangements) have been entered into in the ordinary and usual course of business and on normal commercial terms or better for our Company and are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Risks relating to our Contractual Arrangements

We believe that the following risks, among others, may be associated with the use of our Contractual Arrangements:

- (a) the PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC Laws, which may subject us to severe penalties and our business may be materially and adversely affected;
- (b) the interpretation and implementation of the Foreign Investment Law of the PRC (中華人民共和國外商投資法) are subject to changes and it is uncertain as to how it may impact the viability of our current corporate structure, corporate governance and business operations;
- (c) we rely on the Contractual Arrangements with our Consolidated Affiliated Entities and the Registered Shareholders for our business operations in China, which may not be as effective in providing operational control or enabling us to derive economic benefits as through ownership of controlling equity interest;
- (d) we may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are material to our business operations if any of our Consolidated Affiliated Entities declares bankruptcy or become subject to a dissolution or liquidation proceeding;
- (e) the largest ultimate shareholder of Beijing Xuncheng, Mr. Yu, may have conflicts of interest with us, which may materially and adversely affect our business;
- (f) if we exercise the option to acquire equity ownership of our Operating Entity, the ownership transfer may subject us to certain limitations and substantial costs; and
- (g) our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of your investment.

See "Risk factors – Risks relating to our Contractual Arrangements" in the Prospectus for further discussion on these risks.

Listing Rules implications and waiver

For the purposes of Chapter 14A of the Listing Rules, our Consolidated Affiliated Entities are treated as our Company's wholly-owned subsidiaries, and their directors, chief executives and substantial shareholders (as defined in the Listing Rules, which include the Registered Shareholder) and their respective associates are treated as "connected persons". As such, our Contractual Arrangements constitute continuing connected transactions for our Company.

Given that the highest applicable percentage ratio under the Listing Rules is expected to be higher than 5% and more than HK\$10 million, and this transaction constitutes a non-exempt continuing connected transaction, we have applied to the Stock Exchange, and the Stock Exchange has granted to us, a waiver from strict compliance with, in respect of the Contractual Arrangements, the Applicable Requirements, subject to the following conditions:

- (a) no change to our Contractual Arrangements without our independent non-executive Directors' approval;
- (b) no change to the agreements underlying our Contractual Arrangements without independent Shareholders' approval;
- (c) our Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by our Consolidated Affiliated Entities;
- (d) our Contractual Arrangements may be renewed and/or reproduced without strict compliance with the Applicable Requirements (including obtaining our Shareholders' approval): (i) upon the expiry of the existing arrangements; or (ii) in relation to any existing, newly established or acquired wholly foreign-owned enterprises or operating company (including branch company), engaging in the same business as that of our Group where such renewal and/or reproduction is justified by business expediency and on substantially the same terms and conditions as the existing Contractual Arrangements; and
- (e) we will disclose details relating to our Contractual Arrangements on an on-going basis.

Other continuing connected transactions

The following transactions also constitute continuing connected transactions of our Group for FY2025:

2024 EDU Framework Agreement

On 23 August 2024, our Company (for itself and on behalf of the Group) and New Oriental (for itself and on behalf of the New Oriental Group) entered into the 2024 EDU Framework Agreement, pursuant to which, our Group and the New Oriental Group would enter into, among others, the following partially exempt continuing connected transactions for our Company: (i) advertising, marketing and promotional services; and (ii) provision of goods (including private label products, such as agricultural products, food and beverages, and other products).

The 2024 EDU Framework Agreement is for a period from 23 August 2024 to 31 May 2025, and the terms of which were entered into on normal commercial terms. Further details of the 2024 EDU Framework Agreement are set out in the announcement of the Company dated 23 August 2024.

New Oriental is our Controlling Shareholder and a substantial shareholder (under the Listing Rules) and is a connected person of our Company at the issuer level, and its subsidiaries are associates and, as such, also connected persons of our Company.

The annual cap and actual transaction amounts for the above partially exempt continuing connected transaction for FY2025 were:

No. Transaction	Annual cap for FY2025 (RMB million)	Annual transaction amount for FY2025 (RMB million)
1. Advertising, marketing and promotional services (received by our Group from the New Oriental Group)	10	0.03
2. Provision of goods (received by New Oriental Group from our Group)	102.45	61.73

Reference is made to the announcement of the Company dated 23 August 2024 in relation to the renewal of continuing connected transactions (the **"August Announcement"**). Unless otherwise defined herein, capitalised term shall have the same meaning as set out in the August Announcement. In addition to the respective pricing policy for the promotional services and the provision of goods as set out in the August Announcement, pursuant to the EDU Framework Agreement,

- the transaction fees payable by the Group for the promotional services shall be agreed between the parties on a fair and reasonable basis with reference to market comparable rates and determined according to a fixed percentage of gross billings generated from, and based on the sales performance of (such as gross merchandise volume or sales units), such promotional and sales channels and promotional activities; and
- the transaction fees to be set by our Group (and to be charged to New Oriental Group) and as agreed between the parties on a fair and reasonable basis, are based on the costs of acquisition/production, fees charged to third-party customers and fees charged for similar or comparable materials by third-party suppliers (if possible).

On 22 August 2025, the Company (for itself and on behalf of the Group) and New Oriental (for itself and on behalf of the New Oriental Group) entered into an agreement to renew the 2024 EDU Framework Agreement and set annual caps. For further details, please refer to the announcement of the Company dated 22 August 2025.

Tigerstep Framework Agreement

On 25 August 2023, our Company (for itself and on behalf of the Group) and Tigerstep (for itself and on behalf of the Tigerstep Group) entered into the 2023 Tigerstep Framework Agreement, pursuant to which, Tigerstep (and its subsidiaries) would (i) lease certain property locations to our Group to be used as, among other purposes, office space, recording studios and administrative premises and (ii) provide property management services. The 2023 Tigerstep Framework Agreement is for a period from 25 August 2023 to 31 May 2026, and the terms of which were entered into on normal commercial terms. Further details of the 2023 Tigerstep Framework Agreement are set out in the announcement of the Company dated 25 August 2023.

The annual cap and actual transaction amounts for the above non-exempt continuing connected transaction for FY2025 were:

No. Transaction	Annual cap for FY2025 (RMB million)	Annual transaction amount for FY2025 (RMB million)
1. Property leasing from Tigerstep (and its subsidiaries) to our Group (more than one year in duration)	1.00	0.00
2. Property leasing (less than one year in duration) and property management services from Tigerstep (and its subsidiaries) to our Group	1.00	0.21

Tigerstep and its subsidiaries are associates of Mr. Yu, one of our Directors, and as such, are connected persons of our Company.

Internal control measures in relation to the continuing connected transactions

The Company believes that the success of its business depends on its ability to effectively implement the risk management and internal control measures. The Company has adopted since the Listing, and continues to at present adopt, internal control measures relating to, among others, financial reporting, information system, human resources and investment.

As the Group continues to expand, it has and will continue to modify and improve these measures and procedures to meet its evolving business needs and safeguard its business operations. This includes a series of measures and policies, which the Company has established since the Listing and that it continues to implement, to ensure that its connected transactions, including its continuing connected transactions, such as those disclosed above, will be carried out in accordance with the terms of the agreements, including pricing policies, which are on normal commercial terms and no less favourable than terms available to third parties. In particular, this includes:

- (1) the marketing, products, and business teams of the Group ("**Internal Business Insiders**"), comprising industry insiders who are familiar with prevailing market rates, industry and seasonal specific variables affecting pricing, periodically monitoring the terms of the transactions and comparing these against the terms of, or with, comparable independent third party counterparties;

- (2) the Company, through its Internal Business Insiders, periodically reviewing the prices charged against, among others: (i) prices charged by comparable service providers for comparable/substitutable goods or services; (ii) prices negotiated between the Group and third parties, or prices quoted by third parties, for comparable/substitutable goods or services; and (iii) prices charged by the Company's connected counterparties to their other customers for comparable/substitute goods or services;
- (3) the Company, through the Group's financial and business teams, periodically monitoring the transaction amounts under the continuing connected transactions, and when it is expected that the transaction amount would exceed the designed annual cap(s), ensuring that the Company complies with all the applicable requirements under the Listing Rules for revising the relevant annual cap;
- (4) the Company, through its various departments (including the Internal Business Insiders, legal and financial teams) and senior management, periodically updating the Board (including the independent non-executive Directors) of their results from, among others, the reviews/monitoring in (1) to (3) above, with the Board, in turn, reviewing the terms of the connected transactions to ensure that such transactions are entered into on normal commercial terms, are fair and reasonable, and carried out pursuant to their respective contractual terms;
- (5) in case of any proposed change to the major terms of the transactions, ensuring that the Company complies with all applicable requirements under the Listing Rules, including publishing an announcement, before such change becomes effective; and
- (6) the Company's external auditor conducting an annual review of the continuing connected transactions conducted during the financial year in accordance with the Listing Rules.

Confirmations in respect of our continuing connected transactions

Confirmations from our independent non-executive Directors

Our independent non-executive Directors have reviewed our CCT Agreements and confirmed that:

With respect to our Contractual Arrangements:

- (a) the transactions carried out during FY2025 have been entered into in accordance with the relevant provisions of our CCT Agreements; and
- (b) no dividends or other distributions have been made by our Relevant VIE Entities to the holders of its equity interests that are not otherwise subsequently assigned or transferred to our Group during FY2025;

With respect to all CCT Agreements:

- (c) the transactions underlying the CCT Agreements are in the ordinary and usual course of the Group's business, and terms of the CCT Agreements and their underlying transactions are on normal commercial terms or better, fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Save as disclosed in this section, we did not enter into any other transaction during FY2025, including the related party transactions disclosed under Note 38 to the financial statements in this annual report, that would fall to be disclosed under Chapter 14A of the Listing Rules. We have complied with the disclosure requirements in Chapter 14A of the Listing Rules during FY2025.

Confirmations from our Company's independent auditors

Our independent external auditor has confirmed in a letter to our Board that, with respect to the continuing connected transactions of our Company (including our Contractual Arrangements):

- (a) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by our Board;
- (b) for transactions involving the provision of goods or services by our Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of our Company;
- (c) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by our Company.

CONTRACTS WITH OUR CONTROLLING SHAREHOLDER OR MANAGEMENT CONTRACTS

Save as disclosed in this annual report, no other contracts of significance or contract of significance for the provision of services had been entered into among our Group and our Controlling Shareholder during FY2025.

No contract, concerning the management and administration of the whole or any substantial part of our Company's business was entered into or existed during FY2025.

Save as disclosed in this annual report, and in particular the "—Continuing connected transactions" above, none of our Directors (or any entity connected with our Directors) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which our Company was a party and which subsisted during FY2025.

AUDITOR

Our Group's consolidated financial statements have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at our upcoming annual general meeting of Shareholders. There was no change in our Company's independent external auditors in any of the preceding three years, including FY2025.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, no significant events affecting our Company have occurred since the end of the Reporting Period to the date of this report.

ENVIRONMENTAL AND COMMUNITY POLICIES AND PERFORMANCE

We are committed to fulfilling our social responsibility, promoting employee benefits and development, protecting the environment and giving back to our community and achieving sustainable growth. Further details of our environmental and social performance are set out in the "Environmental, social and governance report" included in this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Save as otherwise disclosed in this annual report and our Prospectus, to the best of our knowledge, we have complied with all relevant Laws that have a material and significant impact on our Group.

DONATION

During the year ended 31 May 2025, the Group made charitable donations of approximately RMB2 million.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on or around Monday, 3 November 2025. The register of members of our Company will be closed from Thursday, 30 October 2025 to Monday, 3 November 2025 (both days inclusive) in order to determine the identity of our Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with our Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 October 2025.

By the order of our Board
YU Minhong
Chairman

Hong Kong
22 August 2025

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors and Chief Executives

As at the end of FY2025, the interests and short positions of our Directors and chief executives (being those as at the end of FY2025) in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code are set out below. All interests disclosed represent long positions in Shares. Our Directors and chief executives do not hold any short positions in Shares.

Interest in our Shares

Name of Director or chief executive	Nature of interest	Relevant entity	Number Shares interested	Approximate percentage of shareholding in our Company ⁽¹⁾
Mr. Yu ⁽²⁾	Beneficial owner		7,500,000	0.72%
	Interest in a controlled corporation	Tigerstep	28,682,832	2.74%
Ms. Sun ⁽³⁾	Beneficial owner		50,000	0.00%
	Interest in a controlled corporation	First Bravo	151,000	0.01%
Mr. Yin ⁽⁴⁾	Beneficial owner		2,600,000	0.25%
Mr. Kwong ⁽⁵⁾	Beneficial owner		20,000	0.00%
Mr. Lin ⁽⁶⁾	Beneficial owner		20,000	0.00%
Mr. Yan ⁽⁷⁾	Beneficial owner		20,000	0.00%

Notes:

- (1) The percentages are calculated based on our Company's total number of issued shares, being 1,046,162,538 Shares, as at 31 May 2025.
- (2) These interests comprise: (i) 6,000,000 Shares that may be issued pursuant to an exercise of options granted to Mr. Yu under the 2019 Scheme; (ii) 510,000 underlying Shares for the share awards granted but not yet vested to Mr. Yu under the 2023 Scheme; (iii) 28,682,832 Shares held through Tigerstep; and (iv) 990,000 Shares held by Mr. Yu. Tigerstep is wholly owned by Mr. Yu. Through a trust arrangement, Mr. Yu, together with his family, holds beneficial interest in Tigerstep.
- (3) These interests comprise: (i) 20,000 underlying Shares for the share awards granted to Ms. Sun under the 2025 Share Scheme; (ii) 20,000 underlying Shares for the share awards granted but not yet vested to Ms. Sun under the 2023 Scheme; (iii) 151,000 Shares held through First Bravo Asia Limited ("First Bravo"); and (iv) 10,000 Shares held by Ms. Sun. First Bravo is wholly-owned by Ms. Sun. Under the SFO, Ms. Sun is deemed to be interested in all of First Bravo's interests in our Company.
- (4) These interests comprise: (i) 2,000,000 Shares that may be issued pursuant to an exercise of options granted to Mr. Yin under the 2019 Scheme; (ii) 120,000 underlying Shares for the share awards granted but not yet vested to Mr. Yin under the 2023 Scheme; and (iii) 480,000 Shares held by Mr. Yin.

- (5) These interests comprise 20,000 share awards granted to Mr. Kwong under the 2025 Share Scheme.
- (6) These interests comprise 20,000 share awards granted to Mr. Lin under the 2025 Share Scheme.
- (7) These interests comprise 20,000 share awards granted to Mr. Yan under the 2025 Share Scheme.

Interest in our Controlling Shareholder

Name of Director or chief executive	Nature of interest	Total number of shares	Percentage of shareholding in New Oriental ⁽¹⁾
Mr. Yu ⁽¹⁾	Interest in a controlled corporation; beneficiary of a trust	199,352,640	11.6%

Note:

- (1) According to the best knowledge of our Directors and publicly available information of New Oriental accessed as at the end of the Reporting Period (being the Form 20-F filed with the SEC on 25 September 2024), this interest represents: (i) 165,235,000 common shares held by Tigerstep, a company wholly-owned by Mr. Yu, and (ii) 3,411,764 ADSs, which consist of 3,315,054 ADSs held by Tigerstep and 96,710 ADSs held by Mr. Yu. The percentage is calculated based on New Oriental's total number of common shares outstanding as of 16 September 2024. Tigerstep is wholly owned by Mr. Yu. Through a trust arrangement, Mr. Yu, together with his family, holds beneficial interest in Tigerstep.

Interest in our associated corporations (other than New Oriental)

Name of Director	Nature of interest	Associated corporation	Amount of registered capital (RMB)	Approximate percentage of shareholding in the associated corporation
Mr. Yu	Beneficial owner	Century Friendship ⁽¹⁾	9,900,000	99%
	Interest in a controlled corporation	New Oriental China ⁽¹⁾	50,000,000	100%
	Interest of controlled limited partnership	New Venture ⁽²⁾	50,000,000	50%

Notes:

- (1) Century Friendship and New Oriental China are controlled through a series of contractual arrangements by, and are therefore treated as subsidiaries of New Oriental. Mr. Yu holds an 99% equity interest in Century Friendship, which in turn, holds the entire equity interests in New Oriental China. New Oriental China holds a 100% equity interest in, and has entered into contractual arrangements with, Beijing New Oriental Xuncheng Network Technology Inc. Under the SFO, Mr. Yu is deemed to be interested in all of Century Friendship's interests in New Oriental China.
- (2) New Venture is held by our Company as to more than 20%, and is held by New Oriental China as to 50%. Mr. Yu holds 99% equity interest in Century Friendship, which in turn, holds the entire equity interests in New Oriental China. Under the SFO, Mr. Yu is deemed to be interested in all of New Oriental China's interests in New Venture.

Other Information (Continued)

Substantial shareholders

As at the end of FY2025, as far as our Directors are aware, the following persons (other than our Directors and the chief executive of our Company) had interests or short positions in our Shares or underlying Shares of our Company as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO. All of the interests below represent long positions in shares. As far as our Directors are aware, none of the persons listed below held any short positions in Shares.

Name of Shareholder	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding in our Company ⁽¹⁾
New Oriental	Beneficial interest	589,585,500	56.36%

Note:

- (1) The percentages are calculated based on our Company's total number of issued shares, being 1,046,162,538 Shares, as at 31 May 2025.

SHARE SCHEMES

Our Company has adopted four share schemes, the Pre-IPO Scheme (expired on 27 March 2025), the 2019 Scheme (terminated on 9 March 2023), the 2023 Scheme and the 2025 Share Scheme. See "Statutory and general information" of Appendix IV to the Prospectus for further details of the Pre-IPO Scheme and the 2019 Scheme, the circular of our Company dated 21 February 2023 for further details of the 2023 Scheme.

No new Shares, representing approximately 0.00% of the weighted average of issued share capital of the Company (excluding any treasury shares), may be issued in respect of all options and awards granted during the Reporting Period to eligible participants pursuant to all Share Schemes.

Further details and relevant breakdowns of each of the share schemes of our Company are set out below:

Pre-IPO Scheme

The Pre-IPO Scheme expired on 27 March 2025.

Purpose

The purpose of the Pre-IPO Scheme is to provide eligible participants with the opportunity to acquire proprietary interest in our Company and to encourage the eligible participants to work towards enhancing the value of our Company and the Shares for the benefit of our Company and our Shareholders as a whole. The Pre-IPO Scheme is further intended to provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to eligible participants.

Eligible participants

The eligible participants of the Pre-IPO Scheme include, among others, any director, employee or contractor or affiliate of our Group (including nominees and/or trustees of any employee benefit trust(s) established for them) who the Board considers, in its sole discretion, to have contributed or will contribute to our Group.

Maximum number of Shares available for issue

The overall limit in the number of options under the Pre-IPO Scheme represents 47,836,985 underlying Shares, subject to possible adjustments under the Pre-IPO Scheme, all of which were granted to eligible participants by the end of FY2019.

No further options were granted or maybe granted under the Pre-IPO Scheme following the Listing.

Given that no further options would be granted under the Pre-IPO Scheme, the outstanding number of options would be equivalent to the maximum number of Shares available for issue under the Pre-IPO Scheme. As at 1 June 2024, options to subscribe for an aggregate of 25,940,885 underlying Shares remained outstanding. During the Reporting Period, 9,245,000 options under the Pre-IPO Scheme had been exercised and 16,695,885 options had been cancelled or lapsed. As at 31 May 2025 and the Latest Practicable Date, options to subscribe for an aggregate of 0 underlying Shares (representing approximately 0% of our total issued share capital as of the Latest Practicable Date) remained outstanding, respectively.

Maximum entitlement for each eligible participant

There is no specified limit on the maximum number of underlying Shares for which any particular grantee may subscribe under the Pre-IPO Scheme.

Vesting period and exercise period

The vesting criteria and conditions, and the vesting date are specified in the offer letter. Details of the vesting period of individual grants are stated in the table below.

The exercise period of options granted under the Pre-IPO Scheme shall be any time after the end of the vesting period and before the day prior to the sixth anniversary of the date of Listing.

Each grantee gave an undertaking at the date of accepting their respective grant to hold the vested options for the minimum period (i.e. for six months following the given vesting date). On 16 August 2019, our Board resolved to waive this minimum period for the grantees.

Consideration and exercise price

Each grantee paid a consideration of RMB1.00 for the grant of options under the Pre-IPO Scheme. The exercise price under the Pre-IPO Scheme is HK\$8.88 per Share (being US\$1.13 for each Share to be effected immediately prior to the Listing).

Remaining life of the Pre-IPO Scheme

The Pre-IPO Scheme is valid for six years from the Listing Date (being from 28 March 2019 to 27 March 2025), which is also the maximum option period, following which any outstanding options shall expire and may not be exercised. The Pre-IPO Scheme expired on 27 March 2025.

Other Information (Continued)

Details of option grants

Details of the movements of the options granted under the Pre-IPO Scheme are as follows:

Number of options											Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period (HK\$)
Name or category of grantee	Date of grant	Vesting period	Exercise period	Exercise price (HK\$) per Share	Outstanding as at 1 June 2024	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 May 2025	Reporting Period (HK\$)	
Directors											
Mr. Yu	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	16,695,285	Nil	Nil	16,695,285	Nil	N/A	
Mr. Yin	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	2,100,000	2,100,000	Nil	Nil	Nil	24.45	
Other grantees in category											
Employee participants ⁽¹⁾	6 March 2019	Three years from Listing Date	From the commencement of the first vesting period to the day prior to the sixth anniversary of the Listing Date	8.88	7,145,600	7,145,000	Nil	600	Nil	21.20	
Total					25,940,885	9,245,000	Nil	16,695,885	Nil		

Note:

- (1) Employee participants as defined under the Listing Rules and excluding Mr. Yu and Mr. Yin as disclosed above, on individual basis.

Further details of movements in the Pre-IPO Scheme are set out in Note 30 to the consolidated financial statements.

2019 Scheme

The 2019 Scheme was terminated on 9 March 2023.

Purpose

The purpose of the 2019 Scheme is to provide eligible participants with the opportunity to acquire proprietary interest in our Company and to encourage the eligible participants to work towards enhancing the value of our Company and the Shares for the benefit of our Company and our Shareholders as a whole. The 2019 Scheme is further intended to provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to eligible participants.

Eligible participants

The eligible participants of the 2019 Scheme include, among others, any director, employee or contractor or affiliate of our Group (including nominees and/or trustees of any employee benefit trust(s) established for them) who the Board considers, in its sole discretion, to have contributed or will contribute to our Group.

Maximum number of Shares available for issue

The overall limit on the number of Shares that may be issued upon exercise of all options granted under the 2019 Scheme and any other scheme must not exceed 10% (being 91,395,910 Shares) of the total number of Shares in issue on the Listing Date (being 913,959,102 Shares).

As at 1 June 2024, an aggregate of 34,483,946 options remain outstanding under the 2019 Scheme. During the Reporting Period, 3,550,122 options under the 2019 Scheme had been exercised, no options had been cancelled, 120,288 options had lapsed. As at 31 May 2025 and the Latest Practicable Date, an aggregate of 30,813,536 options and 23,212,536 options (representing approximately 2.2% of our total issued share capital as of the Latest Practicable Date) remain outstanding under the 2019 Scheme, respectively.

Maximum entitlement of each eligible participant

Unless specifically approved by our Shareholders, each eligible participant under the 2019 Scheme may only be granted options (including both exercised and outstanding options) within any 12-month period that represent underlying Shares that aggregate to 1% of our Company's total issued share capital at that particular time. Further details of movements in the 2019 Scheme is set out in Note 30 to the consolidated financial statements.



Other Information (Continued)

Vesting period

The vesting criteria and conditions, and the vesting date are specified in the offer letter. Details of the vesting period of individual grants are stated in the table below.

Remaining life of the 2019 Scheme and option period

The 2019 Scheme was terminated on 9 March 2023 and the Company shall not grant any further options under the 2019 Scheme after its termination. Any granted and unexercised options made under the 2019 Scheme immediately before the termination shall continue to be valid and exercisable in accordance with the terms of the grant and the 2019 Scheme rules.

Under the 2019 Scheme rules, there is no minimum period for which an option must be held before it can be exercised.

Consideration and exercise price

Each grantee shall pay a consideration of RMB1.00 for the grant of options under the 2019 Scheme. The exercise price per Share under the 2019 scheme shall be determined by our Board in its absolute discretion and notified to the participant, but shall be no less than the higher of:

- (a) the closing price of our Shares as stated in the Daily Quotations Sheet on the grant date;
- (b) the average closing price of our Shares as stated in the Daily Quotations Sheet for the five business days immediately preceding the grant date; and
- (c) the nominal value of each Share on the grant date.

Details of option grants

Details of the movements of the options granted under the 2019 Scheme are as follows:

Number of options												Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period (HK\$)
Name or category of grantee	Role	Date of grant	Vesting period	Exercise period	Exercise price (HK\$) per Share	Outstanding as at 1 June 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 May 2025	
Directors												
Mr. Yu	Executive Director, chief executive officer and chairman of the Board	15 November 2021	(1) One-third of the options to vest on the date immediately before the first anniversary of the date of grant;	Ten years from the date of grant	5.22	6,000,000	Nil	Nil	Nil	Nil	6,000,000	N/A
Mr. Yin	Executive Director	15 November 2021	(2) One-third of the options to vest on the date immediately before the first anniversary of the date of grant; and (3) One-third of the options to vest on the date immediately before the first anniversary of the second vesting date.	Ten years from the date of grant	5.22	2,000,000	Nil	Nil	Nil	Nil	2,000,000	N/A
Other grantees in category												
Employee participants ⁽ⁱ⁾		15 November 2021		Ten years from the date of grant	5.22	26,483,946	Nil	3,550,122	Nil	120,288	22,813,536	21.30
Total						34,483,946	Nil	3,550,122	Nil	120,288	30,813,536	

Note:

(1) Employee participants as defined under the Listing Rules and excluding Mr. Yu and Mr. Yin as disclosed above, on individual basis.

Further details of movements in the 2019 Scheme are set out in Note 30 to the consolidated financial statements.

2023 Scheme

Purpose

The purpose of the 2023 Scheme is to provide the Company with a flexible means of, attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants through aligning the interests of eligible participants with those of the Company and Shareholders by providing them with an opportunity to acquire proprietary interests in the Company and become Shareholders, and thereby, encouraging eligible participants to contribute to the long-term growth, performance and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Eligible participants

Eligible participants are determined by the scheme administrator from time to time to be eligible to participate as grantees under the 2023 Scheme, and shall fall under one or more of the following categories: Employee Participants, the Related Entity Participants and Service Provider Participants.

Awards

Awards may take the form of an option or a share award, which can be funded by Shares or an equivalent value determined by prevailing market prices.

Maximum number of awards available for grant and new Shares available for issue under the scheme mandate

Scheme mandate and sublimit

The total number of Shares that may be issued pursuant to all awards to be granted under the 2023 Scheme and awards to be granted under any other share schemes of the Company is initially set at 10% of the Shares in issue as at the adoption date of the 2023 Scheme, being 101,351,871 Shares (the “**Scheme Mandate**”). The total number of Shares that may be issued pursuant to all awards to be granted to Service Provider Participants under the 2023 Scheme is initially set at up to 2% of the Scheme Mandate, being 2,027,037 Shares (the “**Service Provider Sublimit**”).

As at 1 June 2024, 89,053,201 and 2,027,037 new Shares were available for issue under the Scheme Mandate and the Service Provider Sublimit, respectively. During the Reporting Period, 7,998,860 new Shares were issued pursuant to the 2023 Scheme. Therefore, as at 31 May 2025, 81,054,341 and 2,027,037 new Shares were available for issue under the Scheme Mandate and the Service Provider Sublimit, respectively. As at the Latest Practicable Date, 81,054,341 new Shares (representing 7.69% of our total issued share capital as of the Latest Practicable Date) were available for issue under the Scheme Mandate.

Number of Shares underlying awards available for grant

The aggregate number of Shares underlying all grants made or to be made pursuant to the 2023 Scheme was 101,351,871. As at 1 June 2024, 71,406,871 Shares were available for grant under the 2023 Scheme. During the Reporting Period, no Shares underlying awards were granted under the 2023 Scheme, no share awards had been cancelled and 4,084,350 share awards had lapsed. It follows that, as at 31 May 2025, there were 75,491,221 Shares available for grant under the 2023 Scheme.

Maximum entitlement of each eligible participant

There is no specific maximum entitlement for each eligible participant under the 2023 Scheme.

Issue price and exercise price

The scheme administrator may determine in their absolute discretion the issue price for the exercise of share awards and/or the exercise price for options for awards in the form of share awards and/or option (as the case may be) and such prices shall be set out in the award letter.

The exercise price for options shall be no less than the higher of: (i) the closing price of the Shares on the grant date; and (ii) the average closing price of the Shares for the five business days immediately preceding the grant date.

The issue price shall be determined on an individual basis for each of the grantee by the scheme administrator, taking into account the purpose of the 2023 Scheme, the interests of the Company and the individual circumstances of the each grantee.

Exercise period

The scheme administrator may determine in its absolute discretion the exercise period for any award of options and/or share awards and such period shall be set out in the award letter. In any event, the exercise period for any award of options shall not be longer than 10 years from the grant date.

Vesting period

The scheme administrator may determine the vesting period and specify such period in the award letter. The vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the 2023 Scheme rules. These circumstances may only apply to Employee Participants and are consistent with the scenarios contemplated in FAQ 092-2022 issued by the Stock Exchange, including where:

- (a) grants of "make whole" awards to a new Employee Participant to replace the awards that the Employee Participant forfeited when leaving their previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of awards that are subject to the fulfilment of performance targets as determined in the conditions of the grantee's grant;
- (d) grants of awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the award would have been granted if not for such administrative or compliance requirements;
- (e) grants of awards with a mixed vesting schedule such that the award vests evenly over a period of 12 months; or
- (f) grants of awards with a total vesting and holding period of more than 12 months.

Remaining life of the 2023 Scheme

The 2023 Scheme is valid for ten years from the adoption date of the 2023 Scheme (being from 9 March 2023 to 8 March 2033). The remaining life of the scheme is approximately eight years.

Details of grants

Details of the movements of share awards granted under the 2023 Scheme are as follows:

Number of share awards																
Name or category of grantee	Role	Date of grant	Vesting period	Exercise period	Issue price (HK\$)	Number of share awards					Unvested as at 31 May 2025	Closing price of the Shares immediately before the date of grant during the Reporting Period (HK\$)	Fair value of the share awards at the date of grant during the Reporting Period (HK\$)	Weighted average closing price of Shares immediately before the date of vesting during the Reporting Period (HK\$)	Performance targets of the share awards granted during the Reporting Period	
						Unvested as at 1 June 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period						
Directors																
Mr. Yu	Executive Director, chief executive officer and chairman of the Board	11 April 2023	(a) 33% will vest on each anniversary of the first and second anniversary of the date of grant; and (b) 34% will vest on the third anniversary of the date of grant	Ten years from the date of grant	Nil	1,005,000	Nil	495,000	Nil	Nil	510,000	N/A	N/A	11.40	N/A	
Mr. Yin	Executive Director	11 April 2023	A total vesting period of 3 years from the date of grant ⁽¹⁾	Ten years from the date of grant	Nil	360,000	Nil	240,000	Nil	Nil	120,000	N/A	N/A	11.40	N/A	
Ms. Sun	Non-executive Director	28 November 2023	One-third of the share awards shall vest on each anniversary of the date of grant	Ten years from the date of grant	Nil	30,000	Nil	10,000	Nil	Nil	20,000	N/A	N/A	14.52	N/A	
Other grantees in category																
Employee Participants ⁽²⁾		11 April 2023	A total vesting period of 3 years from the date of grant ⁽¹⁾	Ten years from the date of grant	Nil	16,251,330	Nil	7,253,860	Nil	4,084,350	4,913,120	N/A	N/A	11.40	N/A	
Total						17,646,330	Nil	7,998,860	Nil	4,084,350	5,563,120					

Notes:

- (1) A total vesting period of 3 years from the date of grant, and shall vest according to the following schedule: (i) between 20% to 50% of the total share awards granted will vest on the first anniversary of the date of grant; (ii) between 20% to 50% of the total share awards granted will vest on the second anniversary of the date of grant; and (iii) between 20% to 50% of the total share awards granted will vest on the third anniversary of the date of grant.
- (2) Employee Participants excluding Mr. Yu, Mr. Yin and Ms. Sun as disclosed above, on individual basis.

Further details of movements in the 2023 Scheme are set out in Note 30 to the consolidated financial statements.

2025 Share Scheme

Purpose

The purpose of the 2025 Share Scheme is (a) to provide the Company with a flexible means of remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to eligible participants; (b) to align the interests of eligible participants with those of the Company and Shareholders by providing such eligible participants with the opportunity to acquire proprietary interests in the Company; and (c) to encourage Eligible Participants to contribute to the long-term growth, and profits of the Company and to enhance the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole.

Eligible participants

Eligible participants are determined by the scheme administrator from time to time to be eligible to participate as grantees under the 2025 Share Scheme, and shall fall under one or more of the following categories: Employee Participants, the Related Entity Participants and Service Provider Participants.

Awards

An award granted under the 2025 Share Scheme by the Board to a grantee, which may take the form of a share option or a share award and shall be satisfied by Shares acquired through on-market acquisition through trusts (i.e. existing shares). For the avoidance of doubt, no new Shares shall be issued by the Company pursuant to the 2025 Share Scheme.

Maximum entitlement of each eligible participant

There is no specific maximum entitlement for each eligible participant under the 2025 Share Scheme.



Other Information (Continued)

Purchase price and exercise price

For awards which take the form of share awards, the purchase price for such share awards shall be such price determined by the scheme administrator in their absolute discretion and notified to the grantee in the award letter. For the avoidance of doubt, the scheme administrator may determine the purchase price to be at nil consideration.

For awards which take the form of share options, the scheme administrator shall in their absolute discretion determine and notify the grantee in the award letter: (a) the exercise price for such share options, provided that the exercise price shall 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 grant date; 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 grant date, unless the Board determines otherwise in its absolute discretion.

Exercise period

The scheme administrator may determine in its absolute discretion the exercise period for any award of options and such period shall be set out in the award letter. In any event, the exercise period for any award of options shall not be longer than 10 years from the grant date.

Vesting period

The vesting period shall be determined from time to time by the scheme administrator, on which an award (or part thereof) is to vest in the relevant grantee and upon which the grantee may exercise the award.

Remaining life of the 2025 Share Scheme

The 2025 Share Scheme is valid for 10 years from the adoption date of the 2025 Share Scheme (being from 24 March 2025 to 23 March 2035). The remaining life of the scheme is approximately 9 years.

Details of grants

Details of the movements of share awards granted under the 2025 Share Scheme are as follows:

Number of share awards																			
Name or category of grantee	Role	Date of grant	Vesting period	Exercise period	Issue price (HK\$)	Unvested as at 1 June 2024 ⁽¹⁾	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as at 31 May 2025	Closing price of the Shares immediately before the date of grant during the Reporting Period (HK\$)	Fair value ⁽²⁾ of the share awards at the date of grant during the Reporting Period (HK\$)	Weighted average closing price of Shares immediately before the date of vesting during the Reporting Period (HK\$)	Performance targets of the share awards granted during the Reporting Period				
																Period	Period	Period	Period
Directors																			
Ms. Sun	Non-executive Director	11 April 2025	1 year from the date of grant	Nil	Nil	Nil	20,000	Nil	Nil	Nil	20,000	11.4	11.36	NA	See note 4				
Mr. Lin	Independent Non-executive Director	11 April 2025	1 year from the date of grant	Nil	Nil	Nil	20,000	Nil	Nil	Nil	20,000	11.4	11.36	NA	See note 4				
Mr. Kwong	Independent Non-executive Director	11 April 2025	1 year from the date of grant	Nil	Nil	Nil	20,000	Nil	Nil	Nil	20,000	11.4	11.36	NA	See note 4				
Mr. Yan	Independent Non-executive Director	11 April 2025	1 year from the date of grant	Nil	Nil	Nil	20,000	Nil	Nil	Nil	20,000	11.4	11.36	NA	See note 4				
Other grantees in aggregate ⁽³⁾		11 April 2025	(a) 33% will vest on each of the first and second anniversary of the date of grant; and (b) 34% will vest on the third anniversary of the date of grant	Nil	Nil	Nil	1,700,000	Nil	Nil	Nil	1,700,000	11.4	11.36	NA	See note 5				
Total						Nil	1,780,000	Nil	Nil	Nil	1,780,000								



Other Information (Continued)

Notes:

- (1) The 2025 Share Scheme was adopted on and effective from 24 March 2025.
- (2) The fair value of awards was determined based on a number of factors, please refer to Note 30 to the “Notes to the Consolidated Financial Statements”.
- (3) No share awards were granted to the five highest paid individuals under the 2025 Share Scheme during FY2025. The other grantees exclude the Directors disclosed above.
- (4) Upon each vesting date, the portion of share awards eligible to vest will actually vest if Ms. Sun, Mr. Lin, Mr. Kwong and Mr. Yan, respectively, actively engage in the work of the Board, provide valuable input and advice, and ensure the effective and efficient functioning of the Board during the one year period prior to the vesting date. The scheme administrator may determine whether eligible but not actually vested share awards may vest based on factors including the overall financial position and operating conditions of the Group on each vesting date.
- (5) Upon each vesting date, the portion of share awards eligible to vest will actually vest if the grantee meets the specified threshold in their performance evaluations during the one-year period prior to the vesting date.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Corporate Governance Code

Our Company was incorporated in the Cayman Islands on 7 February 2018 as an exempted company with limited liability, and our Shares were listed on the Main Board of the Stock Exchange on 28 March 2019.

We are committed to maintaining and promoting stringent corporate governance. The principle of our Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of our Company. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code except for the following deviations:

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of the chairman of the Board and the chief executive should be segregated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have separate Chairman of the Board and chief executive officer, and Mr. Yu Minhong, our executive Director, currently performs these two roles (since his redesignation as an executive Director and appointment as chief executive officer on 16 December 2023). The Board believes that vesting the roles of both Chairman of the Board 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 at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Under the code provision F.1.3 of the Corporate Governance Code (formerly as code provision F.2.2 of the Corporate Governance Code which was applicable during the Reporting Period), the Chairman of the Board should attend the annual general meeting. Mr. Yu Minhong, the executive Director and the Chairman of the Board, was unable to attend the Company's annual general meeting held on 1 November 2024 ("**AGM**") due to other business commitment. Mr. Yin Qiang, the executive Director, who was elected by the Directors and acted as the AGM chairman, together with all other Board members who attended AGM, were of sufficient calibre for answering questions from and communicating with the stakeholders at AGM.

We will continue to regularly review and monitor our corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

OUR DIRECTORS' COMPLIANCE WITH THE MODEL CODE

We adopted the Model Code contained in Appendix C3 to the Listing Rules as our Company's code of conduct regarding our Directors' dealing in our Company's securities. Having made specific enquiry of all our Directors, all Directors confirmed that they have complied with the provisions of the Model Code throughout FY2025.

OUR BOARD

As at the Latest Practicable Date, our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors.

See "Corporate Information" pages 2 to 3 for details of our Board and board committee members. See "Director's report – Directors and senior management" at pages 21 to 24 for the biographical information of our Directors.

During FY2025, our Company has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and representing at least one-third of our Board, with at least one of whom possessing the appropriate professional qualifications or accounting or related financial management expertise (being Mr. Kwong, Mr. Tong Sui Bau ("**Mr. Tong**") (until 21 January 2025) and Mr. Yan (since 21 January 2025)). Mr. Tong had been an independent non-executive Director who possessed the appropriate qualifications to act as chairman of our Audit Committee from 1 June 2024 to 21 January 2025 until his resignation. Mr. Yan Andrew Y, who possessed the appropriate qualifications, has been appointed as an independent non-executive Director and the chairman of the Audit Committee since 21 January 2025.

None of our Board members are related to one another.

Chairman and Chief Executive

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have separate Chairman of the Board and chief executive officer, and Mr. Yu Minhong, our executive Director, currently performs these two roles (since his redesignation as an executive Director and appointment as chief executive officer on 16 December 2023). The Board believes that vesting the roles of both Chairman of the Board 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 at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Responsibilities and delegation

Our Board assumes responsibility for the leadership and control of our Company, and is responsible for directing and supervising our Company's affairs in the best interests of our Company and our Shareholders.

Our Board directly, and indirectly through our Board Committees, leads and provides management strategies and overseeing the implementation of these strategies, as well as supervising our Company's internal control and risk management systems, and assumes ultimate responsibility for preparing the accounts. Our Board makes the final decision on policy matters, strategies and budgets, internal control and risk management, material transactions, financial information, directorship appointment, and other significant operational matters of our Company. Our Board may delegate certain of its responsibilities, including implementing its decisions, directing and coordinating the daily operations of our Company and management to our chief executive officers, other senior managers and management. These delegated functions and responsibilities are periodically reviewed by our Board.

Each of our Directors bring a wide variety of business and industry experience, knowledge and professionalism to our Board for its efficient and effective functioning. Our Directors have full and timely access to all information of our Company, and may upon request, seek independent professional advice in appropriate circumstances at our Company's expense for discharging their duties to our Company. Our Directors will disclose to our Company details of other offices held by them.

Appointment and re-election of Directors

According to our Articles of Association, at each annual general meeting of our Company, one-third of our Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A Director appointed by our Board, either to fill a casual vacancy or as an addition to our Board, will hold office only until our Company's next general meeting. All retiring Directors will be eligible for re-election.

Each Director (including our non-executive Directors and independent non-executive Directors) is engaged for a term of three years and is subject to retirement and re-election in accordance with our Articles of Association.

Mr. Yan (appointed on 21 January 2025) obtained legal advice on 9 January 2025 as required under Rule 3.09D of the Listing Rules from the legal advisor of the Company and confirmed he understood his obligations as a director of a listed company.

Continuous professional development of Directors

Our Company and each of our Directors understand the importance of our Directors participating in appropriate continuous professional development to allow them to keep on top of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to our Board remains informed and relevant. Our Directors are encouraged to attend relevant training at our Company's expense.

During FY2025 and up to the date of this report, each of our Directors (except for Mr. Tong, who resigned on 21 January 2025), namely Mr. Yu, Mr. Yin, Ms. Sun, Mr. Lin, Mr. Kwong and Mr. Yan, received professional training, which include, among others: (a) participating in continuous professional training seminar(s), conference(s), course(s) and/or meeting(s); (b) reading materials provided by external parties, or prepared by our Company, and provided from time to time to Directors, regarding legal and regulatory changes and matters relevant to directors' duties and responsibilities and our Group's business; and/or (c) news, journals, magazines or other reading materials that touch on legal and regulatory changes and matters relevant to our Directors in discharging their directors' duties and responsibilities or that concern our Group's business.

Attendance records of Directors

During FY2025 and as at the Latest Practicable Date, our Directors attended the following meetings:

Director	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	General meeting
Mr. Yu	5/5	–	–	2/2	0/1
Mr. Yin	5/5	–	–	–	1/1
Ms. Sun	5/5	–	5/5	–	1/1
Mr. Lin	5/5	2/2	5/5	2/2	1/1
Mr. Tong (resigned on 21 January 2025)	4/4	2/2	4/4	2/2	0/1
Mr. Kwong	5/5	2/2	–	–	1/1
Mr. Yan	2/2	–	1/1	–	–

The Board meets at least four times a year, at approximately quarterly intervals. Schedules for regular Board meetings are normally agreed with Directors in advance to facilitate their attendance. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors are given the opportunity to include items or businesses for discussion in the agenda. For all other Board meetings, reasonable notice will be given. Relevant agenda and accompanying meeting papers will be sent to all Directors in a timely manner and at least three days in advance of every regular Board meeting.

Apart from regular Board meetings, the Chairman of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during FY2025.

Board Committees

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

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Tong (committee chairperson, resigned on 21 January 2025), Mr. Yan (committee chairperson, appointed on 21 January 2025), Mr. Kwong and Mr. Lin.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system (including risk management) of our Group, review and approve connected transactions and provide advice and comments to the Board.

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The Audit Committee has performed the following major tasks during FY2025:

- (a) discussing and making recommendation on the re-appointment of the Auditor;
- (b) reviewing and monitoring the independence and objectivity of the Auditor and the effectiveness of the audit process for our Group's annual audit for the year ended 31 May 2024;
- (c) reviewing the annual results of our Group for the year ended 31 May 2024;
- (d) reviewing the interim results of our Group for the six months ended 30 November 2024;
- (e) reviewing our Company's financial controls, risk management and internal control systems;
- (f) discussing the effectiveness of the risk management and internal control systems of our Company with the management;
- (g) reviewing the effectiveness and resources of our Company's internal auditors and ensuring its co-ordination with the Auditor;
- (h) reviewing our Company's and its subsidiaries' operating, financial and accounting policies and practice;
- (i) reviewing any management letter and material queries from the Auditor and the management's response, and ensuring timely response to the issues raised by the Auditor's management letter was provided by our Board;
- (j) reviewing arrangements employees of our Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (k) reviewing the continuing connected transactions of the Group carried out during the year ended 31 May 2024.

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 Corporate Governance Code. The Remuneration Committee comprises three non-executive Directors (including two independent non-executive Directors), namely, Mr. Lin (committee chairperson), Ms. Sun, Mr. Yan (appointed on 21 January 2025) and Mr. Tong (resigned on 21 January 2025).

The primary duties of the Remuneration Committee are to review and make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior managers, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During FY2025, the Remuneration Committee reviewed and made recommendations on the remuneration packages of our Directors and our Company's senior managers, including the new appointed Director, Mr. Yan. Further, the Remuneration Committee has reviewed and made recommendation to the Board regarding the grant of share awards under the 2025 Share Scheme. While considering the grant of share awards, the Remuneration Committee had evaluated the remuneration of the grantees in comparable market peer and the value of grant to the grantee. After considering those factors, the Remuneration Committee recommended the proposed grant of restricted share to the grantees to the Board for approval to appreciate the grantees' devotion and commitment to the Company which align with the purpose of the 2025 Share Scheme.

Directors' remuneration policy

The remuneration of Directors comprises an annual directors' fee and may also be entitled to options and/or awards under the rules of the share schemes adopted by the Company from time to time. Such remuneration is determined and recommended by the Remuneration Committee with reference to the respective Directors' duties and responsibilities with the Company, the Company's remuneration policy (as disclosed on page 28 of this annual report) and the prevailing market conditions.

We set out below the remuneration of our Company's senior managers (including our executive Directors) by band for FY2025:

Annual remuneration	Number of individuals
Nil to HK\$10,000,000	1
HK\$10,000,001 to HK\$20,000,000	1
HK\$20,000,001 to HK\$30,000,000	Nil

Further details of the remuneration for FY2025 are set out in Note 11 to the consolidated financial statements.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely, Mr. Yu (committee chairperson), Mr. Lin, Mr. Yan (appointed on 21 January 2025) and Mr. Tong (resigned on 21 January 2025).

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 has performed the following major tasks during FY2025:

- (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board;
- (b) developing the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship;
- (c) assessing the independence of all the independent non-executive Directors;
- (d) making recommendations to the Board on the selection of individuals nominated for directorships; and
- (e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directors of our Company; and
- (f) supporting the Company's regular evaluation of the Board's performance.

We have adopted a diversity policy to enhance greater diversity of members on our Board. See "—Board diversity policy" at pages 65 to 66.

We have also adopted a director nomination policy to guide our Nomination Committee in identifying and recommending candidates for directorship positions and to make recommendations to our Board on the succession planning of directors. See "—Director nomination policy" at page 64.

Corporate governance functions

Our Board is responsible for performing the functions set out in A.2.1 of Part 2 of the Corporate Governance Code.

Our Board shall review and determine our Company's corporate governance policies and practices, our Directors' and senior managers' training and continuous professional development, our Company's policies and practices on compliance with legal and regulatory requirements, our Company's compliance with the Corporate Governance Code, and the disclosure in this Corporate Governance Report. Our Board has performed the above duties during FY2025.

Risk management and internal controls

Our Board acknowledges that it has the overall responsibility for our Company's risk management and internal control systems and reviewing their effectiveness. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Nevertheless, our Board is committed to minimising and managing these risks. Our Audit Committee, internal audit department and senior management together monitor the implementation of our internal control and risk management policies on an ongoing basis to ensure our policies and implementation are effective and sufficient.

Risk management and internal control systems and policies

Our Group has adopted a "three lines of defence model" in designing its risk management and internal control systems:

- (a) The first line of defence – Business and operations: our Group's management and operational departments, collectively, form the "first line of defence". They are responsible for implementing risk management and internal control policies in their day-to-day operations and identifying, evaluating and managing the risks arising from their areas of work.
- (b) The second line of defence – Risk management and internal control function: our internal audit department forms the "second line of defence". The internal audit department is responsible for formulating internal control and risk management policies and managing the implementation of these policies. It supervises the work of participants who form the "first line of defence" and reports any major issues to our Audit Committee and, where necessary, our Board on a regular basis. The internal audit department maintains a high degree of independence to ensure the effectiveness and fairness of its work.
- (c) The third line of defence – Internal review and continuous improvement: the "third line of defence" mainly consists of the Audit Committee, which is responsible for reviewing the effectiveness and adequacy of our Company's risk management and internal control policies and systems on a regular basis and ensuring such policies and systems are improved and updated over time. The Audit Committee reports its work and findings and any major issues to our Board on a regular basis.

During FY2025, our Audit Committee held two meetings, and as at the Latest Practicable Date, our Audit Committee also conducted two reviews of our risk management and internal controls systems and policies and has reported its findings to our Board. Our Board is satisfied that our Company's risk management and internal control systems and policies are effective and adequate.

Our Group has established whistle-blowing and anti-corruption procedures. The internal audit department is responsible for receiving any alleged anti-fraud, anti-bribery or other whistle-blowing incidents. It then performs a preliminary assessment to determine whether the case warrants further investigation. If the case is determined to have sufficient basis for further investigation, it will be reported to our Audit Committee. Our Audit Committee is responsible for investigating all cases referred to it and will report its findings and recommendations to our Board and our Company's management where necessary. For confirmed cases of breach, our Board or our Company's management may take disciplinary action according to our Audit Committee's recommendation and the relevant policies, and where the case involves a violation of relevant Laws, the case will be reported to the relevant regulatory authority.

Our Group has also adopted an information disclosure policy which sets out comprehensive guidelines on handling and disseminating inside information. Our Board is entrusted with the responsibility of monitoring and implementing the procedural requirements set out in the information disclosure policy.

Significant risks of the Company

During FY2025, our Company identified the below key significant risks through its risk management system and has formulated and implemented measures for managing these risks accordingly.

1. Public opinion risks

The private label products and livestreaming e-commerce sector in China is evolving rapidly. In general, companies engaging in social management and economic activities, particularly in the online space, may face fluctuating public opinion risks, such as negative or false information, rumours from society or the Internet, and pressures to moderate user behaviours. The major public opinion risks in particular to concerns around product quality and false publicity. In order to address and reduce these risks, we will continue to adhere to our brand philosophy of being “Strict on Quality” (嚴於品), maintain our focus on consistent supply and quality of products, and at the same time, we will continue to monitor and analyse negative sentiments or feedback around our brand and business, observe and evaluate public opinions and aim to maintain an overall positive impact going forward.

We have set up a specialised public relations department and formulated internal rules on crisis management to manage our brand, strengthen communications with our customers and key stakeholders, and ensure that we are capable of responding to public relations crisis in a timely and meaningful manner.

2. Product and service quality risk

The key to our ability to attract customers in our private label products and livestreaming e-commerce sector is that we consistently strive to deliver high quality products and services to our customers. If we fail to maintain the quality of our products and services as we innovate and expand, we risk losing our attractiveness to customers and, in turn, our revenue.

As the Company sells food and other products under the brand name “East Buy”, food safety and product quality are critical to our reputation and business success. Although we have implemented strict product selection, supply chain management, and quality control standards, and after-sales services systems and measures throughout our entire operating processes, there is no assurance that the Company’s quality control systems will prove to be effective at all times, or that it can identify any defects in our quality control systems in a timely manner. Nonetheless, our Company is committed in providing quality products and will continue to establish and strengthen our product management team and quality inspection team going forward.

3. *Regulatory and compliance risk*

East Buy sells food and also conducts livestreaming events on Douyin and its own App and sells products online. Therefore, we need to comply with online livestreaming and online sales related regulations. Laws relating to food safety, product quality, livestreaming and online sales are numerous, varied and evolving. As a result, it may be difficult to ensure full compliance with the laws and regulations in the food safety and product quality regime and the online sales and online livestreaming industry in a timely manner, and to the standard expected by relevant authorities. Failure to comply with these laws and regulations, or maintain the safety and quality of the products that East Buy distributes may pose risks to the East Buy (東方甄選) brand, reputation and business.

We have set up a specialised working group to closely monitor and analyse relevant developments in the legal and regulatory landscape of the industries in which we operate (including food safety, product quality, livestreaming and online sales). Additionally, our working group and our management will continuously review our compliance status. We have also employed external compliance consultants to monitor the compliance of our daily operations.

Directors' responsibilities in respect of the financial statements

Our Directors acknowledge their responsibility for preparing our Company's consolidated financial statements for FY2025. Our Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon our Company's ability to continue as a going concern.

Deloitte's reporting responsibilities for the financial statements is summarised in the "Independent auditor's report" prepared by them and set out at pages 153 to 156.

Director nomination policy

Our Company has adopted the Director Nomination Policy that sets out the considerations and procedures for selecting and nominating directors on our Board, and for succession planning of our Company's directors. According to the Director Nomination Policy, (i) the ultimate responsibility for selection and appointment of Directors rests with the entire Board; (ii) the Nomination Committee will identify, consider and recommend suitable individuals to act as directors on our Board; (iii) in assessing a candidate's suitability and the potential contribution to our Board, our Nomination Committee would consider a number of aspects, including the candidate's reputation for integrity, his/her professional qualifications and skills, accomplishments and experience and Board diversity considerations (see Diversity Policy below); and (iv) the Nomination Committee shall make recommendations to our Board on the appointment or re-appointment of directors and their succession planning.

Notwithstanding, the ultimate responsibility for selecting and appointing directors rests with our entire Board.

Board independence mechanism

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has established the board independence mechanism (the “**Mechanism**”), which demonstrates the Company’s commitment to high standards of corporate governance, and making good governance integral to the Company’s culture.

According to the Mechanism, the Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgement when making decisions in furtherance of their directors’ duties at the Company’s expense. Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

In the event that independent professional advice, views and input are considered necessary, the Board, Board committees or individual Directors shall communicate with the company secretary to start the Mechanism, providing background and details of the relevant incidents and/or transactions, and the issues involved which would require independent views and input. They may direct any questions, queries, concerns or specific advice to be sought to the company secretary who will then contact the Company’s professional advisers (including legal advisers, accountants, independent auditor, internal control adviser) or other independent professional parties to obtain such independent professional advice within a reasonable period of time. Any advice obtained through the Mechanism shall be duly documented and made available to other members of the Board.

Despite having obtained any information or advice from the chairperson of the Board and/or any independent professional advisers through the Mechanism, the Directors are expected to exercise independent judgement in forming their decisions.

During the Reporting Period, the Board has reviewed and considered the implementation of the Mechanism to be effective.

Board diversity policy

Our Company has adopted the Diversity Policy that sets out our approach to achieving diversity of members on our Board. We embrace the benefits of having a diverse Board and view diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive edge and enhancing our ability to attract, retain and motivate employees. In identifying and selecting suitable candidates to serve on our Board as Directors, our Nomination Committee would consider a number of aspects, including gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

The Nomination Committee will discuss periodically and when necessary, agree on measurable objectives for achieving diversity, including gender diversity, among our Board members as recommendations proposed to our Board for adoption.

Pursuant to the Diversity Policy, the Company has set the following measurable objectives:

- the Company aims to maintain an appropriate balance of skills, experience and diversity of perspectives on the Board that are relevant to the Company's business growth. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered; and
- the Nomination Committee will discuss periodically and, where appropriate, agree on measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

The Nomination Committee will review our Diversity Policy as appropriate from time to time to ensure its effectiveness.

During the Reporting Period, the Board has reviewed and considered the implementation of the Diversity Policy to be effective. The Diversity Policy is well implemented as evidenced by the fact that there are both female and male Directors from a diverse age group with experience from different industries and sectors. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, e-commerce, engineering, finance, law and computer science. They obtained degrees in various areas including business administration, economics, law, computer science and technology. As at the end of FY2025, the Board comprises six Directors, one is female. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender diversity. The Board is characterised by significant diversity in terms of gender, age, education background and professional experience.

WORKFORCE DIVERSITY

As at 31 May 2025, the gender diversity of the Group was approximately 57.3%, representing 803 females out of 1,401 employees (including senior management). Further details of workforce diversity of the Group are set out in the "Environmental, Social and Governance Report" at page 117. With a strong focus on promoting gender diversity in the workforce, the Group will continue to maintain the number of female employees. To support the achievement of these targets, specific initiatives have been implemented, including a review of the recruitment process, with job descriptions and postings amended to motivate a broader applicant pool, as well as changes to applicant screening and interviews. In addition, to support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

DIVIDEND POLICY

Our Company has adopted the Dividend Policy, which aims to increase or maintain the value of dividends per Share, to provide reasonable return in investment to investors, and to allow Shareholders to assess its dividend pay-out trend and intention.

Pursuant to our Dividend Policy, a dividend may only be declared and paid out of our Company's profits and reserves that are lawfully available for distribution (including share premium), and may not be declared and paid out if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Our Board has absolute discretion as to whether to pay a dividend, and alternatively, Shareholders may by way of ordinary resolution declare dividends provided that no dividend declared is in excess of the amount recommended by our Board.

The form, frequency, and amount of dividends declared and paid will depend on, among others, our Company's: (a) future operations and business prospects; (b) cash flow, general financial condition, and capital adequacy ratio; and (c) the availability of dividends received from subsidiaries, considering applicable statutory and regulatory restrictions (if any) and other factors that our Board considers relevant. At present, our Company does not have a fixed dividend payout ratio.

Our Board will continue to review and amend our Dividend Policy as appropriate from time to time.

Auditor's remuneration

We have appointed Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as our Company's external auditor for FY2025. Our Auditor's reporting responsibilities for the financial statements is summarised in the "Independent auditor's report" prepared by them and set out at pages 153 to 156.

We set out below details of fees paid or payable to Deloitte for Deloitte providing audit and non-audit services to us during FY2025:

Services provided by Deloitte	Fees paid or payable (RMB '000)
Audit services	3,950
Interim review services	1,200
Tax fees ⁽¹⁾	218.9
Other fees ⁽²⁾	190.0
Total	5,558.9

Notes:

- (1) "Tax fees" means the aggregate fees billed in fiscal year of 2025 for professional services rendered by our principal auditors for tax compliance and tax advice.
- (2) "Other fees" means the aggregate fees billed in fiscal year of 2025 for Environmental, Social and Governance Compliance Services rendered by our principal auditors.

JOINT COMPANY SECRETARIES

During FY2025, our Company Secretary had been Mr. Cheung Kai Cheong Willie (“**Mr. Cheung**”), a senior manager of SWCS Corporate Services Group (Hong Kong) Limited (“**SWCS**”). Mr. Cheung’s primary contact persons at our Company were the head of investor relations (Ms. Song Jie) and our executive Director and chief financial officer (Mr. Yin), whom SWCS can contact. During FY2025, Mr. Cheung has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Ms. Song Jie and Ms. Ma Wing Yee were appointed as the joint company secretaries on 22 August 2025. For more details, please refer to page 24 of this annual report and the announcement of the Company dated 22 August 2025.

SHAREHOLDERS’ RIGHTS

The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal place of the meeting, 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.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Shareholders may send enquiries to the following:

Address: Level 18, South Wing
2 Haidian East Third Road
Haidian District
Beijing, China

Attention: Head of Investor Relations and Joint Company Secretary
The Board of Directors/Ms. SONG Jie

Email: songjie@eastbuy.com

For shareholding matters, or transfer of Shares, change of name or address, replacement of Share certificates, please write to our Hong Kong share registrar below:

Address: *For change of name or address, replacement of Share certificates, or other enquiries*
Level 17M, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

For Share transfers
Shops 1712-1716, Level 17, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Attention: Computershare Hong Kong Investor Services Limited

Telephone: +852 2862 8555

Email: hkinfo@computershare.com.hk

To requisition a general meeting:

Address: Level 40, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

Attention: East Buy Holding Limited
The Board of Directors/Ms. SONG Jie

Other: The requisition must be duly signed by Shareholders who hold at least one-tenth of our Company's paid up capital that carries voting rights at our Company's general meetings. The requisition must include notice or statement, or enquiry (as the case may be), and Shareholders are to provide their full name, contact details and identification in order to give effect to the requisition. Shareholders' information may be disclosed as required by law.

Shareholders' Communication Policy

We believe that effective communication with Shareholders is essential to maintaining our relationship with investors and enhancing investors' understanding of our business performance and direction. We endeavour to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company.

The Company considers effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**"), which aims to set out the approach of the Board to provide Shareholders of the Company and other stakeholders (including potential investors) with balanced and understandable information about the Company.

In accordance with the Shareholders' Communication Policy, the Company endeavours to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company, in particular, through annual general meetings and other general meetings. Directors (or their delegates as appropriate), appropriate management executives and external auditor will use all reasonable endeavours to attend annual general meetings and answer enquiries from Shareholders.

In addition, the Company discloses information and publishes periodic reports and announcements to the public on the Company's website and the Stock Exchange's website in a timely manner in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and does not contain any material omission, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

Shareholders may also write to the Company's headquarters in the PRC at Level 18, South Wing 2 Haidian East Third Road Haidian District Beijing, China for enquiries. Such enquiries will be fully responded to as soon as possible.

As the information of the Company be disseminated and the Shareholders' concerns can be communicated in a timely and effective manner, the Company has reviewed and considered the implementation of the Shareholders' Communication Policy to be effective during the Reporting Period.

During FY2025 and up to the date of this annual report, we have not made any changes to our Articles of Association. The current version of our Articles of Association is available for viewing on the Company's website (ir.eastbuy.com) and the Stock Exchange's website (www.hkexnews.hk).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

ESG reporting scope:

This report covers East Buy Holding Limited (the “**Company**”, “**we**”, or “**us**”). This report has the same reporting scope as the 2025 annual report of East Buy Holding Limited.

Reporting period:

This report is released annually, covering the period from 1 June 2024 to 31 May 2025. Certain content may be beyond the aforesaid reporting period for illustrative purposes.

Basis for preparation:

This report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) in Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and with reference to requirements including the GRI Sustainability Reporting Standards (the “**GRI Standards**”) published by the Global Reporting Initiative.

Reporting principles:

Materiality: The materiality of our ESG issues is determined by the Board. The stakeholder communication, the process of identification of material issues and the materiality matrix are all disclosed in this report.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and sources of conversion factors are all explained in the definitions of the report.

Balance: This report shall provide an unbiased picture of the performance of the Company during the reporting period. It should avoid selections, omissions, or presentation formats that may inappropriately influence the decision or judgment of report readers.

Consistency: Unless otherwise specified, the statistical methods and standards of data disclosed in this report are consistent. Changes in statistical methods have been explained in the explanatory notes.

Description of information:

Unless otherwise stated, the amounts in this report are denominated in Renminbi (“**RMB**”).

Form of publication:

This report is published in electronic form and prepared in both Traditional Chinese and English. The electronic version is available on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) at www.hkexnews.hk.

SUSTAINABILITY MANAGEMENT

Statement of the Board on ESG Management

In compliance with the requirements of the “Environmental, Social and Governance Reporting Code” of the Hong Kong Stock Exchange, East Buy attaches great importance to environmental, social and governance (“ESG”) related work by continuously improving its ESG governance structure, striving to deeply integrate the ESG work into the Company’s major decision-making and business practices, and continuously strengthening the Board’s supervision and participation in ESG matters.

The Board of the Company, as the highest decision-making and supervisory body for ESG-related matters, is fully responsible for the formulation of the Company’s ESG strategy, information disclosure and supervision and management. During the reporting period, the Board organized and carried out ESG risk identification and assessment, and systematically identified relevant risks and opportunities; regularly reviewed major ESG issues to assess their materiality and priority, and established a sound supervision mechanism; and set ESG targets, with regular review of ESG management policies, strategy implementation, progress in achieving targets and overall performance. To further strengthen its performance capabilities, the Board regularly organizes members to participate in sustainable development related training to enhance each director’s understanding and fulfillment of ESG responsibilities and obligations, effectively promoting the realization of the Company’s sustainable development goals.

This report discloses in detail the progress of ESG work of East Buy Holding Limited for FY2025 and has been reviewed and approved by the Board.

ESG Management System

East Buy has elevated the sustainability governance level to the Board, establishing a three-level ESG governance structure of “Board of Directors – Management – Executive Staff” to clarify responsibilities, working mechanisms, and quantitative performance management goals at each level, forming a closed-loop governance that drives strategies from top-down and feedbacks results from bottom-up.

Under the authorization of the Board, the Investor Relations Department coordinates and promotes the Company’s ESG-related work, undertaking responsibilities such as cross-departmental coordination, information integration, and capacity building to ensure the efficient implementation of ESG work. The Investor Relations Department leads the establishment of the ESG working group, which is responsible for the execution and promotion of annual ESG work, including holding kick-off meetings and training sessions, setting ESG targets, organizing departmental interviews, updating ESG indicators, collecting materials, and preparing reports, and regularly reporting work progress to the Board. Currently, all 33 departments of the Company have been involved in ESG-related work.

Board of Directors	Responsible for formulating ESG management strategies, setting management objectives, identifying and assessing ESG-related risks and opportunities, considering and making decisions on major ESG matters; establishing internal monitoring mechanisms to ensure effective operation of the ESG system; reviewing and approving ESG reports and supervising the implementation of policies and their effectiveness.
Management	Responsible for reviewing issues proposed by the ESG working group, coordinating with various departments to provide relevant information and reporting to the Board.
Executive staff	Form an ESG working group from various departments, and each department has a person in charge of ESG reporting to participate in daily training and learning and to communicate and coordinate the provision of departmental information according to the actual situation of daily operations.

For more details of the corporate governance of the Company, please refer to the Corporate Governance Report of the 2025 Annual Report of East Buy Holding Limited.

Stakeholder Communication

East Buy attaches great importance to the demands and expectations of stakeholders, by establishing diversified communication channels to maintain regular communication with a wide range of stakeholders through official website, Weibo, hotlines, emails and meetings. We listen to the expectations and demands of all parties, respond to their opinions in a timely and effective manner, identify priority issues and integrate them into the Company's decision-making, and provide the Company with the basis for identifying and addressing issues.

Environmental, Social and Governance Report (Continued)

Stakeholders	Expectations and demands	Communication channels
Government/regulatory authorities	• Operating in compliance with laws • Payment of tax pursuant to laws • Supporting economic development • Supporting the revitalization of rural areas • Anti-corruption • Green development	• Regular communication • Regular report and information disclosure
Shareholders/investors	• Corporate governance • Corporate development strategies • Risk control • Protecting Investors' Interests • Long-term development • The Company's products and services	• Regular report and information disclosure • Investor meeting • General meeting • Results press conference • Results roadshow • Official website
Customers	• Customer privacy protection • Data security • Quality products and services • Protection of customers' rights • Customer satisfaction	• Daily service communication • Customer satisfaction survey • Official website • Customer service hotline and platform • Own APP platform

Stakeholders	Expectations and demands	Communication channels
Suppliers and business partners	- Fair and open procurement - Supplier management - Win-win cooperation	- Public tender - Satisfaction survey - Supplier meeting - Routine communication
Employees	- Protection of employees' rights and interests - Salaries and benefit - Career development and training	- Regular meeting - Staff training - Employee care event - Web portal, WeChat official account, etc
Community and media	- Open and transparent information - Promotion of the dissemination of high-value content - Public welfare in the community	- Public media - New media platform - Press conference - Public welfare and charitable event
Environment	- Energy conservation - Reduction of emissions - Responding to climate change	- Green office - Environmental information disclosure - Environmental promotion event

Analysis of Material Issues

East Buy continues to improve the process of ESG issue materiality analysis, by carrying out materiality issue analysis through three steps of issue identification, issue assessment and issue reporting. By identifying the key issues that have a significant impact on its sustainable development and are of general concern to its stakeholders, the Company has developed a material issues matrix. Based on the results of the materiality issue analysis, the Company actively formulates and adjusts management measures and disclosure strategies to effectively respond to stakeholders' expectations.

- Issues identification*

In FY2025, based on industry characteristics and the Company's business focus, and with reference to domestic and international sustainable development standards, we have identified 37 ESG-related issues as the basis for the Company's materiality issue assessment.

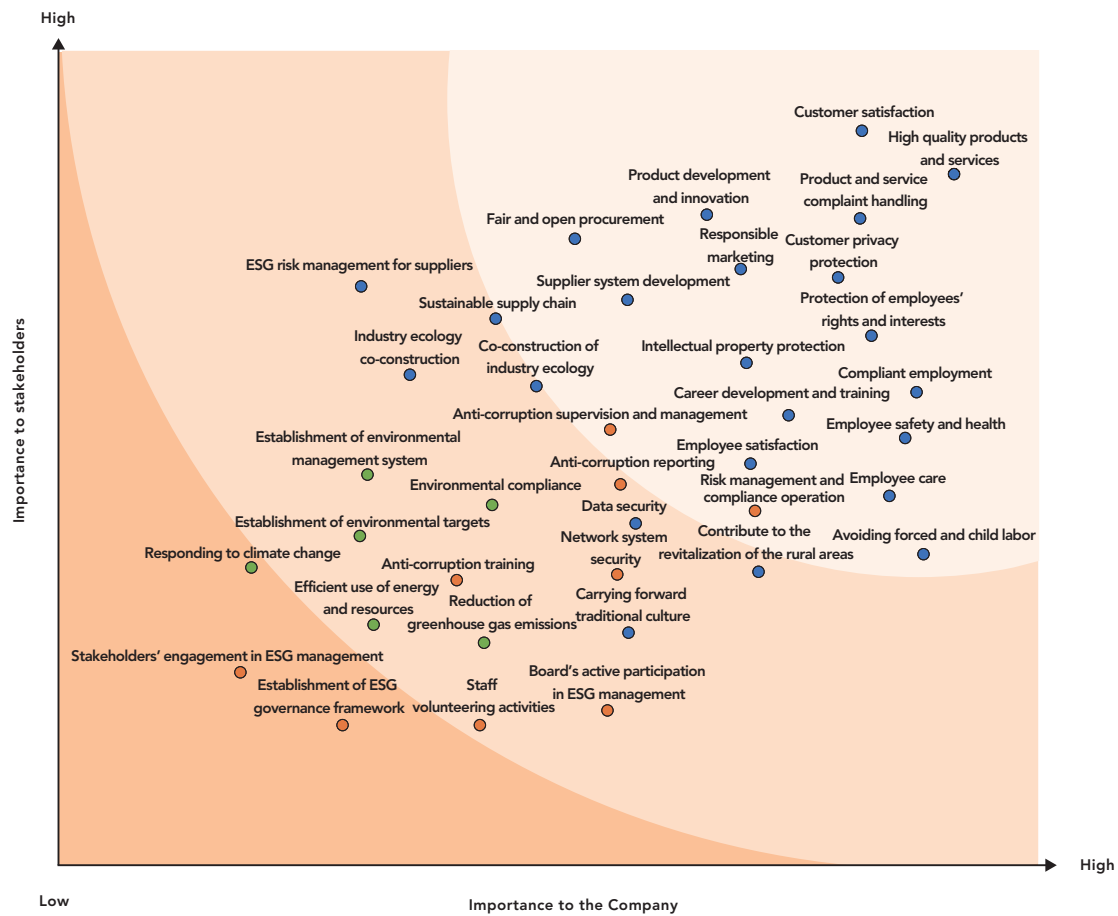
- Issue assessment*

The Company gains an in-depth understanding of stakeholders' concerns about the Company's ESG matters through communication interviews and questionnaire surveys. A total of 160 valid questionnaires were collected during the financial year.

Environmental, Social and Governance Report (Continued)

- Issue reporting**

Based on the statistical analysis of the questionnaire feedback, the sustainable development issues have been prioritized. A matrix of material issues has been created with the importance to the Company on the horizontal axis and importance to stakeholders on the vertical axis. The matrix of material issues, along with the opinions of the Board of the Company, has been finalized.



Awards and Honours

Awards and Honours of East Buy in FY2025

The “Best ESG Progress Award” (最佳 ESG 進步獎) granted by the Hong Kong International ESG List 2024
The “Most Growth Potential Hong Kong-listed Company in TMT Industry” (TMT產業最具成長性港股公司) awarded by New Fortune Magazine 2024
The “Top 50 Mid-Cap Companies” (中型企業 50 強), the “Consumer Innovation Pioneer Enterprise Award” (消費創新先鋒企業獎) and the “Enterprise Potential Award” (企業潛力獎) awarded by the Hong Kong Stock 100 Research Centre 2024
The “Douyin E-commerce Nourishing Health Industry New Brand” Award (抖音電商滋補健康行業新銳品牌)
The “Yongshun MEICHA Promotion Ambassador” (永順莓茶推廣大使) granted by the Yongshun County People’s Government

ANNUAL THEME: EAST BUY’S WAY – BUILDING A TRUSTED PRIVATE LABEL PRODUCT CHAIN

Since 2021, East Buy has started to strategically develop its private label product business, by adhering to the “customer-centric” long-term development strategy and continuously strengthening its full-process control capabilities from sourcing to after-sales services. To date, the Company has established a private label product system that covers multiple categories such as vegetables and fruits, dairy products and baked goods, nutrition and health, and daily necessities. Furthermore, it continues to deepen its capabilities in supply chain management, quality control, and customer service, while striving to meet consumers’ expectations for high-quality products and reliable brands through stable and transparent mechanisms, practical and effective processes, and continuously optimized services.

Building a Trusted Supply Chain

East Buy continues to improve its private label product supplier management system, by formulating internal regulations such as the “Supplier Qualification Audit and Management System 《供應商資質審核管理制度》”, the “On-site Audit Management System 《現場審核管理制度》”, and the “Risk Rating Management System 《風險評級管理制度》”, thereby establishing an institutional framework covering access, audit, and hierarchical management. The Company continues to promote full-process management measures, including qualification review, on-site factory inspection, product standard setting, production follow-up supervision, random inspections, and annual reviews, as part of our efforts to continuously enhance the compliance and stability of the supply chain.

Environmental, Social and Governance Report (Continued)

Introduction of New Suppliers	New suppliers are subject to qualification reviews, with inspections focused on business licenses, production/operation permits, product inspection reports, production process flows, key control points, as well as input items such as raw materials and auxiliary materials, and packaging materials, to assess their compliance and risk control capabilities.
New Factory/New Production Line Access Audit	After passing the qualification review, on-site factory audits will be performed for new factories or new production lines. The scope of inspection covers production facilities, warehouse management, process control, traceability and sample retention, workshop layout, and personnel management, ensuring they possess stable production assurance capabilities.
Product Standards and Quality Plan Formulation	A Product Technical Standard Document 《產品技術標準書》 and a Product Quality Assurance Plan 《產品質量保證計劃》 is formulated for each private label product, clarifying quality parameters and management requirements as the basis for subsequent quality control.
Production Follow-up Management and Product Spot Checks	Production follow-up frequencies are set based on product characteristics, where timely rectifications are made for non-conformities identified, or an order for suspension of production will be issued in severe cases. Simultaneously, third-party spot checks will be performed, covering key items such as sensory evaluation, net content, physical and chemical properties, microorganisms, and drug residues.
Unannounced Audit Mechanism	Irregular unannounced inspections will be conducted after considering industry risks and daily performance of suppliers. Remedial measures will be taken such as rectification required within a specified period, suspension of production for rectification, or termination of cooperation, depending on the severity of the issues.
Annual Audit Mechanism	Annual reviews of cooperative suppliers will be performed to dynamically assess their qualification status and contractual performance, ensuring continuous compliance with cooperation requirements.

Case: Ensuring the Supply Quality of Green Shrimp across the Full Chain

In the food supply chain management, East Buy always adheres to high standards and full-process quality control. Taking the management of green shrimp production for instance, over the past year (July 2024 to June 2025), the Company accumulated a total of 67 person-days of on-site production follow-up inspection, involving both the Company's own quality control personnel and third-party testing institutions. Each production follow-up session generated and submitted detailed work logs, ensuring that issues were promptly identified and resolved in a closed-loop manner.

In the testing phase, over 300 quality and safety tests were conducted on raw materials and finished products, covering more than 100 testing items, including microorganisms, physical and chemical indicators, and heavy metals, among other key risk points. This effectively ensured the safety and stability of green shrimp supply from source to table, providing consumers with trustworthy products.

Safeguarding the Entire Production Process

Focusing on the product's entire life cycle, East Buy has built a quality control system encompassing key stages such as raw materials selection, product design, production and processing, packaging and transportation, and sales and use, striving to integrate "high standards" into every stage. Concurrently, the Company explores the sustainability concepts for optimizing packaging material design and extending product life cycles, progressively promoting green consumption patterns.



Environmental, Social and Governance Report (Continued)

Selection of raw materials	On the raw materials side, the Company emphasizes the selection of natural, safe, and low-additive ingredients, reducing the use of synthetic additives to enhance the health attributes and sustainable value of its products.
Product design	In the product development process, the Company balances taste experience with the concept of environmental protection, striving to meet consumers' multiple demands for quality, health, and social responsibility through cleaner formulations, more convenient packaging, and localization of supply origins.
Product manufacturing	In the manufacturing process, the Company adheres to the principles of raw material traceability and process standardization. Leveraging high-standard foundry partners, it ensures compliance across the entire chain of raw material inspection, production procedures, and storage and logistics, thereby safeguarding product safety and stability.
Packaging selection	In the packaging process, the Company is gradually introducing eco-friendly materials and reusable designs, such as recyclable paper boxes and resealable bags, to reduce resource waste and environmental burden caused by single-use packaging.
Sales and usage stage	During the product sales process, the Company can convey the environmental values behind its products through live-streaming channels, guiding consumers to focus on the social value of products. At the same time, logistics routes are optimized to reduce intermediary transfers, improving delivery efficiency and energy performance.

In the future, for the product recycling phase, East Buy will actively explore recycling paths suitable for its private label products in conjunction with long-term sustainable development goals. For example, for durable goods, mechanisms such as refurbishment, disassembly, and reuse can be researched to promote resource recycling and reduce environmental burden. At the same time, consumers are encouraged to participate in packaging separate collection, and cooperation with professional organizations will be explored to achieve efficient reuse of packaging materials.

Case: Building a Visible “Desert Raw Milk Traceability Project (沙漠原奶溯源项目)” over the Entire Chain to Strictly Control Product Quality

In order to ensure the quality and safety of dairy products, East Buy for the first time proposed “one-shot” visual traceability management model in the e-commerce sector, using technical means to achieve full-process tracking and supervision of key links in the raw milk supply chain, with the aim to significantly enhance supply chain transparency and trustworthiness.

This model starts filming from the milking stage, with real-time monitoring at the milk inlet and outlet. Milk tankers are equipped with GPS systems, allowing real-time trajectory viewing in the backend, with the aim to effectively prevent the risk of raw milk substitution. Upon entering the factory, key links such as milk reception, sterilization, and filling are all equipped with video surveillance, ensuring that every batch of the production process is traceable and leaves a record.

The “Desert Raw Milk Traceability Project (沙漠原奶溯源项目)” has not only improved the level of dairy product safety assurance, but also earned consumer trust for the brand. To date, East Buy’s desert milk series has sold a total of over 100 million boxes. The high-quality image of the Ulanbuhe desert milk source has become widely recognized, which simultaneously boosted local ranch incomes and demonstrated significant social and commercial value.



Case Study: Continuous Optimization of Low-Carbon Packaging to Advocate a Green Lifestyle

In the packaging design for grain-fed fresh eggs, the Company adheres to the principle of balancing environmental protection and practicality, continuously optimizing material selection and packaging structure based on the principles of "reduction, reusability, and recycling". The outer packaging of the product adopts a simple kraft paper box design, removing unnecessary decorative elements, which not only ensures transport safety, but also effectively reduces resource consumption and the generation of packaging waste.



In order to meet the consumption needs of different families, the Company launches three packaging specifications for 15, 30, and 40 eggs, encouraging consumers to make purchase on demand to avoid food waste. The inner lining of the packaging uses food-grade pearl cotton, which provides good performance of shock protection and can be reused for household crafts or buffer filling, extending its service cycle.

During live streaming sessions, the Company actively advocates a green lifestyle, encouraging consumers to dry and grind used eggshells as natural calcium fertilizer for home gardening, and packaging boxes can also be repurposed as daily storage tools, extending the use value of the packaging and promoting environmental concepts from packaging design to consumption behavior.

Excellence in Every Service Link

A high-quality service system is an important part of the private label product chain. East Buy continuously improves service standards and response efficiency by focusing on key nodes such as logistics, after-sales, and customer care, striving to provide high-quality and reliable experiences at every user touchpoint. At the same time, the Company focuses on conveying warmth in its services, responding to users' real needs with practical actions.

Green warehousing operations	By optimizing in-warehouse cargo layout and operational processes, promoting energy-saving retrofits and intelligent management of warehouses, and utilizing clean energy and efficient equipment, we significantly reduce energy consumption and carbon emissions, improving the green level and overall efficiency of warehousing operations.
Green logistics management	Combining order distance and timeliness requirements, we scientifically design multi-modal transport solutions and promote the replacement of traditional fuel vehicles with new energy vehicles, effectively improving transport efficiency and reducing carbon emissions in logistics, thereby contributing to green and low-carbon operations.
Logistics material usage	We optimize packaging design and material usage to promote packaging recycling and reuse, systematically reduce the generation of packaging waste, improve resource utilization, and achieve a win-win situation for environmental protection and economic benefits in packaging.
Responsible marketing	Adhering to compliant operations and honest publicity, we establish a full-process management mechanism for live streaming and content operations, strictly regulate wording and marketing behaviors, strengthen consumer rights protection, and promote the dissemination of healthy and scientific consumption concepts.
Customer experience and service assurance	We build a multi-channel, multi-touchpoint customer communication system to ensure timely response and efficient resolution of customer issues. By systematically collecting and analyzing user feedback, we drive continuous optimization of products and services, enhancing customer satisfaction and brand trust.

1. TAKING QUALITY AS PRIORITY TO DRIVE QUALITY INNOVATION

1.1 Creating Exceptional Products

Quality management system

Upholding the philosophy of “ensuring that people can enjoy safe and high-quality agricultural products in every meal and lead a healthy and quality life”, East Buy strictly complies with the relevant laws and regulations, including the Food Safety Law of the People’s Republic of China and the Product Quality Law of the People’s Republic of China. The Company’s product team leads the quality management efforts, establishing a quality management system that covers the entire product lifecycle. Multiple internal systems, such as the Management System of East Buy for OEM of Private Label Products, have been formulated and implemented to be committed to ensuring that private label products meet high-quality standards on a compliant basis, providing consumers with safe, healthy, and trustworthy products.

In the daily management, the Company continuously improves its quality management mechanisms and implements meticulous control measures. For food products, it strictly monitors raw material quality, reinforces heavy metal and pesticide residue testing standards for juice products, and continuously optimizes quality inspection processes to enhance product safety and stability. For daily-use products, particularly single-use hygiene items, the Company focuses on key indicators such as microbial limits, toxicological safety, and product efficacy to conduct management. For cosmetic products, the Company strictly complies with the Measures for the Administration of the Registration and Recordation of Cosmetics, ensuring comprehensive safety and functional performance of the products.

Case: Strengthening the Management of Sensitive Additives and Conducting Random Inspections of Key Products to Safeguard Food Safety

East Buy has always adhered to food safety standards that go beyond regulatory requirements. For additives that are sensitive to public opinion, such as sodium dehydroacetate, the Company enforces a strict standard of blacklisting products with the presence or detection of such additives, firmly controlling risks at the source to ensure that the ingredients of its private label products are safe and transparent.

Meanwhile, for best-selling and seasonal products, the Company has established a dedicated random inspection mechanism, focusing on key indicators such as microorganisms and sources, to ensure that its products consistently remain stable and are of high quality, giving consumers peace of mind with every choice they make.

Full lifecycle management of product

East Buy exercises strict control over product quality, continuously strengthening the foundation of high standards, and has established a full lifecycle quality management system covering product selection and development, production execution, quality inspection, and after-sales service, with the aim to ensure that every private label products meets the Company's stringent quality standards from the source to the hands of consumers, with a commitment to delivering safe, reliable, and premium product experiences for consumers. During the Reporting Period, no product recalls due to quality issues occurred.

Product Development	For different product categories, targeted formula design and experimental studies are carried out, with multiple rounds of testing conducted to determine the optimal formula and processing techniques.
Factory Selection	- Suppliers are required to hold food quality system certification; - Strict qualification reviews and on-site factory inspections are conducted for prospective cooperating foundries, with a focus on their production equipment, quality control systems, and food safety management; - Partners are required to provide valid quality inspection reports and have no significant food safety violations on record.
Product Production	- Acceptance standards for raw materials, semi-finished products, and finished products are clarified and key process control points are set to ensure consistent product taste and quality; - Conduct unannounced inspections of suppliers based on industry risk assessments and routine performance of enterprises, strictly controlling risks throughout the entire process.
Product Inspection	- Cooperate with authoritative quality inspection agencies to conduct multi-stage sampling inspections, carrying out stringent testing on key items such as pesticide residues, drug residues, antibiotics, and microorganisms; - Each product is accompanied by a "Product Technical Specification" and a "Quality Assurance Plan" to ensure that quality standards are implementable and the entire process is traceable.
Product After-sales	- Establish a rapid response mechanism to proactively recall products with quality issues and trace the source for timely rectification; - Conduct weekly analyses of neutral and negative reviews to continuously optimize product performance and user experience.

Case:

Strict Quality Control Across the Entire Process from Raw Materials to Transportation -East Buy private-label Sausage

East Buy private-label Sausage uses high-quality meat sourced from well-known domestic suppliers. The Company strictly implements documentation and traceability requirements to ensure that the origin of meat can be fully tracked. During production, all established manufacturing standards are rigorously followed. Finished products are transported through a cold-chain system to warehouses and delivered to customers in frozen condition, ensuring that the principle of “using the best meat to make the best sausages” is upheld at every part of the supply chain.



Continuous improvement of quality training

East Buy consistently regards product quality as the lifeline of its development. From the front-end product selection team to back-end quality control specialists along the supply chain, and to anchors and customer service staff who directly interact with consumers, all employees are incorporated into a systematic training framework. The training covers not only core knowledge such as product standards, testing procedures, and safety regulations, but also employs diverse methods such as case studies and scenario simulations, ensuring that the philosophy of “quality first” is deeply ingrained in every employee.

East Buy adheres to a regular and progressive training system by continuously refining the team’s quality judgment and practical skills to ensure that every link from product selection and inbound inspection to outbound delivery is fortified with professional standards. Through meticulous attention to detail, the Company fulfills its commitment to product quality for consumers.

1.2 Driving Product Innovation

R&D team development

East Buy places great emphasis on building its independent R&D capabilities, continuously strengthening the talent pool and platform of its Nutrition Research Institute (營養研究院). The institute brings together professional R&D personnel and advanced experimental platform, ensuring efficient execution of research projects. Through systematic R&D management and technical support, the team constantly enhances the health attributes and market competitiveness of products, while keeping abreast of domestic and international trends and academic frontiers in the food industry, with the aim to enable the Company to fulfill its commitment to healthy eating and meet diverse consumer needs.

Research and Development of Nutritional and Healthy Foods	- Identify the research and development directions by focusing on the process development and pilot production of nutritional and healthy products; - Drive the full process management of products from R&D to commercialization, ensuring the fulfillment of diverse consumer needs.
Technical Support for Private Label Products of East Buy	- Establish raw material quality standards and key process control points based on product manager requirements and production realities; - Cope with pilot and mass production processes to assist in resolving technical challenges, ensuring product safety and quality.
Product Upgrades and Improvements	- Establish a comprehensive product quality standards system to promote the standardization of production processes; - Ensure product stability and consistency, enhancing production efficiency and quality assurance.

Creating healthy products

East Buy's Nutrition Research Institute (營養研究院), guided by the Dietary Guidelines for Chinese Residents (2022), focuses on the core value of healthy foods. Oriented by consumer demands, it always integrates health trends with nutritional science to develop high-quality products that meet market demand, contributing to the health for all.

The Company places great emphasis on the R&D of private label products by adopting a "dual R&D system" approach that combines independent research with collaborative innovation to continuously strengthen its product development foundation and drive sustained improvement in product competitiveness. On one hand, leveraging the professional competence of the Nutrition Research Institute (營養研究院), the Company conducts independent R&D focused on the functional value of healthy foods, paying close attention to the cutting-edge technological reserves and market trends to ensure the scientific and forward-looking nature of our R&D efforts. On the other hand, it cooperates deeply with high-quality OEMs, combining their extensive production experience and keen insights on market trend to jointly develop competitive products.

Develop Nutritional and Healthy Food to Promote the Nutrition Knowledge and Healthy Dietary Culture

Key Areas of our R&D	Focusing on the R&D of healthy and nutritional food, East Buy concentrates on key categories such as dairy products, plant-based beverages, and baked goods, continuously expanding the boundaries of healthy foods while enhancing nutritional value of product and consumer experience.		
	Dairy Products	Plant-based Beverages	Baked Goods
	Develop a fruit-flavored yogurt series products using a “clean label” formulation with real ingredients and no artificial flavors, where the fruit flavor comes 100% from actual fruit; launching high-calcium skimmed milk processed with nano-scale membrane filtration technology to achieve a protein concentration of 4.5 g/100 g, retaining the rich and creamy texture of milk despite being fat-reduced.	Develop and reserve a range of plant-based beverages by selecting healthy plant protein ingredients and optimizing product stability systems, creating drinks that are high in protein, with 0 cholesterol and 0 trans fats, suitable for a variety of consumption scenarios.	Focusing on health attributes, the Company introduces formula products featuring 0 sucrose and high dietary fiber while ensuring taste, thereby enhancing the nutritional value of baked goods.
R&D Innovation Initiatives	Expand healthy ingredient product formats: for nutrient-rich ingredients with limited palatability, the Company leverages process innovation and formulation design to diversify product formats, catering to a variety of consumer scenarios.		
	Promote “clean label”: the Company adheres to prioritize the use of natural sweeteners and novel food ingredients in formulations, by replacing artificial high-intensity sweeteners and avoiding food flavorings, to preserve the natural taste of food to the maximum extent, and deliver healthier and more flavorful food.		

Case: Partnering with Universities to Build a High-quality Food R&D System

East Buy leverages its in-house laboratory resources and cooperates with leading “double first-class” food science universities such as China Agricultural University to engage deeply in the R&D of private label food products. The cooperation covers early-stage formula design and experimental studies, confirmation of product technical specifications, and full participation in pilot production processes to ensure smooth commercialization and on-schedule manufacturing of product. Through these efforts, the Company is committed to continuously enhancing the professionalism and scientific nature of its product development, while strengthening the quality and flavor assurance of its private label products.

Case: Developing a Safe Body Wash with Pure Formulas and Eco-friendly Packaging

In the daily necessity private label product segment, East Buy adheres to the principles of safety, environmental and low-carbon concept, and humanitarianism. Its private label body wash product has obtained certification from Clean Beauty. In terms of formula, it prioritizes the easily biodegradable surfactants to effectively minimize the impact on aquatic environments. In terms of packaging design and material selection, it complies with the green principles of “rational design, material conservation, recycling convenience and affordability” by prioritizing recyclable packaging materials to reduce resource waste.

Stimulating innovation vitality

To stimulate R&D vitality and drive continuous product innovation, East Buy continuously enhances its innovation incentive mechanisms. The Company has established a multi-dimensional innovation support system that integrates institutional guidance, platform resource support, user co-creation, and industry exchange collaboration, which promotes an efficient closed-loop process of our R&D efforts from demand insights to result transformation, thereby strengthening the company's independent innovation capabilities.

Institutional and Policy Support

Special Administrative Measures for Innovation Incubation Management

- Establish a "Fast-Track" review mechanism: evaluate and approve project proposals within 48 hours in response to high-frequency user demands from live streaming sessions;
- Innovation achievement conversion reward: provide newly developed products with priority presentation resources to enhance the team's sense of honor and increase market exposure of the products.

Supply Chain Collaborative Innovation Agreement

- R&D cost sharing: the team of East Buy's Nutrition Research Institute (營養研究院) actively communicates with the OEM's R&D department and assumes a portion of the testing costs;
- Intellectual property sharing system: key technologies resulting from joint R&D are governed by an intellectual property sharing system, fostering collaboration for win-win results across upstream and downstream partners.

Industry Exchange and Capability Enhancement

- The Company actively participated in frontier food innovation conferences to gain a multi-faceted understanding of potential consumer markets, develop insight on industry trends and consumption hotspots, and optimize R&D project selection.
 - The Company invited experts, scholars, and entrepreneurs to conduct regular sharing sessions to jointly and deeply explore ideas and directions for innovative development of the food industry under new consumption scenarios, continuously enhancing the vision and innovation capabilities of the R&D team.
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1.3 Intellectual Property Protection

East Buy attaches great importance to intellectual property compliance and the protection of innovative achievements. It has consistently and strictly adhered to relevant laws and regulations, such as the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China, and has established a comprehensive intellectual property management system, including the Copyright Management Measures, Patent Management Measures, and Trademark Management Measures and other institutional documents, to ensure the standardization and integrity of the Company's intellectual property management. During the Reporting Period, the Company revised and updated the Trademark Management Measures to further clarify the division of responsibilities among departments in trademark management, refine and improve the procedural requirements for trademark application and use, and safeguard the Company's brand assets and innovative achievements.

At the same time, the Company places great emphasis on intellectual property risk prevention and control. It signed the Agency Agreement on Network Infringement Governance and Rights Protection Service with professional brand management agencies to establish a mechanism for monitoring and responding to infringement information. The Company monitors and manages infringement activities on online platforms and, when necessary, safeguards its legitimate rights and interests through administrative or judicial channels.

1.4 Providing Premium Services

Providing premium platform

East Buy has been in strict compliance with a series of relevant laws and regulations, such as the Provisions on the Administration of Internet Live-Streaming Services 《互聯網直播服務管理規定》 and Law of People's Republic of China on Product Quality 《中華人民共和國產品質量法》. Under the "customer-focused" principle, it is committed to creating a high-quality livestreaming shopping platform that focuses on carefully selecting premium products for our customers. We have innovatively launched our first-in-class "knowledge livestreaming" model on the Douyin platform, integrating cultural and knowledge sharing to enhance the customer shopping experience, and striving to introduce a better, healthier, and higher-quality life to every customer.

Since our first livestreaming session launched on the Douyin platform in December 2021, our business scope has expanded to cover Douyin, Taobao Tmall, WeChat Mini Shop, REDnote, Pinduoduo, and our own APP. The platform acts as an agent for multi-brand product sales while actively developing private label products, offering over 600 products, with a variety of products ranking among the top on Douyin sales list. Through outdoor livestreaming activities, East Buy has effectively promoted the marketing and sales of local specialty products, achieving remarkable results.

Responsible Marketing

East Buy consistently adheres to the principles of honest operations and compliant promotion. It strictly complies with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》), the Administration of Live Streaming Marketing (《網絡直播營銷管理辦法》) and other relevant laws and regulations. It has formulated the Regulations on Live-streaming Marketing Service Quality Control (《直播營銷服務質量管控規範》), which specifies standardized scripts for hosts and detailed penalties for violations, ensuring that marketing activities are conducted in a legal, compliant and orderly manner.

Focusing on key areas such as content compliance, standardized scripts, and consumer rights protection, the Company has established a full-process management mechanism covering pre-review, real-time compliance reminder, and post-event review, continuously enhancing risk prevention and regulatory compliance in live streaming and content operations. At the same time, East Buy actively leverages its professional advantages in the food and health sectors. Through its Nutrition Research Institute (營養研究院), it conducts health knowledge popularization and dietary guidance, promoting scientifically informed and rational consumption, and is committed to providing consumers with a transparent, healthy, and beneficial shopping experience.

Strict Compliance with Platform Rules	Strictly comply with platform regulations on advertising release, submit product content for prior approval as required, and promptly respond to new rules by organizing learning and adjustments.
Pre-live-streaming Compliance Review	Establish a product promotion copy review mechanism to strictly control statements about functions, data, and other claims. For products in special categories, relevant qualification certificates must be provided, and product scripts can only be used after multiple rounds of review.
Real-time Compliance Reminder During Live Streaming	Monitor risky statements through a real-time screen feedback mechanism, requiring the display of authoritative materials and genuine samples. Risk control specialists remain on duty throughout the live streaming session and generate daily risk control reports on a daily basis.
Post-live-streaming Review and Improvement	Conduct daily review of scripts to correct potential risks and optimize training and product selection review processes, with an internal disciplinary system in place to ensure compliance.
Host Training and Code of Conduct	Regularly organize training on advertising laws and platform rules, ensuring that hosts are familiar with or have tried the products, thereby preventing exaggerated or ambiguous promotion.

Case: Promoting Health Knowledge to Advocate a Healthy Lifestyle

East Buy actively promotes the dissemination of nutritional value and the popularization of healthy eating concepts, continuously exploring the practice of social responsibility in food marketing. The Nutrition Research Institute (營養研究院) has added segments on knowledge popularization and public health. By integrating nutrition and health insights “from farm to table” and referencing authoritative literature, it produces nutrition science content and customizes healthy recipes for private label products tailored to different audiences, which prominently display the energy contributions of the three major nutrients and calorie information, enhancing both scientific accuracy and practical usability. The related content is published through short videos, graphics, and other formats across multiple official channels, strengthening public awareness of healthy dietary habits.

Enhancing Customer Satisfaction

- Customer Communication*

East Buy continuously optimizes its customer service system, establishing a diversified, efficient, and responsive customer communication mechanism aimed at delivering a convenient, timely, and personalized service experience. Customers can interact with and provide feedback to us across multiple platforms and touchpoints. The feedback received is promptly collected and analyzed to drive ongoing improvements in products and services.

Multi-channel Customer Service Access	Dedicated Service Mechanism for Live-streaming Room	Feedback Collection and Interaction Mechanism	User Co-creation and Demand Response
Customers can conveniently contact online customer service personnel through multiple channels for immediate assistance, and can also call the 400 hotline for telephone inquiries, ensuring round-the-clock support.	Each live-streaming room is assigned a dedicated customer service team to collect and handle real-time user feedback from the comments and interaction sections. The team provides optimization suggestions based on the content, reinforcing the role of user feedback in content operations.	Through channels such as the “Customers’ Voice” on our APP, feedback channels for suggestions and opinions, private messages on social platforms, and product review sections, we continuously gather user feedback and actively engage with users.	Our “Customer Wishlist” has been established to gather authentic user requests regarding new products, packaging design, and other aspects. After evaluation, these insights are transformed into product optimization directions, enhancing service engagement and customization level.

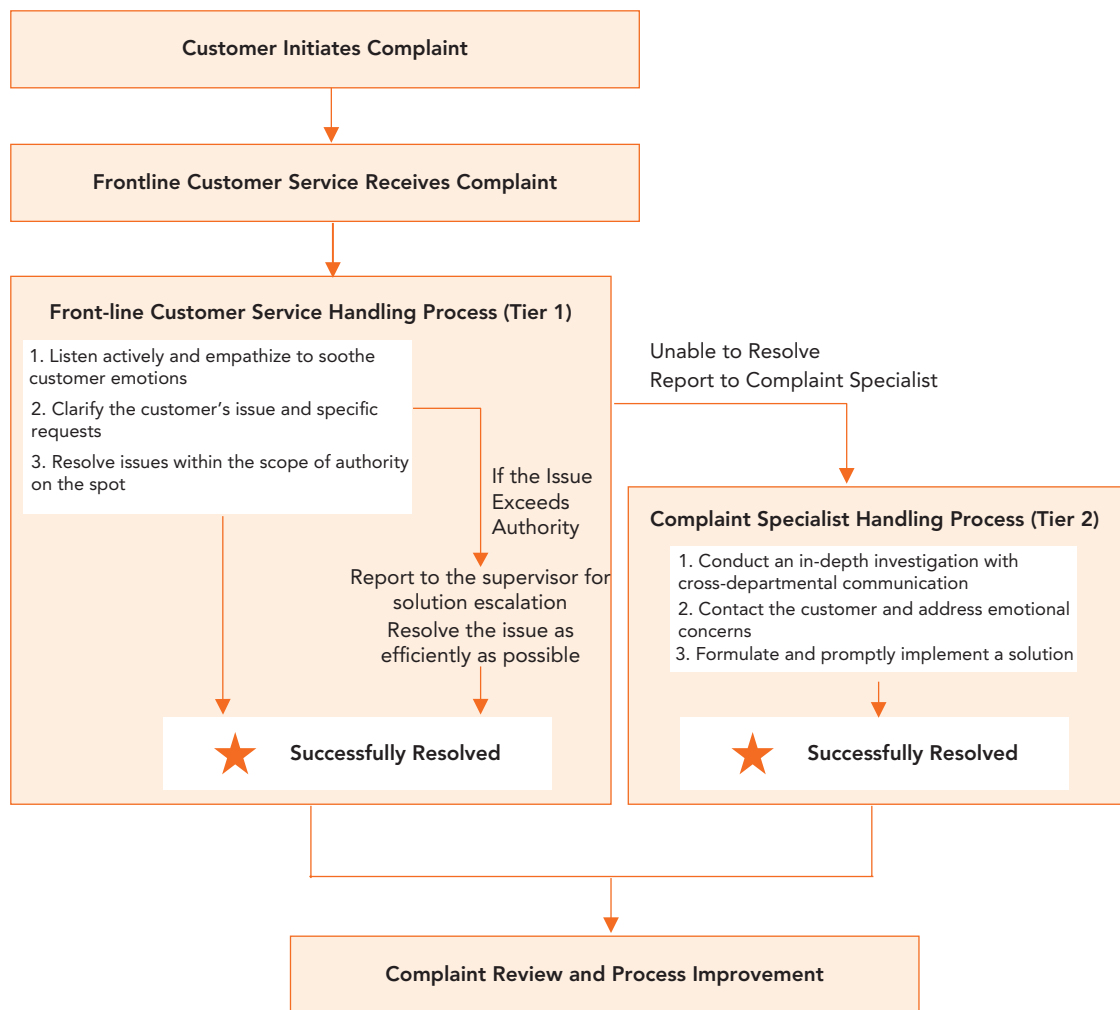
Case: Resonating with Customers to Safeguard Key Moments in Their Lives

During the Reporting Period, a customer contacted the platform urging the shipment of a previously pre-ordered product. The original delivery timeline was within 15 days, but the customer noted that her child was about to take the college entrance exam and hoped to have the dress with the implied meaning of "Victory" to wear on 7 June when the exam kicked off. After understanding the customer's request, the customer service team immediately registered an expedited shipping work order according to standard procedures and proactively reported it to the management team. Collaborating with the product manager, the customer service team coordinated resources urgently and successfully completed the shipment in that evening, ensuring timely delivery. They then proactively left a message reminding the customer to check the package, accompanied by sincere well-wishes for the exam.

When a customer is confronted with a pivotal moment in her child's life, the customer service team responded with a sense of mission-driven responsibility, demonstrating a deep understanding of the customer's emotions and needs, which delivered the brand's sincere support and warm companionship during important moments in users' lives.

- **Customer Complaints**

East Buy places high importance on customer feedback and complaint handling, and has established institutional documents such as the “Real-Time Callback Mechanism for Product Negative Reviews 《商品中差评實時外呼挽回機制》” to promote a systematic and professional customer complaint response mechanism. The Company continually optimizes handling procedures, empowers frontline customer service teams, and continuously enhances customer satisfaction and service quality, ensuring that complaint responses are both efficient and empathetic.



- *Customer Satisfaction*

- 1) *Customer-Centric Service Optimization*

East Buy consistently adheres to a customer-centric approach, and is committed to delivering exceptional, humanized, and reliable service experiences. We place great emphasis on accurate responses to customer inquiries before purchase and provide after-sales service that ensures “satisfactory compensation and quick refunds”, striving to resolve issues on the first attempt and thereby earn customer understanding and trust.

To maintain high service quality, the Company continually refines standard operating procedures across all service touchpoints and formulates differentiated compensation mechanisms tailored to specific business scenarios, flexibly addressing customers’ personalized needs. In addition, the Company has developed a repository of exemplary service cases and established phased training programs, combining pre-job coaching with on-the-job skill enhancement to strengthen both professional competence and service warmth. During the reporting period, customer service satisfaction reached 97%.

- 2) *Product Upgrades Driven by User Feedback*

East Buy values genuine consumer needs, actively collecting and analyzing user feedback to drive continuous product optimization and upgrades. By deeply understanding user concerns regarding taste, health, nutrition, and pricing, the Company quickly responds to market changes and conducts targeted research and formula adjustments based on user pain points, striving to achieve a balance of “health and taste” and “quality and affordability”.

Case:

Responding to Genuine Needs to Create a High-Protein Milk that is "Fat-Free Without Losing Flavor"

During livestream sessions, East Buy noticed a large number of consumers frequently asking, "Is there a tasty low-fat/skimmed milk?" This insight triggered the development of a skimmed milk product aimed at addressing the market pain points of "poor taste and ordinary quality".

The product team conducted platform data analysis on the same day, quickly defining the product goal: to create a high-quality milk that is "fat-free without losing flavor". The team collaborated with a partner factory equipped with advanced membrane filtration technology, extensively sampled existing products available on the market, and continuously optimized taste and nutritional balance based on user feedback. The result was a skimmed high-calcium milk with a protein content of 4.5g/100g, which retained rich milk aroma and creamy taste while significantly enhancing nutritional density. The pricing was controlled at an affordable range of just over RMB3, truly achieving the goal of delivering products with "good nutrition, great taste, and affordable price".



Key performance table — Product responsibilities:

Indicators	Unit	FY2025	FY2024	FY2023
Number of private label products and livestreaming e-commerce customer complaints	case	4,360	6,833	1,975
Percentage of private label products and livestreaming e-commerce customer complaints being handled	%	100	100	100
Service satisfaction of private label products and livestreaming e-commerce customers	%	97	93	99
Number of members of the R&D team	person	159	194	224
R&D expense	RMB million	127	155	109
Percentage of R&D expense over revenue	%	3	2	2
Number of patent application	case	2	0	0

2. EAST BUY'S GREEN PATH: ADVANCING LOW-CARBON TRANSFORMATION

2.1 Responding to Climate Change

Proactively responding to climate change is a key priority for East Buy in achieving sustainable development. In active response to national “carbon peak and carbon neutral” targets, the Company follows the framework of the Task Force on Climate-related Financial Disclosures (TCFD) to continuously improve its climate governance system, formulate response strategies, and systematically identify and analyze climate-related risks and opportunities. At the same time, the Company steadily implements energy conservation and emission reduction measures, and comprehensively enhance its ability to address climate change. Meanwhile, East Buy actively collaborates with upstream and downstream enterprises to promote low-carbon transformation across the supply chain and jointly build a green and sustainable development ecosystem.

Climate Governance

The Company has established a three-tiered ESG governance structure of “Board of Directors – Management – Executive level” to coordinate climate-related initiatives and build an efficient, orderly low-carbon management system.

The Board, as the highest level of decision-making body for climate governance, takes responsibility of supervising and guiding the Company’s overall strategy for addressing climate change, reviewing and evaluating the setting and implementation effectiveness of climate change objectives, and regularly receiving the work reports of the management. The Investor Relations Department takes the lead in coordinating and advancing of the Company’s low-carbon development strategy, organizes the identification, assessment, and response to climate-related risks and opportunities. Business and functional departments decompose and implement emission reduction tasks in accordance with the Company’s overall climate strategy, ensuring that climate-related initiatives are effectively embedded in daily operations.

Climate Strategy

East Buy integrates the green operation concept into its development path, formulating and implementing multiple emission reduction measures focused on improving energy utilization efficiency, optimizing resource allocation, and reducing unnecessary carbon emissions. These measures drive green upgrades in office operations, logistics, and daily operations, gradually enhancing the Company’s overall carbon management capabilities. Meanwhile, the Company closely monitors potential risks and opportunities brought by climate change, continuously optimizes its resource usage structure and operating models, and steadily advances toward low-carbon and sustainable development.

Risk and Opportunity Management

In advancing its low-carbon transformation, the Company continuously monitors the potential impacts of climate change, systematically identifying related risks and opportunities to provide a basis for formulating response measures.

Climate-Related Risks	Type of risk	Potential Impact	Response Measures
Transition Risks	Policy and Regulatory Risks	As the national dual-carbon strategy advances, regulatory requirements on carbon emissions, product packaging, and supply chain environmental compliance are becoming increasingly stringent. Insufficient response may lead to higher operating costs.	- Establish compliance management systems in operations and supply chain to ensure a dynamic response to policy changes; - Enhance employee training, and promote technological innovation to improve product compliance; - Promote green supply chains and collaborate with upstream partners to enhance environmental management standards.
	Technology Risk	As the industry chain transitions to low-carbon emissions, products and operation models that are energy-intensive and inefficient may increase compliance costs. Failure to adopt relevant low-carbon technologies in a timely manner may expose the Company to the risk of decreased product and service competitiveness.	- Promote environmentally friendly alternatives for packaging materials and optimize logistics for energy efficiency, reducing per-product carbon footprint; - Prefer suppliers with energy-saving and carbon-reduction capabilities or green certifications when selecting private label products, driving upstream green transformation.

Environmental, Social and Governance Report (Continued)

Climate-Related Risks	Type of risk	Potential Impact	Response Measures
	Market Risk	With growing consumer awareness of environmental protection, preference for green and sustainable products is increasing. Failure to convey environmental value in products and marketing in a timely manner may result in loss of a portion of customer base.	- Promote source traceability for agricultural products to enhance product sustainability image; - Expand green product categories and strengthen live-streaming content and brand communication on "green consumption"; - Enhance consumer interaction mechanisms to timely capture sustainable consumption trends and adjust product selection and operational strategies.
	Reputation Risk	Failure to fulfill environmental commitments or insufficient disclosure on relevant information may lead to a decline in consumer trust, affecting brand reputation and business partnerships.	- Demonstrate environmental commitments and progress through transparent environmental performance reports and effective public communication; - Convey sustainability concepts through live-streaming platforms to strengthen users' perception of the Company's environmental image; - Participate in public welfare and environmental activities to enhance corporate image.

Climate-Related Risks	Type of risk	Potential Impact	Response Measures
Physical Risks	Acute Risks	Increased frequency of extreme weather events (e.g., typhoons, heavy rainfall, floods) may impact supply chain and logistics stability, causing delivery delays, higher costs, and impacting customer satisfaction and brand reputation.	• Establish a more resilient supply chain and diversify procurement network to enhance the ability to respond to emergencies and ensure operational continuity; • Optimize logistics networks to improve the flexibility of transportation routes and emergency response capabilities; • Strengthen building safety assessment and inspection, and formulate relevant emergency plans for extreme weather to ensure the safety of employees and operations.
	Chronic Risks	Long-term climate changes, such as global warming and rising sea levels, may result in raw material cost fluctuations, higher energy consumption, and increased operational difficulty, affecting the Company's stable business operations.	• Establish long-term climate risk monitoring mechanisms to assess potential impacts on business; • Integrate climate change into strategic planning and progressively advance the green transition of its operating models.



Environmental, Social and Governance Report (Continued)

Type of Opportunity	Description of Opportunities	Response Measures
Products and services	Considering consumers' preference for sustainable products, the development of plant-based and low-carbon products can enhance brand competitiveness and expand the green consumption market.	We will make more investments in our product research and development, adopt eco-friendly materials and packaging, strengthen green brand building, and promote our products through diversified channels to guide customers toward sustainable consumption.
Resource and energy consumption	Our reduction in energy consumption and emissions, combined with optimization of resource management, can effectively lower operational costs, and increase overall operational efficiency, directly reducing mid-term and long-term operational costs.	We will strengthen energy consumption monitoring, water resource management, and waste recycling; enhance resource utilization efficiency; and establish performance tracking mechanisms to drive continuous optimization.
Energy use	Our expansion in use of clean energy sources, such as wind and solar power, contributes to reducing carbon emissions and enhancing corporate green image.	Our efforts to optimize energy management, improve energy efficiency, and leverage policy support contribute to achieving a sustainable energy transition.

Indicators and Targets

In active response to the national “Dual Carbon” strategy, the Company continues to advance its green transformation while consistently monitoring the impact of its operational activities on climate change. Efforts are focused on key areas such as energy use and carbon emissions, with systematic data monitoring and management in place.

Emission Reduction Targets

Scope 3: Business trip and commuting emission reduction target		Starting from FY2021, we gradually increased the utilization rate of the online meeting system and reduced employee trip for meetings.		
Indicators ¹	Unit	FY2025	FY2024	FY2023
Scope 2: Greenhouse gas emission from indirect sources	tCO ₂ e	1,270.24	1,285.06	1,022.17
Total greenhouse gas emission	tCO ₂ e	1,270.24	1,285.06	1,022.17
Greenhouse gas emission intensity	tCO ₂ e/ RMB million revenue	0.29	/	/

¹ The Company’s greenhouse gas emissions mainly arise from Scope 2 indirect emissions from the daily use of electricity by offices. The Company does not use fossil fuels such as coal, gasoline, diesel and natural gas. Hence, there is no Scope 1 direct greenhouse gas emissions.

2.2 Optimizing Energy Management

In strict compliance with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other national laws and regulations, and closely aligning with its green and low-carbon transformation objectives, East Buy formulated the "Office Environment Management Standards" to systematically advance energy conservation and emission reduction in office scenarios. To strengthen efficient energy use and green office practices, the Company continuously improves its energy management measures, coordinating multiple aspects to reduce consumption and enhance efficiency.

In its daily operations, the Company focuses on key energy consumption scenarios and systematically implements initiatives such as warehouse energy efficiency, logistics emission reduction, facility energy conservation, and green office, continuously optimizing the energy structure and utilization efficiency while reducing indirect energy consumption and carbon emissions during operations.

Warehouse Energy Efficiency Enhancement

Warehouse layout optimization	Regularly analyze order structures and operational workflows, dynamically adjust goods storage and aisle arrangements to shorten handling paths and reduce overall equipment energy consumption by approximately 15%-20%.
Facility and equipment energy-saving transformation	- Promote full enclosure transformation of warehouses, equip loading/unloading areas with inflatable door seals, and install automatically timed rolling shutters and pedestrian doors to effectively reduce energy loss. - Suzhou warehouse utilizes automated equipment such as cyclone sorters, and the self-built warehouse in Henan plans intends to introduce semi-automated operational equipment to enhance operational efficiency and save energy.
Application of clean energy	- Distributed photovoltaic systems have been deployed in Guangzhou and Zhengzhou warehouses, with the generated green electricity used for daily operations. - Cold storage facilities in Qingdao and other locations prioritize environmentally friendly refrigerants such as ammonia and carbon dioxide to replace traditional high-carbon-emission refrigerants.

LED lighting	Suzhou cold storage has fully adopted a motion-sensing LED lighting system, reducing lighting energy consumption.
Intelligent warehouse management	- Cold-chain warehouses integrate Internet of Things (IoT) and big data technologies to intelligently regulate temperature and humidity, reducing refrigeration system energy consumption by approximately 25%-30%. - Storage and picking paths are optimized through intelligent systems, improving efficiency and further lowering energy consumption.

Green Logistics Management

Optimization of transportation routes and modes	Dynamically plan a combined transportation solution of cold-chain, air, and land based on order distance and delivery time requirements to improve efficiency and reduce transportation energy consumption.
Application of new energy vehicles	Promote the replacement of conventional fuel vehicles with new energy electric vehicles, which can reduce carbon emissions by approximately 118 kilograms per month.

Energy-saving Technology and Facility Upgrades

Optimization of refrigeration equipment	Promote the renovation and replacement of refrigeration equipment, gradually reduce the use of freon-based equipment, and give priority to air-cooled or water-cooled systems to enhance energy efficiency.
Collaboration with green data centers	Lease green data centers compliant with the "Guiding Opinions on the Construction of Green Data Centers 《綠色數據中心建設指導意見》", adopting energy-efficient cooling, intelligent temperature control, and other technologies to reduce energy consumption from data storage and computing.

Green Office

Energy management of air conditioning and lighting	- Formulate the air conditioner service standards, specifying upper and lower temperature limits for cooling in summer and heating in winter; - Post energy-saving reminders at electric switches, and have security personnel conduct night patrols to promote electricity conservation; - Implement reasonable lighting and switching schedule in public areas, phase out incandescent bulbs, and fully replace them with high-efficiency energy-saving lamps.
Optimization of online office and business travel	- Promote online communication methods such as video and telephone conferences to reduce in-person meeting arrangements. - Optimize business travel management, encourage reduction of unnecessary trips, and encourage the prioritized use of public transportation.

Key performance table – Use of resources:

Indicators	Unit	FY2025	FY2024	FY2023
Total electricity consumption	'0,000 kWh	236.72	225.33	179.23
Comprehensive energy consumption	tce	290.93	276.93	220.28
Comprehensive energy consumption Intensity	tce/RMB million revenue	0.07	/	/

2.3 Management of Emissions

Solid Waste Management

East Buy strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution (revised in 2020) and the Directory of National Hazardous Wastes (Version 2021) 《國家危險廢物名錄》(2021 年版)) and other relevant national and local laws and regulations. Adhering to the principles of "reduction, resource utilization, and harmlessness", the Company continuously strengthens the systematic management of waste in its daily operations, focusing on source control and full-process standardization, while promoting green office practices and resource recycling.

For hazardous waste, the Company centrally manages electronic equipment, toner cartridges and batteries, and engages qualified entities for compliant disposal to ensure environmental safety. For non-hazardous waste, office wastepaper, packaging materials, and general household waste generated by the Company are collected through unified classification and centrally processed by property management companies to achieve standardized management. Meanwhile, the Company actively reduces the use of disposable items, promotes paperless office operations, and encourages the recycling and reuse of packaging materials, continuously enhancing resource conservation and minimizing environmental impact.

During the reporting period, the Company did not record any material violations of laws or regulations arising from environmental or ecological issues.

Environmental, Social and Governance Report (Continued)

Type of Measure	Hazardous Waste	Non-hazardous Waste
Source reduction	• Give priority to purchasing rechargeable batteries to reduce the use of disposable batteries; • Encourage extending the service life of electronic devices to improve equipment utilization.	• Promote the use of direct drinking water equipment to reduce the use of disposable paper cups and bottled water; • Advocate for paperless offices to minimize paper waste; • For outdoor filming catering, switch to biodegradable and eco-friendly food containers.
Sorted collection and storage	• Dispose of waste lamps, batteries, toner cartridges, etc., at dedicated collection points with clear labels, which shall be collected by the Administration Department on a regular basis.	• Place classified waste bins in work areas with clear labeling, and cleaning staff sorts the trash daily; • Set up collection points for used cardboard and packaging materials to enable centralized management.
Resource recovery and reuse	• Collect and refill the used toner cartridges for secondary use; • Prioritize repair and reuse of eligible electronic devices.	• Encourage employees to reuse single-sided printed paper; • Recycle packaging materials such as cardboard boxes for reuse.
Compliant disposal	• Discarded employee protective gear will be counted by the cleaning supplies vendor and sent to the solid waste treatment center; • All hazardous waste is disposed of in compliance by qualified third parties.	• General household waste is collected and removed by cleaning staff in accordance with local environmental requirements; • During outdoor shoots, use biodegradable and eco-friendly food containers to reduce plastic pollution.

Case: Promoting Packaging Reduction and Recycling to Minimize Waste Generation

East Buy systematically promoted waste reduction at the source and resource recycling: in the logistics materials segment, the Company reduced the size of waybill paper, decreasing annual paper consumption by approximately 1.73 tonnes, thereby reducing packaging waste generation at the source. Meanwhile, the Company continuously advanced packaging recycling and reuse mechanisms, collecting over 600,000 units of discarded packaging annually, equivalent to saving 1,800 cubic meters of timber, 60,000 tonnes of water resources, and 720 tonnes of standard coal, and reducing carbon dioxide emissions by approximately 1,800 tonnes, significantly improving the overall utilization efficiency of packaging resources.

Indicators and targets:

Hazardous waste reduction target	- Achieve 100% compliance in hazardous waste disposal; - Steadily improve the rate of reuse of electronic equipment.
Non-hazardous waste reduction target	Centralize the use of office supplies in stock, reduce the purchase of non-essential office supplies, and enhance the recycling and utilization efficiency of resources.

Management of wastewater discharge

The Company's wastewater primarily consists of domestic wastewater generated from daily office activities, all of which is discharged through a pipeline system into the municipal sewage network for centralized treatment by qualified urban sewage treatment facilities. During the reporting period, the Company did not discharge wastewater directly into land, water bodies or other environmental receptors, in compliance with applicable national and local environmental laws and regulations. To further reduce total wastewater discharge, the Company has equipped offices with tea water buckets for partial wastewater reuse, managing daily water usage to minimize wastewater generation at the source.

Key performance table — Emissions:

Indicators	Unit	FY2025	FY2024	FY2023
Generation of hazardous waste ²	kg	18,427.00	1,392.41	265
Hazardous waste intensity	kg/RMB million revenue	4.20	/	/
Generation of non-hazardous waste	kg	122,539.98	164,752.24	171,352.92
Non-hazardous waste intensity	kg/RMB million revenue	27.90	/	/
Office sewage discharge	m ³	4,328.00	6,041.00	4,982.50
Packaging material consumption (paper) ³	tonne	6,192.00	25,505.17	4,136.87
Packaging material consumption (plastic) ³	tonne	2,927.00	/	/

2.4 Water Resource Management

The Company attaches great importance to the conservation and efficient utilization of water resources, has established target for water usage reduction, and, while ensuring the basic water requirements for office operations, promotes water conservation and emission reduction through equipment management, daily practices, and awareness enhancement, thereby continuously improving water usage efficiency, advancing the conservation and sustainable use of water resources in office areas, and implementing the concept of green office.

In its daily management, the Company strengthens routine inspection and maintenance to ensure that facilities such as taps, pipelines, and drinking water equipment remain in good operating condition to eliminate hidden water losses; reduces the number of bottled water distribution points in reception areas by centralizing supply and quantity control at the front desk to avoid excessive consumption; and puts up water conservation signage in office areas, toilets, and pantries to guide employees in fostering water-saving awareness and cultivating sound water-use habits.

² The sudden surge in FY2025 was due to the centralized disposal of obsolete and damaged assets.

³ Packaging material consumption does not include consumable materials for turnover.

Key performance table — Water consumption:

Indicators	Unit	FY2025	FY2024	FY2023
Total water consumption	tonne	5,410.00	6,041.00	4,982.50
Water consumption intensity	tonne/ RMB million revenue	1.23	/	/

3. EAST BUY'S VALUING OF TALENT TO FOSTER TALENT GROWTH**3.1 Protecting Employees' Rights and Benefit**

East Buy is in strict compliance with the requirements of national laws and regulations such as the Labour Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China. Adhering to the principle of equal employment, the Company has formulated the Staff Handbook to expressly define employees' rights and entitlements, thereby ensuring the protection of employees' lawful rights and interests. The Company has established and continuously improved its employment management system and compensation and benefits system, emphasizes employee diversity and development by constantly optimizing relevant regulations and systems, and is committed to creating an equal, diverse, safe, and comfortable workplace environment.

Compliance and diversification in employment

In accordance with applicable laws and regulations, the Company has formulated the Staff Handbook to eliminate discriminatory conducts arising from differences in ethnicity, race, gender, religious beliefs, or other aspects, and ensures equal opportunities for employees and candidates. In its recruitment practices, the Company strictly regulates the wording of external job postings and channels used to eliminate discriminatory language, while adopting diversified recruitment channels to reach a wider pool of candidates. During recruitment and interview processes, the Company adheres to principles of fairness and impartiality, respects candidates, and avoids inquiries unrelated to the position, such as marital status or religious beliefs, thereby mitigating discrimination risks and ensuring fairness in talent selection.

Employees' rights and benefits protection

In accordance with the requirements of national laws and regulations, the Company has developed the Staff Handbook to reasonably regulate employee salaries, working hours and various benefit policies. In addition, the establishment of a comprehensive compensation and benefits system is aimed at protecting the legitimate employee rights and interests, enhancing work efficiency, and supporting the mutual development of employees and the Company.

Salary and benefits	- A remuneration structure is established, which includes basic salary, performance bonuses, annual bonus, etc., and a multi-tiered remuneration hierarchy is implemented for employees; - Specific salary level within the remuneration range is determined based on the incumbent's abilities, experience, and other comprehensive factors; - The employee's remuneration is subject to regular adjustment to ensure that the remuneration standards remain competitive in the market.
Working hours management	- Standard working hour system is implemented, and employees' rights to leave are fully protected, including the application for make-up leave or receipt of overtime pay for extra hours; - Statutory holidays such as paid annual leave, marriage leave, bereavement leave, sick leave, personal leave, maternity leave, medical leave, parental leave and nursing leave are established in accordance with the law.
Employee benefits	- We make contributions to "five social insurances and one housing provident fund" in accordance with the law for employees that have entered into labour contracts with us, and also offer supplementary medical insurance. Employees are entitled to purchase insurance for their children at preferential rates; - Benefits such as overtime taxi allowances, team-building activity subsidies, and gifts for traditional holidays are provided.

Employee Health and Safety

East Buy strictly complies with the Civil Code of the People's Republic of China, the Labor Law of the People's Republic of China, and other relevant laws and regulations. Through measures such as strengthening employee safety management, developing safety contingency plans, and safeguarding employees' health and rest rights, the Company is committed to creating a safe and healthy workplace environment and fully protecting the health and safety of its employees.

The Company has established an emergency response coordination group and a safety work supervision group, which take charge of coordinating and handling serious accident, and account for safety management and supervision. The HR and Administration Department is the safety work governing and supervisory body, responsible for conducting safety management publicity and training, directing other departments to carry out safety management measures and establish the safety management emergency plan. Each branch office shall maintain regular communication with local governments and property management companies, and cooperate with safety inspection, maintenance and relevant safety drills. A safety working group is set up in every department with an accountability system.

To effectively ensure employee safety, the Company clarifies to all staff the categories of items and activities which are potentially harmful to public health and safety, conducts regular fire and housing safety inspections to identify and eliminate potential safety hazards in a timely manner. In terms of health care, the Company has established an annual health check-up mechanism and provides commercial medical insurance to alleviate employees' medical burden, offering free basic check-ups and medical report interpretation services. During the reporting period, the health check-up coverage for the Company's regular employees reached 100% (including both annual and pre-employment check-ups). In terms of employees' right to rest, the Company advocates reasonable working hours and does not encourage overtime work. If overtime is necessary, employees are granted make-up leave or overtime pay for extra hours in accordance with laws, ensuring their rights to rest are properly protected.

Key performance table — Health and safety:

Indicators	Unit	FY2025	FY2024	FY2023
Number of people suffered from work-related fatalities	person	0	0	0
Number of days lost due to work-related injury	day	76	0	50

No child labour or forced labour

East Buy strictly complies with the Provisions on Prohibition of Child Labour, the Labour Law of the People's Republic of China, and other relevant laws and regulations. During the recruitment process, the Company verifies identity documents to resolutely prevent the employment of child labour and minors. The Company adheres to the principles of equality, voluntariness, and mutual agreement when entering into labour contracts without forced labour through distraining worker certificates, wages, or other properties. The Company also regulates working hours in accordance with the law, and strictly reviews overtime work applications without encouraging for overtime work, which help prevent the risk of forced labour and ensure employees' rights to rest are fully protected.

During the reporting period, the Company did not record any violations of national laws and regulations and those of our location of operations regarding child labour or forced labour.

Key performance table — Employment

Indicators	Unit	FY2025	FY2024	FY2023
Total number of employees	person	1,401	1,883	1,965
Number of employees by type of employment				
Full-time	person	1,070	1,318	1,479
Part-time	person	331	565	486
Number of employees by age group				
Below 30	person	907	1,413	1,276
30-50	person	492	469	688
Above 50	person	2	1	1
Number of employees by gender				
Male	person	598	789	861
Female	person	803	1,094	1,104
Number of employees by province				
Beijing	person	1,379	1,872	1,941
Shanghai	person	0	1	1
Other	person	22	10	23
Number of employees by title				
Employees	person	845	1,226	1,403
Supervisor and manager	person	521	617	520
Controller and above	person	35	40	42

Key performance table — Full-time employee turnover rate

Indicators	Unit	FY2025	FY2024	FY2023
Turnover rate of full-time employees by gender				
Male	%	35	18	28
Female	%	40	18	27
Turnover rate of full-time employees by age group				
Below 30	%	34	17	26
30-50	%	45	21	30
Above 50	%	0	0	0
Turnover rate of full-time employees by geographical region				
Beijing	%	38	18	26
Shanghai	%	0	50	67
Other regions	%	42	0	65

3.2 Personal Growth and Development of Staff

East Buy regards employee training as a crucial driver for enhancing employees' quality and career development. The Company has established a tiered training system covering all employees, with precise alignment, structured planning, comprehensive content, and effective tracking, aiming to help employees exert their potential.

Staff appraisal and promotion

East Buy has developed its clear assessment and promotion plans in the principles of legality, fairness, competition, incentive, cost-effectiveness, and transparency, which empowers employees to achieve their career development and professional goals while comprehensively fostering their growth. A comprehensive dual-channel career development system – management and discipline, is in place, providing all employees with diverse growth options.

To help staff identify their own career path, the Company implements a tiered training system covering all employees, with precise alignment, structured planning, comprehensive content, and effective tracking. In addition, the Company conducts staff performance appraisals on an annual basis, and sets different appraisal priorities for each position according to the type of position to comprehensively assess the achievement of performance targets by staff.

Staff training

East Buy systematically optimises its talent management system, compiles and revises documents such as the Training Management System and the Administrative Measures for New Employee Training, to establish an all-round, multi-level talent cultivation system. The Company provides pre-job, on-job, transfer and promotion learning support in a full process for employees ranging from management team to grassroots staff, and continues to implement career development boosters such as tutor training system, all-business-unit learning and sharing mechanisms, and training program to effectively assist staff in enhancing their business comprehension, cognitive level, and problem-solving abilities, and encourages employees to choose the appropriate development path so as to realize their self-worth and promote the development of the Company.

Management training	The Company implements tiered training programs for reserve cadres and managers at all levels, focusing on themes such as role transition, capability enhancement, and key problem-solving, so as to strengthen managerial cognition and business skills through diverse formats, thereby reinforcing the building of management pipeline and fostering an excellent leadership team.
General skills training	For all employees, the Company conducts systematic training covering general skills such as communication, project management, and time management via lectures, practical exercises, case studies, workshops, and other formats, to enhance the practical application of skills. Employees are also supported in pursuing professional certifications, advanced studies, and academic advancement.
Trainings for new employees	Our organization of in-person induction training and gamified activities will help new hires quickly understand the business, culture and systems of the Company. A mentorship program is also implemented to provide assistance to new hires in assimilating into the team and adapting to the workplace environment.
Training for fresh graduates	For fresh graduates, the Company provides gamified courses, experiential learning, corporate culture seminars, and other forms to facilitate their smooth transition from campus to the workplace. A mentorship system and peer exchange circles are also established to support their integration into business operations and adaptation to corporate culture.

Cultivation of livestreamers

East Buy has established a systematic training system for its livestreamers, covering two stages, namely onboarding quarter training and ongoing daily training, which is aimed at enhancing the livestreamers' business capabilities, compliance awareness and professional quality, thereby building a team of professional, compliant and responsible livestreamers.

The onboarding quarter training comprises sections on corporate culture, platform rules, safety and compliance, and live-streaming skills. It is structured into four levels, namely basic training, skills enhancement, advanced development and practical exercises, with content covering topic planning, content presentation, audience engagement, crisis management and data review. The ongoing daily training focuses on public opinion safety and compliance education of the livestreamers. Weekly thematic learning sessions are conducted, covering topics such as patriotism education, codes of conduct, prohibited knowledge, and laws and regulations. In addition, experts are invited to deliver lectures on subjects including advertising laws, false advertising and food safety, and museum visits and other activities are also conducted to further reinforce the guidance of mainstream values and awareness of social responsibility.

Key performance table — Development and training

Indicators	Unit	FY2025	FY2024	FY2023
Percentage of employees trained by gender				
Male	%	95	95	95
Female	%	95	95	95
Percentage of employees trained by rank				
Staff	%	94	94	94
Supervisor and manager	%	96	96	96
Controller and above	%	100	100	100
Employee training				
Total number of employee training sessions	session	70	71	68
Total number of trained employees	person-time	10,900	10,902	10,916
Average training hours per employee	hour/person	8	8	7
Average training hours of employees by gender				
Male	hour/person	7	7	7
Female	hour/person	8	8	8
Average training hours of employees by rank				
Staff	hour/person	7	7	7
Supervisor and manager	hour/person	9	9	9
Controller and above	hour/person	14	14	13

3.3 Staff Caring

East Buy continues to foster a workplace environment that facilitates employee growth and development. By establishing open communication channels, implementing targeted caring initiatives and organizing regular employee activities, we aim to enhance employees' sense of belonging and well-being, cultivating a team atmosphere that is equal, open, harmonious, collaborative and mutually beneficial, thereby comprehensively enhancing cohesion and collaboration effectiveness within the team.

Staff communication

East Buy is committed to fostering a culture of equal and open communication, and establishing a smooth internal communication system through a variety of mechanisms: departments organize regular business communication meetings, departmental performance review sessions, and management communication meetings based on business progress, which ensures smooth communication between different levels and aligns departmental work objectives. On this basis, the Company has implemented a 1-on-1 feedback mechanism to provide timely feedback on work experiences, suggestions, and concerns. This not only motivates employees to maintain high work efficiency but also facilitates efficient business operations.

Staff care

East Buy is committed to cultivating a workplace atmosphere of equality, openness, unity, and harmony. By taking heed of employees' voices and organizing a variety of activities, the Company enhances employees' sense of belonging and team cohesion. Snack corners have been set up in each office area, providing nutritious afternoon snacks regularly to help alleviate work fatigue and support employees' health. The Company also organizes regular birthday celebrations, outdoor team-building activities, and team lunches to promote interpersonal communication and collaboration. During festive periods, gifts are distributed and themed activities are organized to enrich employees' cultural experiences and create a warm and caring workplace.

Case: Diverse Cultural and Sports Activities to Strengthen Team Cohesion

East Buy regularly organizes diverse outdoor team-building activities to enhance team cohesion, foster employee communication and collaboration, and relieve work pressure. The activities include amusement-based developments, summer beach events, cultural evenings, and celebratory dinners, which are both fun and engaging. The positive feedback from employees has effectively promoted an atmosphere of team integration and collaboration.



4. EAST BUY'S JOINING HANDS TO CREATE INDUSTRY VALUE

4.1 Responsible Procurement

East Buy strictly implements its supplier management system, continuously optimizes the full process management of suppliers, and actively considers suppliers' ESG performance in procurement decisions, thereby continuously enhancing the resilience and sustainability of its supply chain and jointly promoting the green development of the value chain.

Full process management of suppliers

East Buy has incorporated ESG principles into the full process management of suppliers to ensure that their environmental, social, and business ethics performance aligns with the Company's standards. In accordance with the E-commerce Law of the People's Republic of China, the Law of the People's Republic of China on Protection of Consumer Rights and Interests, and the Product Quality Law of the People's Republic of China, and other relevant laws and regulations, we have established internal system documents such as the Supplier Management System, Merchants Onboarding Standards and Regulations (商家入駐標準與規範), Merchant Shipping Behaviour Norms (商家發貨行為規範), and Management Rules for Non-compliance by Merchants (商家違規行為管理規範) to actively carry out full process management of suppliers, working together with suppliers to reduce operational risks.

Supplier access management	Achieve standardized supplier information entry and automatic verification through systematic management, ensuring that non-compliant information is denied access.
Supplier qualification supervision	Verify the authenticity of supplier qualifications through authoritative third-party platforms and conduct periodic reviews via automated tools to ensure ongoing compliance.
Supplier rectification and re-evaluation	Suspend cooperation immediately and provide support for rectification in the event of environmental violations; cooperation may only resume upon successful rectification and evaluation.
Supplier risk control mechanism	Establish an environmental and social risk management mechanism covering key suppliers, gradually expanding its scope to optimize overall value chain performance.
Supply chain cooperation screening	Strengthen ESG information disclosure and cooperation partner screening across the supply chain, with focused review and management of suppliers posing risks to the environment or human rights.

Supplier empowerment training

East Buy has established stable and close long-term partnerships with its suppliers, actively promoting their engagement in the co-construction of a sustainable supply chain. The Company strengthens training and publicity across the entire supply chain lifecycle, continuously enhancing sustainable supply chain management and supplier collaboration capabilities, thereby supporting a transition to low-carbon throughout the supply chain.

Training Topics	Training Content
Supplier Onboarding and Compliance Training	Systematic onboarding: Provide detailed guidance on onboarding process to ensure suppliers clearly understand and adhere to platform rules, facilitating a smooth onboarding process.
Product Management and Compliance Training	Submission form completion and product information entry: Guide merchants on accurately completing submission forms and filling in product information to ensure product details are accurate, complete, and meet platform sales standards; Inventory management guidance: Help merchants achieve precise inventory management, reducing the risks of overstock and stockouts.
Order and After-Sales Processing Training	Guide suppliers on proficient order confirmation, logistics coordination, after-sales order handling, and other operations in the backend system, ensuring the timeliness and accuracy of order processing, improving customer satisfaction, and reducing after-sales disputes.

Case: Supplier Evaluation Standards

In November 2024, East Buy organized experts from a third-party institution to conduct a training session on dietary supplements for quality inspection personnel. The training covered dietary supplement factory onboarding and auditing, relevant laws and regulations and market access management for dietary supplements. The experts also shared an on-site audit checklist for dietary supplement suppliers, aiming to enhance the standardization, efficiency, and comprehensiveness of suppliers' quality inspection processes.

Green Procurement

East Buy actively practices the green concept in traditional supply chain management, focusing on promoting green procurement, and committing to improving the environmental performance of the entire supply chain. When selecting suppliers, the Company not only focuses on product quality and price but also considers the selection of green raw materials, the use of eco-friendly packaging materials, and green certifications as key factors, which will continue to incentivise suppliers to enhance their green production standards.

East Buy prioritizes suppliers that employ organic or natural farming methods, requiring them to undergo strict quality control by third-party testing institutions to ensure agricultural products are healthy and harmless, while also achieving the goal of zero environmental pollution. The Company encourages and guides suppliers to adopt green packaging solutions and jointly explore innovative packaging technologies, such as biodegradable materials and recyclable materials, to reduce the use of single-use plastics and promote a circular economy in the packaging industry. In addition, the Company encourages suppliers to obtain internationally recognized environmental certifications, such as the Green Food label, Forest Stewardship Council (FSC) certification, and green packaging certification, which not only enhance supply chain transparency but also strengthen consumer confidence in the environmental attributes of our products.

Case: Priority Procurement of Organic-Certified Products

In its procurement of black fungus products, East Buy prioritizes suppliers that hold China Green Food Grade A certification, considering both product quality and environmental practices. By establishing stable partnerships with high-quality suppliers meeting green and organic standards, the Company ensures product quality while adhering to environmental principles and upholding green and organic standards.

Key performance table — Supply chain management:

Indicators	Unit	FY2025
Third-party product suppliers		
Total number of suppliers	quantity	34,116
Number of suppliers by geographical region		
Guangdong	quantity	4,662
Zhejiang	quantity	4,434
Shanghai	quantity	2,535
Beijing	quantity	1,846
Shandong	quantity	1,995
Jiangsu	quantity	1,696
Fujian	quantity	1,753
Henan	quantity	1,216
Anhui	quantity	1,351
Hebei	quantity	1,121
Other regions	quantity	11,507
Number of suppliers where the practices are being implemented	quantity	34,116
Annual evaluation rate of practices implemented over suppliers	%	100
Private label product suppliers		
Total number of suppliers	quantity	572
Number of suppliers by geographical region		
Shandong	quantity	106
Guangdong	quantity	39
Fujian	quantity	56
Jiangsu	quantity	30
Anhui	quantity	22
Zhejiang	quantity	32
Other regions	quantity	287
Number of suppliers where the practices are being implemented	quantity	572
Annual evaluation rate of practices implemented over suppliers	%	100

4.2 Industry Ecosystem Building

East Buy actively promotes industry-university-research cooperation among ecosystem partners, including upstream and downstream supply chain enterprises, jointly enhancing exchanges and collaborations in areas such as product research and development and green logistics, thereby promoting industry progress and development.



In the upstream supply chain, East Buy has established close cooperative relationships with upstream enterprises. The Company's product team deeply participates in raw material development, formulation adjustment, and full-process prototyping experiments to ensure that its private label products are controllable from the source and precisely aligned with consumer preferences. Concurrently, leveraging the Supply Chain Collaborative Innovation Agreement (供應鏈協同創新協議), jointly developed technical standards are made available to OEMs, such as milk filtration processes, thereby promoting collaborative upgrading of the supply chain. Continuous optimization and the pursuit of excellence with supply chain partners in production processes and raw material performance ensure that products of every category can maximally satisfy consumer needs, delivering an extraordinary user experience.

In the downstream supply chain, the Company has established strategic partnerships with leading logistics and warehousing enterprises such as SF and JD.com. Through collaborative logistics management across the supply chain, the Company reduces redundant packaging and optimizes warehousing and distribution processes. Currently, the Company has established 40 warehouses in 10 core cities nationwide, with normal temperature delivery covering 99% areas nationwide and cold chain delivery covering 92% areas nationwide, significantly improving fulfillment efficiency and user experience. Through ecological cooperation with downstream logistics partners, the Company has substantially reduced product packaging and jointly promoted the development of green logistics.

Case: In-depth Engagement with Pure Cotton Non-woven Fabric Suppliers to Select Premium Raw Materials

During the reporting period, East Buy attached great importance to the properties of product raw materials and customer experience. The Company conducted in-depth communication and exchanges with five pure cotton non-woven fabric manufacturers, namely Winner, Xinrou, Allmed Medical, rocacotton, and Xinlong, focusing on raw material properties and experimental conditions.

The Company carries out a comprehensive assessment of each supplier to determine raw material selection and development direction for its products through a combination of online discussions and on-site visits to production lines, observation of key processes such as hydroentanglement and bleaching, comparison of product characteristics under different processing techniques (including softness, thickness, and packaging fullness), and testing of product performance variations under laboratory conditions, and based on the user experience of actual samples and production efficiency.

5. EAST BUY'S UPHOLDING RESPONSIBILITIES TO PROTECT GOOD COMMUNITIES

5.1 Carrying Forward Traditional Culture

East Buy actively leverages its platform to guide and promote Chinese traditional culture, including intangible cultural heritage. The Company primarily focuses on promoting intangible cultural heritage through regular livestreaming events, outdoor livestreaming events and cultural and tourism live sessions. In addition, in terms of products, we focus on Chinese-style apparel, adopting a combination of "in-depth product traceability + recreation of cultural scenes + new Chinese aesthetic products" to transform products into a carrier of traditional culture.

Case: Immersive Traceability Livestreaming: Stories Behind Products

In its product traceability livestreaming sessions for silk quilts and bamboo pulp paper, East Buy ingeniously integrated products with culture, making the livestreaming sessions both informative and culturally rich. The silk quilt livestreaming sessions introduced audience to Suzhou Taihu Snow Sericulture Park, tracing the growth of silkworms and traditional silk reeling techniques, showcasing the millennial charm of silk culture. It further extended to Tongxiang, Jiaxing, imbuing the products with the Jiangnan cultural essence through its water village scenery and local customs. The bamboo pulp paper livestreaming sessions introduced Sichuan Opera face-changing performances, which enhance entertaining interaction, while reflecting the resilience of "paper" and the vitality of traditional culture. Such livestreaming sessions created unique cultural impressions, empowering products with richer connotations.

5.2 Contribute to the Revitalization of the Rural Areas

Under the guidance of and in active response to the national strategy for rural revitalization, East Buy has continued to advance the rural revitalization initiatives. Upholding its commitment to in-depth product traceability, the Company maintains close collaboration with local agricultural enterprises, helping them break geographical barriers and expand sales channels, and bringing new development opportunities to such enterprises through our platform advantages. Simultaneously, the Company has established the “DONG FANG ZHEN XUAN Public Welfare Fund (東方甄選公益基金)” under the China Guanghua Foundation, which is directly under the Communist Youth League and operates as an important avenue to support rural revitalization, fully dedicating itself to agriculture assistance and rural revitalization initiatives.

East Buy has established a full-chain support system covering sales, investment promotion and services. By leveraging livestreaming events such as “China Special Livestreaming sessions” to boost sales of agricultural products, it collaborates with enterprises in disaster-stricken areas to conduct special livestreaming sessions, donating sales income for disaster relief and boosting farmers’ incomes. It also works with governments to establish regional investment promotion channels, implementing differentiated review standards for small farmers and small and micro enterprises (SMEs), lowering entry barriers, and providing customized services.

In terms of preferred resource selection, the Company actively identifies and promotes special agricultural products from various regions. Regional special events were organized to facilitate a broader market for local high-quality agricultural products. In collaboration with governments and suppliers, the Company optimized investment promotion and review processes by setting up convenient business matching windows and optimizing implementation standards, which continuously provides efficient services and support to merchants, and promotes sustainable consumption and regional economic revitalization.

Case: East Buy Collaborated with Tibet Autonomous Region Department of Commerce to Launch Special Tibet Livestreaming Session, Boosting Sales of Plateau Specialties Nationwide

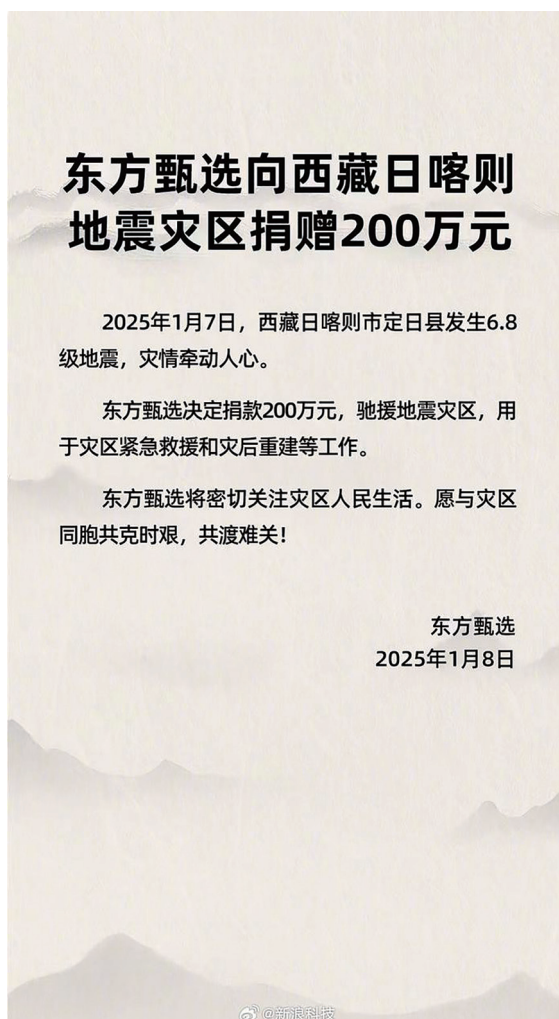
In collaboration with the Tibet Autonomous Region Department of Commerce, East Buy launched a 16-hour Special Tibet Livestreaming Session on the East Buy App and Douyin East Buy livestreaming room, promoting hundreds of plateau specialty products to consumers nationwide.

This special livestreaming session curated over 100 special high-quality products from Tibet. During the livestreaming session, on a daily basis, sales of Tibetan Dendrobium exceeded 24,000 units, while sales of Lingzhi and highland barley both surpassed 10,000 orders. As a “black horse” product, Tibetan incense registered sales of 45,000 units, becoming the best-selling product among plateau high-quality products. This special livestreaming session not only helped build a national display and sales platform for plateau high-quality products but also became a compelling practice of successful government-enterprise collaboration in promoting local specialties and driving regional economic development.

5.3 Social welfare commitments

East Buy actively engages in public welfare and charity, by continuously spreading the messages of warmth and hope in society under a sustainable public welfare model. The Company undertakes to dedicate all user rewards from livestreaming room to public welfare causes, while encouraging our employees to actively participate in public welfare and charitable events, gathering more power for positivity and benevolence. In addition, for areas affected by natural disasters, the Company consistently extends a helping hand, providing timely assistance through donations and other means, demonstrating its social responsibility through concrete actions.

In January 2025, East Buy donated RMB2 million to the Red Cross Society of Tibet Autonomous Region to support disaster relief efforts in the earthquake-stricken areas of Xigaze, Tibet.



Key performance table — Community Investment:

Indicators	Unit	FY2025	FY2024	FY2023
Number of public welfare campaigns	session	363	363	361
Investment in public welfare campaigns	RMB million	2	8	2
Number of staff participating in public welfare campaigns	person-time	1,699	2,162	2,239
Hours spent by staff in participating in public welfare campaigns	hours	415	421	409

6. EAST BUY UPHOLDS OUR ORIGINAL ASPIRATION AND BUILDS A SOLID FOUNDATION FOR STABILITY

6.1 Upholding Business Ethics

The Company always recognizes transparency and integrity as the cornerstone for business development. In strict compliance with various laws and regulations such as the Anti-Monopoly Law of the People's Republic of China and the Law against Unfair Competition of the People's Republic of China, we uphold high standards of business ethics, oppose all forms of corruption, bribery, and unfair competition, and foster an incorruptibility-based business environment.

The Company has formulated systems such as the Anti-fraud and Anti-corruption Management System, the Implementing Rules of Complaints, and East Buy Anti-Corruption Reward and Affordable System 《東方甄選反腐獎廉制度》 to clarify and regulate the anti-corruption and business ethics requirements that must be strictly upheld in operations and by all employees in performing their duties. The Company has established a comprehensive risk management system, publicized whistle-blowing channels with whistleblower rewards in place, strengthened supervision and accountability, and enhanced training and awareness promotion, as part of its active efforts to foster a transparent and honest business environment.

In FY2025, none of the employees of the Company were involved in instances of fraud, such as corruption, bribery, or conflicts of interest.

Strengthening integrity management

East Buy has established a four-level anti-fraud management structure consisting of “the Board – the management – the Audit Committee – the Audit and Supervision Department” to achieve multi-level, collaborative, and efficient management of business ethics issues.

Business Ethics Organizational Structure

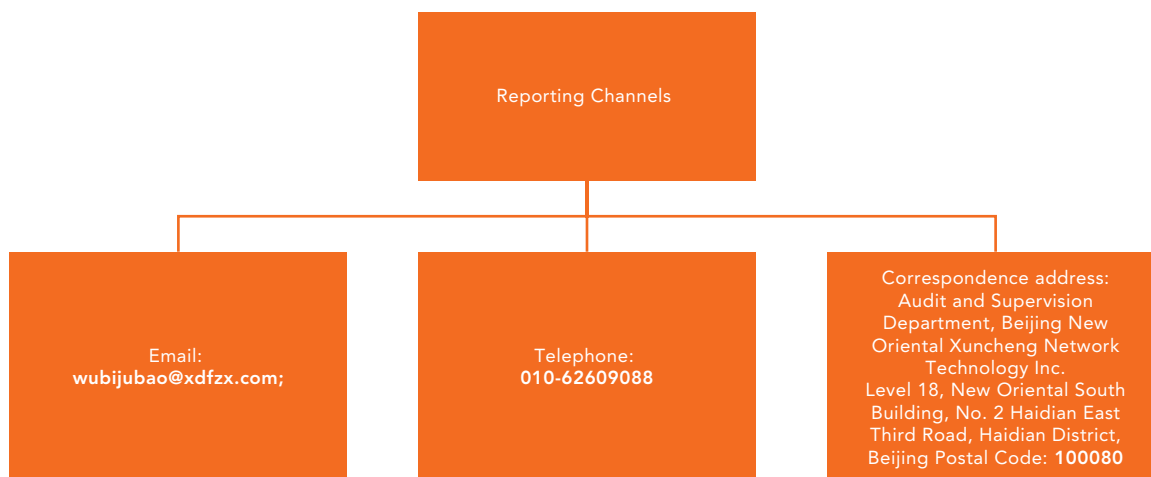
The Board	The management	Audit Committee	Audit and Supervision Department
To oversee the management in establishing an anti-fraud and anti-corruption cultural environment within the Company, and establishing a sound internal control system, including the prevention of fraud and corruption.	To take responsibility for establishing, improving, and effectively implementing anti-fraud and anti-corruption procedures and controls, including risk assessment and prevention, and to conduct self-assessments.	To accept fraud and corruption reports submitted by the Audit and Supervision Department; To take responsibility for guiding anti-fraud and anti-corruption activities within the Company, and to conduct daily continuous monitoring.	To take responsibility for following up on the specific work of anti-fraud, including managing fraud and corruption cases reported through various channels, and to promptly report to the Audit Committee of the Company.

The Company consistently adheres to integrity and self-discipline, strictly prohibiting internal employees and external partners from seeking improper personal gains or damaging the Company’s legitimate economic interests through any illegal or non-compliant means such as deception, bribery, extortion, or fraud. To strengthen integrity management, the Company has established and improved an anti-fraud and anti-corruption internal control mechanism, formulated relevant management systems and codes of conduct, and clarified the definitions of prohibited behaviors, accountability procedures, and handling methods. At the same time, the Company has established a process for handling fraud and corruption cases, where the procedures are standardized for acceptance, investigation, disposition, and rectification, ensuring transparency, fairness, and efficiency in handling cases.

Protecting the rights and interests of whistleblowers

East Buy has improved its complaint management system, by formulating and implementing the “East Buy Anti-Corruption Reward and Affordable System” 《東方甄選反腐獎廉制度》, which clarifies the management process and reward mechanism for fraud reporting, thereby continuously strengthening a culture of integrity practice. The Company has established multiple whistleblowing channels, and encourages employees and partners to actively report fraudulent or ethical risk behaviors, jointly creating a transparent and honest workplace.

The head of the Audit and Supervision Department of the Company assists the Audit Committee in designating specific project leaders to form an anti-fraud and anti-corruption investigation team responsible for independently investigating reported matters. The investigation results will be submitted to the Audit Committee for evaluation and decision-making. To effectively protect the legitimate rights and interests of whistleblowers, the Company strictly keeps the information of real-name whistleblowers confidential, strictly prohibits any form of retaliation, and pays special attention to any changes in the positions of whistleblowers. At the same time, the Company provides positive incentives to employees or partners who actively report illegal activities or actively refuse commercial bribes; for verified cases of bribery or attempted bribery, the Company will blacklist the parties involved and permanently cease cooperation, strictly upholding the bottom line of integrity.



Cultivating an integrity culture

The Company attaches great importance to the development of a culture of integrity, continuously enhancing the awareness of integrity practices and risk prevention capabilities of all employees through training, system promotion, and daily knowledge sharing. To improve the professional judgment of audit and supervision personnel, the Company regularly organizes internal training sessions on topics such as anti-fraud system construction, internal governance practices, and compliance risk prevention. The content covers analysis of typical corruption cases, understanding the legal boundaries of occupational crimes, key compliance takeaways for internal investigations, and methods for identifying employee behaviors. Concurrently, the Audit and Supervision Department has set up a dedicated column “Shared Thoughts for Internal Audit” (內審思享) on the Company’s internal communication platform, where knowledge is shared on internal control management, anti-fraud, and risk management, and integrates whistleblowing channels to promote normalized and institutionalized integrity education.

At the level of directors and employees, the Company organizes annual training and tests on the “Code of Ethics of East Buy,” focusing on promoting the definitions of behaviors such as corruption, fraud, and dereliction of duty, as well as the Company’s anti-corruption policies. This continuously strengthens employees’ awareness and execution of integrity and compliance requirements, fostering a clear and honest corporate culture.

Key performance table — Anti-corruption:

Number of anti-corruption and integrity training sessions		
Name of the indicator	Unit	FY2025
Number of anti-corruption and integrity training sessions for employees	times	12
Number of anti-corruption and integrity training sessions for directors	times	2
Total number of anti-corruption and integrity training sessions organized	times	14

Number of participants covered by the anti-corruption and integrity training sessions		
Name of the indicator	Unit	FY2025
Number of employees participating in anti-corruption and integrity training sessions	person-time	2,200
Number of directors participating in anti-corruption and integrity training sessions	person-time	12
Total number of participants in anti-corruption and integrity training sessions	person-time	2,212

Number of training hours for anti-corruption and integrity training sessions		
Name of the indicator	Unit	FY2025
Total number of training hours	hours	1,136
Number of hours per capita	hours/person	1.06

6.2 Strengthening Risk Management

Given the complex international landscape and increasingly stringent domestic regulations, East Buy continues to improve its risk management system, promote the development of risk control policies, optimize risk management processes, and enhance risk prevention capabilities. Such efforts aim to continuously boost organizational assurance efficiency and resilience against risks, ensuring the stable operation of the Company in a dynamic and complex market environment.

Developing a sound risk management system

In accordance with laws and regulations such as the Company Law of the People's Republic of China and the Basic Norms for Corporate Internal Control, as well as regulatory requirements, East Buy has formulated a series of internal control processes and systems, including the Risk Management System and Risk Assessment Methods, which provide strong support for the standardization of risk management. The Company will regularly revise and improve its risk management systems to ensure compliance with the latest laws, regulations, and industry standards.

The Company has established a sound risk management system, clarifying the responsibilities and authorities of each department, and has set up "three lines of defense" consisting of the Board, the Audit Committee, and the Audit and Supervision Department. This risk management system is led by the Board as the supreme decision-making body for comprehensive risk management, with the Audit Committee as the supervisory body for comprehensive risk management, the Audit and Supervision Department as the management and executive department for comprehensive risk management of the Company, and other functional departments and subsidiaries of the Company fully participating in creating a multi-level, cross-departmental organizational assurance mechanism for risk management.

East Buy's Three Lines of Defense for Risk Management

First line of defense	The Board	The Board, as the supreme decision-making body for comprehensive risk management in the Company, is responsible for overall risk management and making effective decisions to control the various significant risks faced by the Company, thereby ensuring the scientific and consistent nature of risk management.
Second line of defense	Audit Committee	The Audit Committee, as the supervisory body for comprehensive risk management in the Company, is responsible for formulating daily risk management measures and emergency risk management plans, conducting effectiveness assessments of comprehensive risk management, developing risk management solutions, and guiding and promoting the Company's risk management strategies, thereby ensuring the adaptability and effectiveness of risk management.
Third line of defense	Audit and Supervision Department	The Audit and Supervision Department, as the management and executive department for comprehensive risk management in the Company, is responsible for organizing and coordinating the daily work of comprehensive risk management, implementing daily risk management measures, and executing emergency risk management plans, thereby ensuring the comprehensive implementation and efficient execution of risk management.

Improving risk management processes

East Buy conducts comprehensive risk management based on the principle of “seeking practical results based on actual conditions”, covering internal environment, risk assessment, control activities, information communication, and internal supervision. Through the management of significant risks and significant incidents and internal control of important processes at each stage, risks are dynamically identified, assessed, and mitigated, achieving comprehensive control over risks.

To better cope with various risks, East Buy has optimized its risk identification and assessment processes, with a particular focus on ESG risk management. The Company has implemented a systematic management process for risk identification, assessment, response, implementation, and evaluation, ensuring the effectiveness of its corporate governance and internal control systems for continuous healthy development in ESG aspects.

Risk identification and statistics	Risk assessment and measurement	Risk analysis and reporting	Risk resolution and management
Given the uncertainties and high-risk characteristics of new e-commerce businesses, the Company conducts regular data analysis of key businesses, supplemented by collecting public and non-public information related to industrial policies, industries, and the Company for the purposes of systematic assessment over various risks.	In collaboration with the Data Team and Product Department, the Audit and Supervision Department jointly developed a private label product data model to analyze the monthly performance of each private label product, ultimately assigning values and scores.	Regular data analysis is delivered to the management and business heads of the Company in the form of monthly risk reports via email.	Management and business heads adjust the private label product structure based on the monthly risk reports. For special risks, the management leads the organization of relevant departments to form a risk response team to discuss solutions and implement them.

6.3 Information Security and Privacy Protection

East Buy attaches great importance to information security and privacy protection, recognizing them as integral components of its corporate operations. The Company has established a comprehensive information security, data security, and customer privacy protection management system, ensuring the smooth implementation of information security and privacy protection through policies, organizational management, and training and promotion measures.

Information security management

East Buy has established a complete information security management system that covers organizational assurance, policies and regulations, and education and training. Such system helps to build a comprehensive protection system, optimizing information data processes, and enhancing the ability to respond to threats. East Buy has obtained the national information security level protection (level 3) certification, laying a solid foundation for stable operation.

As the Company's highest decision-making and implementation authorities for information security, the Information Security Leading Group and the Information Security Department consistently promote the continuous optimization and improvement of information security management policies with a high sense of responsibility, ensuring vigorous execution and oversight of information security management. By submitting to the senior management regular security reports, including system security, security incidents, threat intelligence, compliance, and risk assessments, the security responsible person fully safeguards the information security of both the Company and its users.

Information Security Leading Group

Responsible for studying major incidents, implementing policies, and formulating overall strategies, including: approving the Company's overall planning for information security strategies, management standardization, and technical standards, defining the responsibilities of relevant information security departments, and guiding and supervising information security work.

Information Security Department

Responsible for executing the resolutions of the Information Security Leading Group, arranging and implementing information security measures, organizing reviews of major information security working systems and technical operation strategies, and coordinating and overseeing the information security of various functional departments and relevant units.

Security team: includes security engineers, security administrators, etc., responsible for implementing and maintaining the Company's security control measures and technologies.

Network security architect: responsible for designing and evaluating the Company's network security architecture to ensure the effective implementation of security controls.

Internal audit team: responsible for auditing and assessing the Company's security controls and compliance.

In terms of policies and systems, East Buy strictly adheres to the requirements of relevant laws and regulations such as the Regulations on the Security Protection of Computer Information Systems of the People's Republic of China, as well as the Company's own security management provisions. It has formulated the "Information System Security Management Policy" 《信息系統安全管理制​​度》, which includes strict regulations on all-round security standards for information systems, scope of responsibilities for information system administrators, requirements for information system security education and training, software licensing, and emergency plans. In addition, the Company regularly organizes security training and awareness activities to promote security policies and best practices to employees, collect employee feedback and suggestions. It also conducts regular security assessments and penetration tests, providing assessment results and recommendations to senior management.

Data security management

Customer data security is the top priority of the Company's information security management, and therefore the Company strictly adheres to policies and regulations such as the Cybersecurity Law of the People's Republic of China. In light of the nature of our own businesses, we formulate security protection measures for the entire data lifecycle, while strengthening data security assessments for suppliers and partners.

Data collection stage	• Ensure data minimization and lawful collection; ensure that the data collection process has trustworthy, complete and accurate data sources. Use advanced technological measures such as encrypted communication and dual authentication to prevent data tampering or fabrication.
Data transmission stage	• Utilize encryption technology and secure transmission protocols like HTTPS, VPN, etc., to safeguard the confidentiality and integrity of data during transmission and prevent data leaks.
Data storage stage	• Implement encrypted storage and strict access control and identity authentication mechanisms to limit access permissions to data storage devices and ensure secure data storage.
Data use stage	• Establish fine-grained access control mechanisms, monitor and audit data usage behavior to safeguard data confidentiality and ensure compliant usage, utilizing techniques such as data desensitization.
Data sharing stage	• Develop clear data sharing protocol, limit the scope of use by recipients, employ data desensitization and anonymization techniques to ensure privacy protection of sensitive information during the sharing process.
Data destruction stage	• Implement specialized data destruction measures such as physical destruction, data wiping, or encrypted destruction to ensure data irrecoverability, thereby thoroughly eliminating the risk of data leaks.

Customer privacy protection

East Buy places high importance on customer privacy protection, and strictly adheres to laws and regulations such as the Personal Information Protection Law of the People's Republic of China, and the General Data Protection Regulation 《通用數據保護條例》. It has formulated internal compliance systems such as the "Personal Information Protection Management Regulations" 《個人信息保護管理規定》 and "Data Operation and Data Security Management Standards" 《數據運營和數據安全管理規範》, and conducts regular internal and external compliance reviews. During the reporting period, no litigation cases concerning privacy infringement occurred.

Taking into account the actual needs of customer data management and key aspects of privacy security, the Company has proposed ten customer privacy protection measures:

Key Measures	Description of Measures
Data collection and minimization principles	Under its privacy policy, the Company clarifies the scope of data collection to ensure lawful and compliant collection, and desensitizes non-essential personal information.
Data encryption	The Company utilizes encryption technology to encrypt customers' personal information, ensuring confidentiality and integrity during data transmission and storage.
Access control	The Company establishes strict access control mechanisms, limiting access permissions to customer information, ensuring that data is accessed only by authorized personnel.
Identity authentication	Multiple identity verification measures are employed to ensure that only authorized users can access customer information.
Security auditing	A secure auditing mechanism is established to monitor and record access to and usage of customer information.
Regular backups	Customer information data is regularly backed up to prevent data loss or damage.



Environmental, Social and Governance Report (Continued)

Key Measures	Description of Measures
Physical security measures	Physical security measures are implemented to safeguard customer information storage devices and data centers.
Security monitoring and alerts	A security monitoring and alert system is set up to promptly detect and respond to security incidents.
Third-party collaborations	Strict security assessments and oversight are conducted on partners to ensure they have sufficient security protection measures in place to prevent the leakage and misuse of customer information.
Security vulnerability management	A security vulnerability management mechanism is established, with regular security vulnerability scans and risk assessments conducted, and timely system patches and updates applied to prevent exploitation of security vulnerabilities.

Information security culture promotion

To enhance the popularization of information security awareness and the promotion of an information security culture, we have adopted multi-channel and multi-level publicity and training measures. Utilizing tools and methods such as email and training, we disseminate information security contents, evangelize about information security knowledge, and comprehensively raise the information security awareness of all employees across the Company. By organizing internal phishing drills and training specialized on personal information protection, we have an extensive discussion over potential information security risks throughout the operational and product lifecycles, thereby enhancing the security management capabilities of professional personnel.

Case:

Conducting Training Specialized on Data Compliance and Personal Information Protection

Data compliance is of profound importance for the stable operation of the Company. To this end, East Buy has specifically organized special training activities focusing on data compliance and personal information protection. The training content comprehensively covered fundamental concepts of data compliance, such as the legal framework for data protection and enforcement, and key clauses of personal information protection. It also included data compliance practices, such as regulatory summary for e-commerce platforms, common types of violations, and shared cases, introducing the importance and key points of personal information protection from both theoretical principles and practical implementation dimensions. The pass rate for employees who participated in the "Training Specialized on Data Compliance and Personal Information Protection" was 100%.

FUTURE AND OUTLOOK

Looking ahead, East Buy will continue to anchor its strategy with the ESG philosophy. On the environmental front, the Company will deepen the construction of a green supply chain, ranging from low-carbon traceability of raw materials procurement to eco-friendly innovations in packaging materials, from energy-efficient optimization in logistics to carbon reduction practices in offices, thereby gradually establishing a sustainable development model across the entire value chain, so that every product demonstrates respect for the ecosystem. In terms of social value, the Company will further cultivate cultural communication and public welfare practices, empowering rural revitalization through a more precise supply chain, promoting the charm of traditional culture through more vivid content, and responding to social needs through more systematic public welfare projects, so that commercial value and social value will resonate in unison. As to corporate governance, the Company will continue to improve its ESG management system, strengthen the awareness of sustainable development among all employees, and enhance transparency in information disclosure for the purposes of public supervision, so that compliant operation and accountability become the endogenous momentum of corporate growth.

With more determined actions and a more open posture, East Buy will work hand in hand with supply chain partners, consumers and the wider community to continue exploring the path of sustainable development, ensuring that every choice will lead to a better future and that the profound value of corporate growth will be inscribed with responsibility and original aspiration.

INDICATOR INDEX

	Indicator	Section
A1 Emissions	General Disclosure	2.3
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste.	
	A1.1 The types of emissions and respective emissions data.	2.3
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	2.3
	A1.5 Description of emission target(s) set and steps taken to achieve them.	2.3
	A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	2.3
A2 Use of Resources	General Disclosure	2.2, 2.4
	Policies on the efficient use of resources, including energy, water and other raw materials.	
	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	2.2
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	2.4

	Indicator	Section
	A2.3 Description of energy use efficiency target(s) set and achievements made.	2.2
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	2.4
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	2.3
A3 The Environment and Natural Resources	General Disclosure	1.1
	Policies on minimising the issuer's significant impacts on the environment and natural resources.	
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Annual Theme
B1 Employment	General Disclosure	3.1
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
	B1.1 Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	3.1
	B1.2 Employee turnover rate by gender, age group and geographical region.	3.1

	Indicator	Section
B2 Health and Safety	General Disclosure	3.1
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
	B2.1 Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	3.1
	B2.2 Lost days due to work injury.	3.1
	B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.1
B3 Development and Training	General Disclosure	3.2
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
	Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	
	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2
	B3.2 The average training hours completed per employee by gender and employee category.	3.2
B4 Labour Standards	General Disclosure	3.1
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	

	Indicator	Section
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	3.1
	B4.2 Description of steps taken to eliminate such practices when discovered.	3.1
B5 Supply Chain Management	General Disclosure	4.1
	Policies on managing environmental and social risks of the supply chain.	
	B5.1 Number of suppliers by geographical region.	4.1
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.1
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.1
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2
B6 Product Responsibility	General Disclosure	1.1, 1.2
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	1.1
	B6.2 Number of products and service related complaints received and how they are dealt with.	1.4

	Indicator	Section
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	1.3
	B6.4 Description of quality assurance process and recall procedures.	1.1
	B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.3
B7 Anti-corruption	General Disclosure	6.1
	Information on:	
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.1
	B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.1
	B7.3 Description of anti-corruption training provided to directors and staff.	6.1
B8 Community Investment	General Disclosure	5.1, 5.2, 5.3
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1, 5.2, 5.3
	B8.2 Resources contributed (e.g. money or time) to the focus area.	5.3

PART D: CLIMATE-RELATED DISCLOSURES		Section
(I) GOVERNANCE		2.1
(II) STRATEGY	Climate-related Risks and Opportunities	2.1
	Business Model and Value Chain	2.1
	Strategy and Decision-making	2.1
	Financial Position, Financial Performance and Cash Flows	2.1
	Climate Resilience	2.1
(III) RISK MANAGEMENT		2.1
(IV) METRICS AND TARGETS	Greenhouse Gas Emissions	2.1
	Climate-related Targets	2.1

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EAST BUY HOLDING LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of East Buy Holding Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 157 to 249, which comprise the consolidated statement of financial position as at 31 May 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

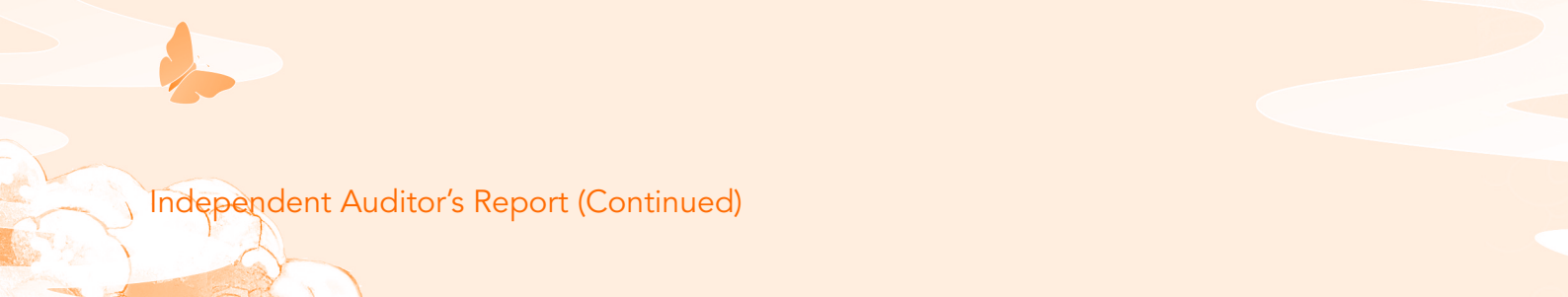
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 May 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "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 International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Independent Auditor's Report (Continued)

Key audit matter	How our audit addressed the key audit matter
<i>Revenue recognition of sales of products</i>	
We have identified recognition of revenue generated from sales of products as a key audit matter as we spent significant efforts on auditing the occurrence and accuracy of the revenue due to the magnitude of the revenue amount and the significant volume of revenue transactions. As stated in Note 5 to the consolidated financial statements, the revenue of sales of products amounted to RMB3,523 million which represented 80% of the total revenues of the Group for the year ended 31 May 2025. Revenue from sales of products was mainly derived from the e-commerce platforms. In relation to the products sold during the livestreaming, when the Group obtains control of the goods before that goods are delivered and title is passed to a customer, the Group acts as a principal and recognises revenue in the gross amount of consideration to which the Group expects to be entitled in exchange for the specified goods sold. Revenue is recognised when the goods are delivered and title is passed to customers, at which time, the customer obtains control of such goods.	Our procedures in relation to the revenue recognition from sales of products included: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls which govern such revenue recognition; • Understanding the terms and arrangements of the contract with customers and assessing whether the management of the Group recognised the revenue in accordance with the Group's accounting policy and when the Group's performance obligations are satisfactorily fulfilled; • Performing detailed procedures to reconcile the revenue recognised with cash collections recorded in the e-commerce platforms and cash receipts; and on sample basis, to test the occurrence of the revenue recognition by checking the supporting documents, such as products delivery notes and/or evidence of the customers' acknowledgement of receipt of the products on the e-commerce platforms; and • Recalculating the revenue recognised for accuracy by using computer-assisted audit techniques.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

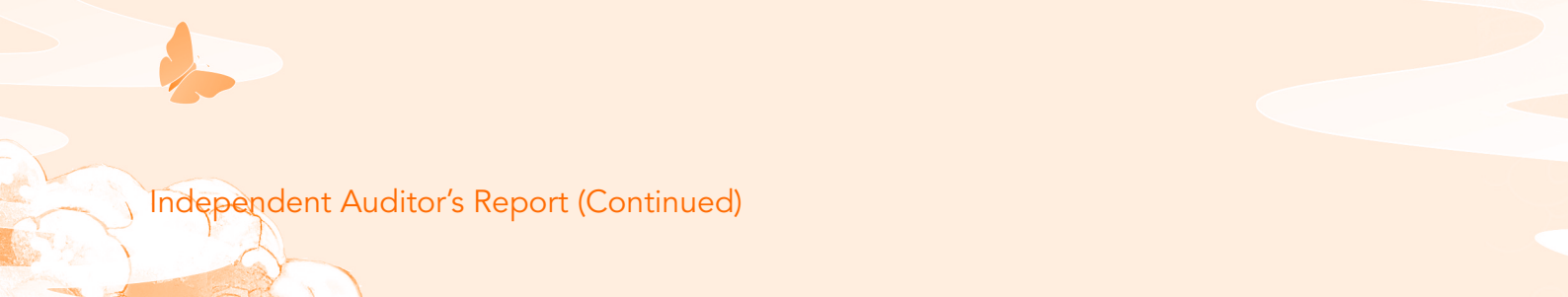
Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



Independent Auditor's Report (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter 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 TO Kim Lai, Ricky (practising certificate number: P07430).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2025

	NOTES	2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	5	4,392,071	6,525,551
Cost of revenue		(2,988,030)	(4,833,540)
Gross profit		1,404,041	1,692,011
Other income, gains and losses	6	176,944	138,077
Impairment losses recognised under expected credit loss model, net of reversal	21	(2,708)	(4,713)
Selling and marketing expenses		(902,110)	(866,068)
Research and development expenses		(126,998)	(131,593)
Administrative expenses		(484,817)	(395,616)
Share of results of associates	17	(675)	3,786
Finance costs		(2,932)	(2,159)
Profit before tax		60,745	433,725
Income tax expense	7	(54,554)	(184,580)
Profit for the year from continuing operations		6,191	249,145
Discontinued operations			
Profit for the year from discontinued operations	8	–	1,470,363
Profit for the year	10	6,191	1,719,508
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation from functional currency to presentation currency		–	23
Profit and total comprehensive income for the year		6,191	1,719,531
Profit for the year attributable to owners of the Company			
– from continuing operations		5,735	249,140
– from discontinued operations		–	1,470,363
		5,735	1,719,503
Profit for the year attributable to non-controlling interests			
– from continuing operations		456	5
		456	5
		6,191	1,719,508

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

FOR THE YEAR ENDED 31 MAY 2025

	NOTES	2025 RMB'000	2024 RMB'000
Profit and total comprehensive income			
for the year attributable to:			
Owners of the Company		5,735	1,719,526
Non-controlling interests		456	5
		6,191	1,719,531
Profit and total comprehensive income			
for the year attributable to owners of the Company			
– from continuing operations		5,735	249,163
– from discontinued operations		–	1,470,363
		5,735	1,719,526
Earnings per share			
From continuing and discontinued operations			
– Basic (RMB)	13	0.01	1.68
– Diluted (RMB)		0.01	1.61
From continuing operations			
– Basic (RMB)	13	0.01	0.24
– Diluted (RMB)		0.01	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MAY 2025

		At 31 May	
	NOTES	2025 RMB'000	2024 RMB'000
Non-current Assets			
Property and equipment	15	31,639	43,202
Right-of-use assets	16	53,298	98,972
Interests in associates	17	72,550	73,225
Financial assets at fair value through profit or loss	18	88,187	94,889
Deferred tax assets	29	16,416	54,721
Deposits for acquisition of property and equipment		2,094	1,480
Refundable rental deposits		9,115	11,143
Term deposits	23	60,269	–
		333,568	377,632
Current Assets			
Inventories	19	308,565	422,341
Trade and other receivables	20	189,691	893,582
Prepayments	22	121,339	133,613
Financial assets at fair value through profit or loss	18	1,957,486	1,250,338
Term deposits	23	560,763	1,079,420
Restricted bank deposits	23	121,562	122,129
Cash and cash equivalents	23	2,499,539	2,262,464
		5,758,945	6,163,887
Current Liabilities			
Lease liabilities	27	32,764	36,710
Contract liabilities	24	52,315	49,595
Refund liabilities		3,902	4,410
Trade payables	25	432,695	611,886
Accrued expenses and other payables	26	374,546	688,219
Income tax payables		58,329	122,079
		954,551	1,512,899
Net current assets		4,804,394	4,650,988
Total assets less current liabilities		5,137,962	5,028,620

Consolidated Statement of Financial Position (Continued)

AT 31 MAY 2025

		At 31 May	
	NOTES	2025 RMB'000	2024 RMB'000
Capital and Reserves			
Share capital	28	135	133
Reserves		5,116,962	4,969,083
Equity attributable to owners of the Company		5,117,097	4,969,216
Non-controlling interests		861	405
Total equity		5,117,958	4,969,621
Non-current Liabilities			
Deferred tax liabilities	29	1,990	900
Lease liabilities	27	18,014	58,099
		20,004	58,999
Net assets		5,117,958	4,969,621

The consolidated financial statements on pages 157 to 249 were approved and authorised for issue by the board of directors of the Company (the "Directors") on 22 August 2025 and are signed on its behalf by:

Yu Minhong
Director

Yin Qiang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2025

	Attributable to owners of the Company										Total RMB'000
	Share capital RMB'000	Treasure shares RMB'000	Share premium RMB'000	Statutory reserve ⁽ⁱ⁾ RMB'000	Translation reserve RMB'000	Share- based payments reserve RMB'000	Other reserves ⁽ⁱ⁾ RMB'000	Accumulated (losses) profit RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	
At 1 June 2023	131	-	4,149,495	97,692	(23)	218,414	(140,767)	(1,521,134)	2,803,808	-	2,803,808
Profit for the year	-	-	-	-	-	-	-	1,719,503	1,719,503	5	1,719,508
Other comprehensive income for the year	-	-	-	-	23	-	-	-	23	-	23
Profit and total comprehensive income for the year	-	-	-	-	23	-	-	1,719,503	1,719,526	5	1,719,531
Recognition of equity-settled share-based payments (Note 30)	-	-	-	-	-	417,908	-	-	417,908	-	417,908
Exercise of share options (Note 28)	1	-	41,430	-	-	(13,457)	-	-	27,974	-	27,974
Vest of share awards (Note 28)	1	-	312,979	-	-	(312,980)	-	-	-	-	-
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	400	400
Transfer to statutory reserve	-	-	-	23,282	-	-	-	(23,282)	-	-	-
Changes in equity for the year	2	-	354,409	23,282	-	91,471	-	(23,282)	445,882	400	446,282
At 31 May 2024	133	-	4,503,904	120,974	-	309,885	(140,767)	175,087	4,969,216	405	4,969,621

Consolidated Statement of Changes in Equity (Continued)

FOR THE YEAR ENDED 31 MAY 2025

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Treasure shares	Share premium	Statutory reserve ⁽ⁱ⁾	Translation reserve	Share-based payments reserve	Other reserves ⁽ⁱⁱ⁾	Accumulated (losses) profit	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Profit for the year	-	-	-	-	-	-	-	5,735	5,735	456	6,191
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	5,735	5,735	456	6,191
Recognition of equity-settled share-based payments (Note 30)	-	-	-	-	-	160,653	-	-	160,653	-	160,653
Exercise of share options (Note 28)	2	-	131,120	-	-	(39,229)	-	-	91,893	-	91,893
Vest of share awards (Note 28)	1	-	177,854	-	-	(177,855)	-	-	-	-	-
Repurchase of shares (Note 28)	-	(1)	(110,399)	-	-	-	-	-	(110,400)	-	(110,400)
Cancellation of shares repurchased (Note 28)	(1)	1	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	1,502	-	-	-	(1,502)	-	-	-
Changes in equity for the year	2	-	198,575	1,502	-	(56,431)	-	(1,502)	142,146	-	142,146
At 31 May 2025	135	-	4,702,479	122,476	-	253,454	(140,767)	179,320	5,117,097	861	5,117,958

Notes:

- (i) In accordance with the articles of association of all subsidiaries established in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity owners of the subsidiaries. The statutory reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.
- (ii) Other reserves represent (a) the difference between the amount by which the non-controlling interests are adjusted and the consideration to acquire additional interests in subsidiaries; and (b) the difference between the capital contribution from non-controlling interests and its respective share of the carrying amounts of the net assets of a subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2025

	NOTE	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Profit before tax			
– from continuing operations		60,745	433,725
– from discontinued operations		–	1,588,354
		60,745	2,022,079
Adjustments for:			
Depreciation of property and equipment		15,840	21,908
Depreciation of right-of-use assets		32,959	41,040
Loss (gain) on disposal of property and equipment		668	(1,182)
Impairment losses recognised under expected credit loss model, net		2,708	6,197
Share-based compensation expenses		160,653	417,908
Interest income from bank balances		(32,043)	(35,501)
Interest income from term deposits		(58,347)	(41,342)
Interest income from rental deposits		(402)	(563)
Finance costs		2,932	2,366
Gain on early termination of lease contracts		(29)	(534)
Net foreign exchange gain		(18,634)	(9,440)
(Gain) loss on fair value changes of financial assets at fair value through profit or loss ("FVTPL")		(37,625)	3,354
Share of results of associates		675	(3,786)
Loss on disposal of FVTPL (Non-current)		–	23
Loss on disposal of a subsidiary		7,566	–
Gain on disposal of education business		–	(1,480,575)
Operating cash flows before movements in working capital		137,666	941,952
Decrease (increase) in inventories		113,776	(281,389)
Decrease (increase) in trade and other receivables		65,160	(125,855)
Decrease (increase) in prepayments		4,101	(76,762)
Increase (decrease) in contract liabilities		4,320	(80,704)
Decrease in refund liabilities		(508)	(712)
(Decrease) increase in trade payables		(157,436)	295,837
(Decrease) increase in accrued expenses and other payables		(39,957)	320,316
Cash from operating activities		127,122	992,683
Income tax paid		(69,873)	(172,096)
Interest received		32,043	35,501
NET CASH FROM OPERATING ACTIVITIES		89,292	856,088

Consolidated Statement of Cash Flows (Continued)

FOR THE YEAR ENDED 31 MAY 2025

	NOTE	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		2,402,932	3,004,219
Purchases of financial assets at fair value through profit or loss		(3,135,910)	(3,200,613)
Proceeds on disposal of property and equipment		1,327	1,901
Net cash outflow on disposal of a subsidiary		(109,393)	–
Interest received from term deposits		64,059	43,311
Purchases of property and equipment		(25,830)	(35,858)
Payments for rental deposits		(244)	(13,255)
Refund of rental deposits		4,253	3,738
Placement of term deposits		(1,131,219)	(2,100,211)
Withdrawal of term deposits		1,597,275	1,771,905
Net cash inflow on disposal of education business		527,678	849,495
Withdrawal (placement) of restricted bank deposits		567	(121,879)
NET CASH FROM INVESTING ACTIVITIES		195,495	202,753
FINANCING ACTIVITIES			
Proceeds from issuance of shares upon exercise of share options		91,805	27,968
Payments on repurchase of ordinary shares		(110,400)	–
Repayments of lease liabilities		(34,526)	(43,136)
Capital contribution from non-controlling interests		–	400
NET CASH USED IN FINANCING ACTIVITIES		(53,121)	(14,768)
NET INCREASE IN CASH AND CASH EQUIVALENTS		231,666	1,044,073
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,262,464	1,165,137
Effect of exchange rate changes		5,409	53,254
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,499,539	2,262,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2025

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

East Buy Holding Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 7 February 2018 under the Companies law, Cap 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and the principal place of business of the Company and its subsidiaries (collectively referred to as the “Group”) are disclosed in the section headed “Corporate Information” in the annual report. New Oriental Education & Technology Group Inc (“New Oriental Group”), incorporated in the Cayman Islands, is the ultimate controlling shareholder of the Company.

The Company is an investment holding company. The principal activities of the Group are operating livestreaming e-commerce business for sales of private label products to individual customers and provision of commission services. Additionally, the Company sells its private label products through its own APP. The Group provided online education services to college students and other occupational people in the People’s Republic of China (the “PRC”) and provided education and related services to institutional customers such as public libraries and universities in the PRC, such education businesses had been disposed of on 1 March 2024.

The shares of the Company have been listed on the Stock Exchange with effect from 28 March 2019 (the “Listing” and “Listing Date”).

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

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Basis of preparation of consolidated financial statements

Contractual Arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the value-added telecommunications services carried out by the Group, the Group conducts a substantial portion of the business through Beijing New Oriental Xuncheng Network Technology Inc. ("Beijing Xuncheng")(the "Consolidated Affiliated Entities") in the PRC. On 10 May 2018, the wholly-owned subsidiary of the Company, Beijing Dexin Dongfang Network Technology Co., Inc. ("Dexin Dongfang") has entered into the contractual arrangements (the "Contractual Arrangements") with the Consolidated Affiliated Entities and their respective equity holders, which enable Dexin Dongfang and the Company to:

- expose, or has rights, to variable returns from its involvement with the Consolidated Affiliated Entities and has ability to affect those returns through its power over the Consolidated Affiliated Entities;
- exercise equity holders' controlling voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interest returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Dexin Dongfang;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at nil consideration or a minimum purchase price permitted under the PRC laws. Dexin Dongfang may exercise such options at any time until it has acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of Dexin Dongfang; and
- obtain a pledge over the entire equity interest of the Beijing Xuncheng from their equity holders as collateral security for all of Beijing Xuncheng's payments due to Dexin Dongfang and to secure performance of Beijing Xuncheng's and obligations under the Contractual Arrangements.

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Basis of preparation of consolidated financial statements (Continued)

Contractual Arrangements (Continued)

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries for accounting purpose. The Company consolidated the assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities upon the completion of the reorganisation on 10 May 2018.

Total assets of the Consolidated Affiliated Entities were RMB2,734,655,000 as of 31 May 2025 (31 May 2024: RMB3,412,362,000) and these balances have been reflected in the Group's consolidated financial statements after intragroup eliminations.

Total revenue of the Consolidated Affiliated Entities was RMB4,392,071,000 for the year ended 31 May 2025 (2024: RMB7,072,564,000) and these amounts have been reflected in the Group's consolidated financial statements after intragroup eliminations.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standard issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 June 2024 for the preparation of the consolidated 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
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards in issue but not yet effective

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

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

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

Except for IFRS 18 *Presentation and Disclosure in Financial Statements* mentioned below, the directors of the Company (the "Directors") anticipate that the application of all other new and amendments to IFRS Accounting Standard will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standard issued by the International Accounting Standards Board (the "IASB"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9 *Financial Instruments*, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The Group measures the progress towards complete satisfaction of a performance obligation based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depicts the Group's performance in transferring control of goods or services.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return

For a sale of products with a right of return, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);
- (b) a refund liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Principal versus agent

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

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

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

The Group primarily sales products to individual customers and others through live broadcast and its own APP.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Sales of products to individual customers through livestreaming e-commerce and its own APP (revenue recognised at a point in time)

The Group sells products through both livestreaming e-commerce on third-party platforms and its own APP. In livestreaming sales, hosts introduce and recommend products during live broadcasts where viewers can place immediate orders. For APP sales, customers browse and purchase products directly through the Company's own APP.

In relation to the products sold during the livestreaming and through APP, when the Group obtains control of the good before that goods are delivered and title is passed to a customer, the Group acts as a principal and recognises revenue in the gross amount of consideration to which the Group expects to be entitled in exchange for the specified good sold. Revenue is recognised when goods are delivered and title is passed to a customer, at which time, the customer obtains control of such good. When the Group, as a promoter, provides promotion services about the specified goods to the merchants in the form of live broadcast on the e-commerce platforms, the Group acts as an agent. The Group charges commissions on the sales of the specified goods completed through the e-commerce platform based on agreed commission rates. Commission revenue is recognised at a point in time upon the customers purchase merchants' products through the e-commerce platforms.

Membership program

The Group operates a membership program through which customers can earn membership points from qualified purchases. The membership points can be used to redeem coupons that can be applied against amounts owed to the Group in future purchases. The membership points awarded are accounted for as a separate performance obligation and the transaction price is allocated between the products sold and the membership points awarded on a relative stand-alone selling price basis. The standalone selling price of each award membership point is estimated based on the right to be given when the award membership points are redeemed by the customers as evidenced by the Group's historical experience. The amount allocated to the award membership points is deferred as contract liability and recognised as revenue when the customers apply the coupons redeemed in future purchases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Research and development expenses

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

When no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Leases

Definition of 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.

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

The lease payments include:

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

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

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

Lease modifications

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in items of historical cost in foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Retirement benefit costs

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

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

Share-based payments

Equity-settled share-based payment transactions

Share options/Share awards granted to employees

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options/Share awards granted to employees (Continued)

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

When share options are cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group immediately recognises the cancellation of share options as an acceleration of vesting as share based payment expenses and the relevant amount recognised in share-based payments reserve will be transferred to accumulated losses.

Taxation

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property and equipment

Property and equipment other than construction in progress as described below are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Construction in progress is carried at cost, less any recognised impairment loss. Such assets are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Impairment on property and equipment and right-of use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment and right-of use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment and right-of-use assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

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

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

Restricted cash

Restricted cash represents mainly cash received from consumers and deposited in a special bank account reserved for payments to merchants.

Inventories

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

Provisions

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI are measured at FVTPL.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, refundable rental deposits, restricted bank deposits, term deposits and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. Except for certain debtors with significant balances, which are assessed for impairment individually, the remaining trade receivables are assessed collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) *Significant increase in credit risk*

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(ii) *Definition of default*

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

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

(iii) *Credit-impaired financial assets*

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event; and
- (c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) *Write-off policy*

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

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings when available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

Classification as debt or equity

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade payables and accrued expenses and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Discontinued operations

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs at the date at which the operation is abandoned.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Contractual Arrangements

On 10 May 2018, to comply with the relevant laws and regulations in the PRC which prohibit or restrict foreign ownership of the companies where the PRC operating licenses are required, Dexin Dongfang has entered into the Contractual Arrangements with the Consolidated Affiliated Entities (see Note 1) and their respective equity holders. The Group does not have any equity interest in the Consolidated Affiliated Entities. The Directors assess whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After the assessment, the Directors conclude that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and other measures and accordingly, the Group has consolidated the Consolidated Affiliated Entities.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Consolidated Affiliated Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements among Dexin Dongfang, the Consolidated Affiliated Entities and their equity holders are in compliance with the relevant PRC Laws and are legally enforceable as at 31 May 2025.

Key sources of estimation uncertainty

The following are 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 within the next financial year.

Fair value of financial assets at FVTPL

Investments in unlisted equity securities are classified as financial assets at FVTPL. The fair value of these unlisted equity securities are determined using the valuation techniques. Valuation techniques are certified by independent and recognised international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by valuers make the maximum use of market inputs and rely as little as possible on the Group's specific data. For the discounted cash flow model, it mainly involves estimates on revenue growth rate, weighted average cost of capital ("WACC") and discount for lack of marketability. As at 31 May 2025, the carrying amounts of the investments in unlisted equity securities classified as financial assets at FVTPL are RMB88,187,000 (2024: RMB94,889,000). Should any of the estimates be revised, it may lead to a material change to the fair value of the financial assets at FVTPL.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended 31 May	
	2025	2024
	RMB'000	RMB'000
Timing of revenue recognition		
Over time	42,265	17,527
At a point in time	4,349,806	6,508,024
Total	4,392,071	6,525,551
Type of revenue		
Sales of products	3,522,831	5,147,293
Service revenue and others	869,240	1,378,258
Total	4,392,071	6,525,551

All revenues of the Group from continuing operations were generated from private label products, livestreaming e-commerce and other related services.

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services provided.

Irrespective of the online education services business which has been disposed of during the year ended 31 May 2024, the Group mainly operates online live commerce with private label products sold to individual customers and provision of commission services for the two years ended 31 May 2025, the CODM assesses the operating performance and allocates resources of continuing operations of the Group as a whole, as all of the Group's continuing activities are considered to be online live commerce business. Accordingly, the Directors consider there is only one operating segment under the requirements of IFRS 8.

The Group's operations are located on PRC and all of the Group's revenues from continuing operations were generated from external customers in the PRC. The Group's non-current assets are all located in the PRC. Therefore, no geographical information is presented.

No service or product provided to a single customer exceeds 10% or more of the total revenue of the Group from continuing operations for the year ended 31 May 2025 (2024: Nil).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

6. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 May	
	2025	2024
	RMB'000	RMB'000
Continuing operations		
Interest income from term deposits	58,347	41,277
Gain/(loss) on fair value changes of financial assets at FVTPL	37,625	(4,419)
Interest income from bank balances	32,043	34,565
VAT input deduction and exemption	29,868	274
Net foreign exchange gain	18,634	9,896
Government grants ⁽ⁱ⁾	4,529	53,991
Loss on disposal of a subsidiary (Note 9)	(7,566)	–
Interest income from rental deposits	402	516
Others	3,062	1,977
	176,944	138,077

Note:

- (i) Government grants amounted to RMB4,529,000 (2024: RMB53,991,000) have been recognised for the subsidies relating to its local municipal business development. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the year in which they were recognised.

7. INCOME TAX EXPENSE

	Year ended 31 May	
	2025	2024
	RMB'000	RMB'000
Continuing operations		
Current tax:		
PRC enterprise income tax	54,921	213,358
Deferred tax (Note 29)	(367)	(28,778)
	54,554	184,580

The Company was incorporated in the Cayman Islands. It is tax exempted under the tax laws of the Cayman Islands, as no business is carried out in the Cayman Islands.

Under the two-tiered profits tax rates regime of Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Applicable tax rates of the Group's major subsidiaries are as follows.

Under the law of the PRC on enterprise income tax (the "EIT Law") and implementation regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the year ended 31 May 2025 (2024: 25%).

The Group's subsidiaries operating in the PRC are eligible for certain tax concessions. Under the EIT Law effective on 1 January 2008, the "High and New Technology Enterprise" (the "HNTE") status is valid for three years and qualifying entities can reapply for an additional three years provided their business operations continue to qualify for the new HNTE status. In 2023, Beijing Xuncheng and Dexin Dongfang renewed the certificate of the HNTE status and enjoy the preferential tax rate of 15% from calendar year 2023 to 2025. However, considering Beijing Xuncheng may not be qualified for HNTE due to the disposal of education business, the Group considered that it may be appropriate for Beijing Xuncheng to use the statutory tax rate of 25% for the period ended 31 May 2025.

According to the EIT Law, qualified research and development expenses can be deducted at 175% of such expenses for income tax deduction purpose upon approval from the relevant tax authority. The State Taxation Administration of the PRC announced in September 2022 that enterprises that currently apply 175% deduction in qualified research and development expenses would be entitled to claim 200% of their qualified research and development expenses as super deduction from 1 October 2022 to 31 December 2022, and the implementation period was subsequently extended as announced in March 2023.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

7. INCOME TAX EXPENSE (Continued)

The Group's subsidiaries operating in Hainan and Zhuhai are eligible for local tax concessions. According to the local tax policies, Hainan Haiyue Dongfang Network Technology Co., Ltd. and Zhuhai Chongsheng Heli Network Technology Co., Ltd., subsidiaries of the Group, meet the relevant criteria and can enjoy a preferential tax rate of 15% during the year ended 31 May 2025 (2024: 15%).

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB945,893,000 (2024: RMB1,019,978,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

	Year ended 31 May	
	2025	2024
	RMB'000	RMB'000
Profit before tax from continuing operations	60,745	433,725
Tax at applicable income tax rate of 25% (2024: 25%)	15,186	108,430
Tax effect of disposal and share of results of associates	169	2,870
Tax effect of expenses not deductible for tax purposes	282	23,445
Tax effect of income not taxable for tax purpose	(325)	–
Tax effect of additional deduction on certain research and development expenses	(23,578)	(22,116)
Tax effect of tax losses and deductible temporary differences not recognised	82,377	125,972
Utilisation of tax losses and deductible temporary differences previously not recognised	(7,140)	(35,984)
Effect of different tax rates of PRC subsidiaries	(5,312)	(20,256)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(7,105)	2,219
Income tax expense for the year (relating to continuing operations)	54,554	184,580

Note:

The domestic tax rate of 25% (2024: 25%) which is the statutory tax rate of the PRC where the operation of the Group is substantially based for the year ended 31 May 2025 is used.

8. DISCONTINUED OPERATIONS

On 21 November 2023, the Group entered into a disposal agreement with New Oriental Group to dispose of its education business (the "Disposal Agreement"), which carried out all of the Group's education operations.

The disposal of education business is part of a business re-delineation by the New Oriental Group to more clearly separate its business lines and better align its business segments with the environment in which it operates. The disposal was completed on 1 March 2024, on which date control of education businesses passed to the acquirer, New Oriental Group.

The profit for the period from the discontinued education operation is set out below.

	From 1 June 2023 to 29 February 2024 RMB'000
Profit of education business for the period/year	126,510
Gain on disposal of education business (see note 32)	1,480,575
Income tax expense on gain of the disposal	(136,722)
	1,470,363

The results of the discontinued education operation for the period from 1 June 2023 to 29 February 2024, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1 June 2023 to 29 February 2024 RMB'000
Revenue	547,013
Cost of revenue	(120,016)
Other income, gains and losses	(11,744)
Impairment losses recognised under expected credit loss model, net	(1,484)
Selling and marketing expenses	(278,221)
Research and development expenses	(22,932)
Administrative expenses	(4,630)
Finance costs	(207)
Profit before tax	107,779
Income tax credit	18,731
Profit for the period	126,510

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

8. DISCONTINUED OPERATIONS (Continued)

Profit for the period from discontinued operations has been arrived at after charging (crediting) the following items:

	From 1 June 2023 to 29 February 2024 RMB'000
Staff cost	
– Salaries, allowances and benefits in kind	191,355
– Retirement benefit scheme contributions	14,824
– Equity-settled share-based payments	953
Total staff cost	207,132
Depreciation of property and equipment	1,580
Depreciation of right-of-use assets	7,083
Expense of short-term leases	357
Cash flows from discontinued operations	
Net cash outflows used in operating activities	(291,465)
Net cash inflows from investing activities	884,043
Net cash outflows used in financing activities	(8,738)

The carrying amounts of the assets and liabilities of education businesses at the date of disposal are disclosed in note 32.

9. DISPOSAL OF A SUBSIDIARY

On 25 July 2024, Mr. Dong Yuhui ("Mr. Dong"), an employee of the Company and senior management of Time With Yuhui, a subsidiary of the Company before 10 August 2024, resigned from his current roles within the Group. Apart from the payment to Mr. Dong of the promised benefits and compensations, the Directors also approved to distribute all remaining undistributed profits of Time with Yuhui as of June 30, 2024, which was approximately RMB129,688,000, to Mr. Dong.

On 25 July 2024, Beijing Xuncheng, Mr. Dong and Time With Yuhui entered into a disposal agreement, pursuant to which Beijing Xuncheng agreed to sell, and Mr. Dong agreed to acquire, 100% equity interest in Time With Yuhui at a consideration of RMB76,585,460. The consideration has been settled in October 2024.

The net assets of Time With Yuhui at the date of disposal were as follows:

	10 August 2024 RMB'000
Property, plant and equipment	12,873
Right-of-use assets	16,318
Trade and other receivables	104,397
Other current assets	11,449
Deferred tax assets	39,762
Financial assets at FVTPL	70,000
Cash and cash equivalents	185,978
Other current liabilities	(17,594)
Trade payables	(21,755)
Accrued expenses and other payables	(268,479)
Income tax payables	(48,798)
Net assets disposed of	84,151
Loss on disposal	(7,566)
Total consideration	76,585
Net cash outflow arising on disposal:	
Total cash consideration received	76,585
Cash and cash equivalents disposed of	(185,978)
	(109,393)

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

10. PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging the following items:

	Year ended 31 May	
	2025	2024
	RMB'000	RMB'000
Staff cost, including directors' and chief executive's remuneration		
– Salaries, allowances and benefits in kind	966,465	761,607
– Retirement benefit scheme contributions	49,114	42,558
– Equity-settled share-based payments	160,653	416,955
Total staff cost	1,176,232	1,221,120
Depreciation of property and equipment	15,840	20,328
Depreciation of right-of-use assets	32,959	33,957
Expense of short-term leases	6,689	4,186
Auditor's remuneration ⁽ⁱ⁾	5,150	5,180

Note:

- (i) During the year ended 31 May 2025, auditor's remuneration includes RMB3,950,000 (2024: RMB3,980,000) in relation to annual audit and RMB1,200,000 (2024: RMB1,200,000) in relation to interim review.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to directors and the chief executive for the year were as follows:

For the year ended 31 May 2025

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses ⁽ⁱ⁾ RMB'000	Equity- settled share-based payments RMB'000	Retirement benefits RMB'000	Director's fees RMB'000	Total RMB'000
Executive Directors and the Chief Executive						
Mr. Yu Minhong ^{(ii) & (iii)}	–	–	10,722	–	–	10,722
Mr. Yin Qiang	583	1,075	3,988	50	–	5,696
Subtotal	583	1,075	14,710	50	–	16,418
Non-Executive Director						
Ms. Sun Chang	–	–	395	–	–	395
Subtotal	–	–	395	–	–	395
Independent Non-Executive Directors						
Mr. Tong Sui Bau ^(vi)	–	–	29	–	188	217
Mr. Lin Zheyang	–	–	29	–	206	235
Mr. Kwong Wai Sun Wilson	–	–	29	–	206	235
Mr. Yan Andrew Y ^(v)	–	–	29	–	53	82
Subtotal	–	–	116	–	653	769
Total	583	1,075	15,221	50	653	17,582

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The emoluments paid or payable to directors and the chief executive for the year were as follows:
(Continued)

For the year ended 31 May 2024

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses ⁽ⁱ⁾ RMB'000	Equity- settled share-based payments RMB'000	Retirement benefits RMB'000	Director's fees RMB'000	Total RMB'000
Executive Directors and the Chief Executive						
Mr. Yu Minhong ^{(ii) & (iii)}	–	–	24,429	–	–	24,429
Mr. Sun Dongxu ^(iv)	4,944	–	28,621	38	–	33,603
Mr. Yin Qiang	558	1,201	10,319	44	–	12,122
Subtotal	5,502	1,201	63,369	82	–	70,154
Non-Executive Director						
Ms. Sun Chang	–	–	256	–	–	256
Subtotal	–	–	256	–	–	256
Independent Non-Executive Directors						
Mr. Lin Zheyang	–	–	–	–	180	180
Mr. Tong Sui Bau ^(vi)	–	–	–	–	180	180
Mr. Kwong Wai Sun Wilson	–	–	–	–	180	180
Subtotal	–	–	–	–	540	540
Total	5,502	1,201	63,625	82	540	70,950

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- (i) Performance related bonuses for executive directors and the chief executive were determined based on certain financial and non-financial measures including: revenue, operating profit, employee turnover rate etc.
- (ii) Mr. Yu Minhong serves as the chairman of the board of directors and was appointed as the chief executive officer on 16 December 2023.
- (iii) Excluding the equity-settled share-based expenses, the directors' emoluments were paid by New Oriental Group during both years.
- (iv) Mr. Sun Dongxu was resigned as the chief executive officer on 16 December 2023. The disclosed emoluments of Mr. Sun Dongxu only covered the period from 1 June 2023 through 16 December 2023.
- (v) Mr. Yan Andrew Y serves as the independent non-executive director on 21 January 2025. And replace Mr. Tong Sui Bau as the Chairman of the Audit Committee, a member of the Remuneration Committee, and a member of the Nomination Committee of our company.
- (vi) Mr. Tong Sui Bau was resigned as the independent non-executive director on 21 January 2025. The disclosed emoluments of Mr. Tong Sui Bau only covered the period from 1 June 2024 through 21 January 2025.

The emoluments of the executive directors and the chief executive shown above were mainly for their management services rendered to the Company and the Group and were determined by the shareholders of the Group having regard to the performance of individuals and market trends. The non-executive directors' emoluments shown above were for their services as directors of the Company. The independent non-executive directors' emoluments were for their services as independent directors of the Company.

There was no arrangement under which a director or chief executive waived or agreed to waive any remuneration during both years.

During the year ended 31 May 2025, 80,000 (2024: 30,000) share awards under the share scheme of the Company were granted to certain directors of the Company in respect of their services provided to the Group. During the year ended 31 May 2025, no (2024: Nil) share options under the share option scheme of the Company were granted to certain directors of the Company in respect of their services provided to the Group.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

12.FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 May 2025 include no director (2024: one director). Details of the remuneration for the year ended 31 May 2025 of the five highest paid employees (2024: four) who are neither a director nor the chief executive of the Company as of 31 May 2025 are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	26,153	23,159
Performance related bonuses	247,613	247,769
Equity-settled share-based expenses ⁽ⁱ⁾	61,357	167,831
Retirement benefits	281	259
Total	335,404	439,018

Note:

The number of the highest paid employees who are neither a director nor a chief executive of the Company whose remuneration fell within the following bands:

	2025 No. of employees	2024 No. of employees
Hong Kong dollar ("HK\$")16,500,001 to HK\$17,000,000	1	–
HK\$25,000,001 to HK\$25,500,000	1	–
HK\$31,500,001 to HK\$32,000,000	–	1
HK\$34,500,001 to HK\$35,000,000	1	–
HK\$35,500,001 to HK\$36,000,000	1	–
HK\$48,000,001 to HK\$48,500,000	–	1
HK\$60,000,001 to HK\$60,500,000	–	1
HK\$253,000,001 to HK\$253,500,000	1	–
HK\$340,500,001 to HK\$341,000,000	–	1
Total	5	4

During the year ended 31 May 2025, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining of the Group or as compensation for loss of office (2024: Nil).

13. EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted earnings per share from continuing operation attributable to owners of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Earnings:		
Earnings for the year attributable to owners of the Company	5,735	1,719,503
Less:		
Profit for the year from discontinued operations attributable to owners of the Company	–	1,470,363
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	5,735	249,140

	2025	2024
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	1,035,797,903	1,017,636,860
Effect of dilutive potential ordinary shares:		
Share options and share awards	25,999,727	49,687,221
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,061,797,630	1,067,324,081

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Earnings:		
Earnings for the year attributable to owners of the Company for the purpose of calculating basic and diluted earnings per share	5,735	1,719,503



Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

13. EARNINGS PER SHARE (Continued)

From continuing and discontinued operations (Continued)

The denominators used to calculate earnings per share of continuing and discontinued operations are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic earnings per share for the discontinued operations is nil per share (2024: RMB1.44 per share) and diluted earnings per share for the discontinued operations is nil per share (2024: RMB1.38 per share), based on the profit for the year from the discontinued operations of nil (2024: approximately RMB1,470 million) and the denominators detailed above for both basic and diluted earnings per share.

14. DIVIDENDS

No dividend was paid, declared or proposed for ordinary shareholders of the Company during the year ended 31 May 2025 (2024: Nil), nor has any dividend been proposed since the end of the reporting period.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

15. PROPERTY AND EQUIPMENT

	Electronic equipment RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Transportation equipment RMB'000	Total RMB'000
COST					
At 1 June 2023	79,003	18,520	9,455	1,138	108,116
Additions	32,294	4,174	929	–	37,397
Disposals	(18,253)	(2,297)	(2,844)	–	(23,394)
At 31 May 2024	93,044	20,397	7,540	1,138	122,119
Additions	14,085	4,002	1,058	–	19,145
Disposal of a subsidiary	(10,914)	(1,790)	(840)	–	(13,544)
Disposals	(18,344)	(252)	(526)	–	(19,122)
At 31 May 2025	77,871	22,357	7,232	1,138	108,598
DEPRECIATION AND IMPAIRMENT					
At 1 June 2023	55,627	13,338	5,031	63	74,059
Provided for the year	16,579	3,666	1,555	108	21,908
Eliminated on disposals	(13,773)	(1,783)	(1,494)	–	(17,050)
At 31 May 2024	58,433	15,221	5,092	171	78,917
Provided for the year	11,726	2,628	1,208	278	15,840
Eliminated on disposal of a subsidiary	(649)	(18)	(4)	–	(671)
Eliminated on disposals	(16,622)	(58)	(447)	–	(17,127)
At 31 May 2025	52,888	17,773	5,849	449	76,959
CARRYING VALUES					
At 31 May 2025	24,983	4,584	1,383	689	31,639
At 31 May 2024	34,611	5,176	2,448	967	43,202

The above items of property and equipment, other than construction in process, after taking into account their estimated residual value of 5% of the cost, except for the leasehold improvement of which the estimated residual value is nil, are depreciated on a straight-line basis with the following expected useful lives:

Electronic equipment	3 – 5 years
Furniture and fixtures	5 years
Leasehold improvement	shorter of the lease term or estimated useful lives
Transportation equipment	4 years

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

16. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	RMB'000
Carrying amount:	
At 1 June 2023	54,389
Additions	102,422
Decreases due to terminations	(16,799)
Depreciation charges	(41,040)
At 31 May 2024	98,972
Additions	3,603
Decreases due to terminations	(16,318)
Depreciation charges	(32,959)
At 31 May 2025	53,298
For the year ended 31 May 2024	
Expense relating to short-term leases	4,543
Total cash outflow for leases	47,679
For the year ended 31 May 2025	
Expense relating to short-term leases	6,689
Total cash outflow for leases	41,215

The Group leases buildings for its operations. Lease contracts were entered into for fixed terms of 2 year to 3 years. Lease terms were negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for buildings. As at 31 May 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

16. RIGHT-OF-USE ASSETS (Continued)**Leases committed**

As at 31 May 2025, no new lease has been entered into by the Group which has not yet commenced. As at 31 May 2024, the Group entered into one new lease for building that has not yet commenced, with a non-cancellable period for 3 years, the total future undiscounted cash flows over the non-cancellable period amounted to RMB1,620,000.

17. INTERESTS IN ASSOCIATES

Details of the Group's investment in associates are as follows:

	2025 RMB'000	2024 RMB'000
Cost of investment in associates	69,672	69,672
Share of results and other comprehensive income	2,878	3,553
	72,550	73,225

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

17.INTERESTS IN ASSOCIATES (Continued)

Details of the Group's associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			At 31 May 2025	2024	At 31 May 2025	2024	
Beijing Shidai Yuntu Book Co., Ltd. ("Shidai Yuntu") (北京時代雲圖書有限責任公司)	PRC	Beijing	24.75%	24.75%	24.75%	24.75%	Publisher of teaching materials
Tianjin Xuncheng Shangyue Education and Technology Ltd. (天津迅程尚悅教育科技有限公司)	PRC	Tianjin	49.00%	49.00%	49.00%	49.00%	Education consulting
Huoerguosi Oriental New Venture Equity Investment Partnership (L.P.) (霍爾果斯東方新創股權投資合夥企業(有限合夥))	PRC	Huoerguosi	49.00%	49.00%	49.00%	49.00%	Equity investment fund
Hone KTHL SMA, L.P. ("Hone") ^(a)	USA	Delaware	100.00%	100.00%	100.00%	100.00%	Equity investment fund

Note:

- (a) Hone is a limited partnership established on 28 December 2018, of which the primary purpose is to invest in education industry related business. The Group is the sole limited partner of Hone and holds 100% of the partnership interest, and an independent third party is the sole general partner which also controls the investment committee of Hone. Under the limited partnership agreement, the Group has power to approve or refuse investment opportunities proposed by the investment committee, but does not have power over any other decisions of Hone, including but not limited to, decision over disposal of investments held by Hone and power to remove the general partner. The Directors considered that the Group has significant influence over Hone and it was therefore classified as an associate of the Group.

17.INTERESTS IN ASSOCIATES (Continued)

In the opinion of the directors of the Company, none of the individual investments in associates materially affected the results or net assets of the Group.

Aggregate information of associates that are not individually material

	2025 RMB'000	2024 RMB'000
The Group's share of (loss) profit	(675)	3,786
The Group's share of total comprehensive (expense) income	(675)	3,786
Aggregate carrying amount of the Group's interests in these associates	72,550	73,225

18.FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Non-current assets		
Financial assets at FVTPL		
– Unlisted equity investments ⁽ⁱ⁾⁽ⁱⁱ⁾	88,187	94,889
Current assets		
Financial assets at FVTPL		
– Wealth management products ⁽ⁱⁱⁱ⁾	1,957,486	1,250,338

Notes:

- (i) The unlisted equity investments as at 31 May 2025 and 31 May 2024 is the Group's investments in ordinary shares with preferential rights of East Buy (Henan) Food Technology Co., Ltd. ("Henan Oriental") and preferred shares of EEO Education Technology Co., Ltd. ("EEO") incorporated in the PRC and the Cayman Islands respectively. The major assumptions used in the valuation for investments in these unlisted entities are set out in Note 37.
- (ii) On 18 January 2023, Dongfang You Xuan (Beijing) Technology Co., Ltd., one of the Company's subsidiaries, invested 30% ordinary shares with preferential rights in Henan Oriental, a grilled sausages producer, for a total cash consideration of RMB17,527,000. With the preferential rights, the Group has the right to require and demand the investee to redeem all of the shares held by the Group at a guaranteed predetermined fixed amount upon certain redemption events which are out of control of the investee. Hence, the investment is accounted for under IFRS 9 and measured at financial assets at FVTPL.
- (iii) Wealth management products are purchased from various banks with expected rate of return ranging from 1.30 % to 4.30 % (2024: 2.70% to 3.99%) per annum, and maturity period ranging from 1 day to 370 days (2024: 1 day to 365 days). The principals and returns of these wealth management products are not guaranteed.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(Continued)

During the year ended 31 May 2025, the Group did not make any sales to EEO (2024: Nil) and made sales to Henan Oriental amounting to RMB30,751,000 (2024: Nil).

During the year ended 31 May 2025, the Group did not make any purchases from EEO (2024: Nil) and made purchases from Henan Oriental amounting to RMB73,460,000 (2024: RMB180,354,000).

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Products	280,824	370,530
Products in transit	27,741	51,811
	308,565	422,341

20. TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	36,168	37,723
Less: allowance for credit losses	8,738	6,030
	27,430	31,693
Other receivables:		
Amounts due from related parties ⁽ⁱ⁾	28,352	544,508
Receivables from third-party payment platforms	94,957	260,659
Deductible input on VAT	9,648	6,391
Advances to employees	1,174	2,747
Rental deposits ⁽ⁱⁱ⁾	677	1,207
Others	27,453	46,377
	162,261	861,889
Trade and other receivables	189,691	893,582

Notes:

- (i) The deferred consideration of RMB527,678,000 for the disposal of education business in March 2024 has been settled in cash by New Oriental Group in September 2024.
- (ii) The rental deposits represent refundable rental deposits that are due within one year.

20. TRADE AND OTHER RECEIVABLES (Continued)**Settlement related to private label products and livestreaming e-commerce**

Customers of private label products and livestreaming e-commerce usually pay in advance through the third-party platform. For payment through third-party payment platforms, the third-party payment platforms normally settle the amounts received, net of handling charges, within one month after the trade date. The receivables from third-party payment platforms include payments that are not yet settled by third-party payment platforms.

The Directors are of the opinion that the credit risks of these receivables are minimal as these are from creditworthy third-party payment platforms with no history of defaults. No impairment is made for receivables from third-party payment platforms.

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date:

	2025 RMB'000	2024 RMB'000
1-90 days	7,040	6,435
91-180 days	2,196	719
181 days -1 year	251	159
1-2 years	125	24,380
>2 years	17,818	–
	27,430	31,693

Before accepting new customers, the Group assesses the potential customers' credit quality and defines credit limits for each individual customer. Recoverability of the existing customers is reviewed by the management of the Group regularly.

As at 31 May 2025, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of RMB29,121,000 (2024: RMB31,274,000) which are past due. Out of the past due balance, RMB26,923,000 (2024: RMB30,430,000) has been past due 90 days or more and is not considered as default as there has not been a significant change in the credit standing of the debtors. The Group did not hold any collateral over these receivables.

Included in trade receivables, RMB8,991,000 as at 31 May 2025 (2024: RMB7,237,000) were amounts due from related parties (details as set out in Note 38), which were mainly aged 1-90 days based on the invoice date.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

20. TRADE AND OTHER RECEIVABLES (Continued)

Settlement related to private label products and livestreaming e-commerce (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach for the year:

	ECL (not credit- impaired) RMB'000	ECL (credit- impaired) RMB'000	Total RMB'000
At 1 June 2023	192	10,262	10,454
Changes due to financial instruments recognised as at 1 June 2023:			
Transfer to credit impaired	(124)	124	–
Impairment losses recognised, net	5,823	359	6,182
Write-offs	–	(10,621)	(10,621)
New financial assets originated	15	–	15
At 31 May 2024	5,906	124	6,030
Changes due to financial instruments recognised as at 1 June 2024:			
Impairment losses recognised, net	2,822	(124)	2,698
New financial assets originated	10	–	10
At 31 May 2025	8,738	–	8,738

Details of impairment assessment of trade and other receivables are set out in Note 21.

21. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that the Group's counterparties default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables. At the end of the reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets measured at amortised cost as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. Management uses historical credit loss experience to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

21. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK (Continued)

The Group's internal credit risk grading assessment, which is applicable for financial assets at amortised cost excluding trade receivables, comprises the following categories:

Categories	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts or aged within 90 days	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition or aged over 90 days but less than 2 years	Lifetime ECL – not credit -impaired
In default	There is evidence indicating the asset is credit-impaired or aged over 2 years	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For trade receivables, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The Group determined ECL on these items by using a provision matrix, estimated based on the financial quality of the debtors, historical credit loss experience based on the past due status of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the reporting date. In addition, debtors with gross carrying amounts of RMB26,498,000 as at 31 May 2025 (2024: RMB30,199,000) were assessed individually.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. During the year ended 31 May 2025, no trade receivables had been written off (2024: RMB10,621,000).

The following details the risk portfolio of trade receivables arising from customers, based on the Group's provision matrix. As the Group's historical credit loss experience showed significantly different loss patterns for different customer portfolio (including low risk, normal risk type and credit-impaired), the provision for loss allowance was further distinguished between the Group's customer portfolio of different risk type.

Low risk type customers	Represent the counterparties with credit terms of less than 12 months
Normal risk type customers	Represent the counterparties with a 12-month to 24-month credit term
Credit-impaired customers	Represent customers that have occurred defaults with lower collectability

Notes to the Consolidated Financial Statements (Continued)

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21. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK (Continued)

At 31 May 2025

	Expected credit loss rate %	Gross carrying amount RMB'000	Credit loss allowance RMB'000
Low risk type customers			
Trade receivables	0.10	9,670	10
Normal risk type customers			
Trade receivables	39.10	–	–
Credit-impaired customers			
Trade receivables	100.00	–	–

At 31 May 2024

	Expected credit loss rate %	Gross carrying amount RMB'000	Credit loss allowance RMB'000
Low risk type customers			
Trade receivables	0.20	7,400	15
Normal risk type customers			
Trade receivables	9.20	–	–
Credit-impaired customers			
Trade receivables	100.00	124	124

21. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK (Continued)

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For both years, the Group concluded the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognised.

As at 31 May 2025, the Group provided RMB10,000(2024: RMB139,000) impairment allowance for trade receivables based on the provision matrix and impairment allowance of RMB8,728,000(2024: RMB5,891,000) were made based on individual assessment.

There has been no change in the estimation technique or significant assumptions made during both years.

22. PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Prepaid to suppliers	50,131	50,710
Prepaid marketing expense	38,868	39,501
Prepaid daily expense	15,380	20,199
Prepayments for packing materials	5,905	7,773
Prepaid office system fee	368	1,872
Prepaid rental expense	1,641	910
Prepaid property fee	118	1,529
Others	8,928	11,119
	121,339	133,613

Included in prepayments, RMB515,000 (2024: RMB507,000) were amounts due from related parties (details as set out in Note 38) as at 31 May 2025.

23. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TERM DEPOSITS

Cash and cash equivalents

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.00% to 4.37% (2024: 0.00% to 4.43%) per annum as at 31 May 2025.

Cash and cash equivalents that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
HK\$	631,815	90,593
United States dollars ("US\$")	598,615	19,894

Restricted cash

Restricted cash represents cash received from consumers and deposited in a special bank account reserved for payments to merchants. As at 31 May 2025, such balances carry interest at a fixed rate of 0.2% per annum (31 May 2024: 0.2% per annum).

Term deposits

Term deposits represent short-term and long-term bank deposits at interest rates ranging from 2.15% to 4.50% per annum as at 31 May 2025 (31 May 2024: 4.75% to 6.00%).

Term deposits that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2025 RMB'000	2024 RMB'000
HK\$	—	90,927
United States dollars ("US\$")	560,763	988,493

24.CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities in relation to:		
Membership fees	23,623	19,513
Customers for advertising service	13,134	4,836
Membership points	9,212	14,658
Customers for livestreaming e-commerce service	4,535	8,391
Others	1,811	2,197
	52,315	49,595

The following table shows how much of the revenue recognised for the year relates to carried-forward contract liabilities.

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year:		
Membership fees	19,513	–
Membership points	14,658	58,741
Customers for livestreaming e-commerce service	8,391	–
Customers for advertising service	4,836	–
Students for online education service	–	136,711
Institutional customers for online education service	–	23,218
Others	2,197	–
Total	49,595	218,670

The following table shows the unsatisfied contracts at the end of the reporting period and the expected timing of recognising revenue.

	2025 RMB'000	2024 RMB'000
Expected to be recognised within one year:		
Membership fees	23,623	19,513
Customers for advertising service	13,134	4,836
Membership points	9,212	14,658
Customers for livestreaming e-commerce service	4,535	8,391
Others	1,811	2,197
Total	52,315	49,595

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

25. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	2025 RMB'000	2024 RMB'000
1-90 days	364,924	451,753
91-180 days	36,348	144,900
181 days-1 year	12,082	14,478
1 year-2 years	18,598	755
>2 years	743	–
	432,695	611,886

Included in trade payables, RMB13,558,000 as at 31 May 2025 (31 May 2024: RMB19,672,000) were amounts due to related parties (details as set out in Note 38), among which RMB10,348,000 (31 May 2024: RMB10,894,000) were aged 1-90 days, Nil (31 May 2024: RMB2,714,000) were aged 91-180 days, RMB1,000 (31 May 2024: RMB5,399,000) were aged 181 days-1 year, RMB2,544,000 (31 May 2024: RMB665,000) were aged 1 year-2 years, RMB665,000 (31 May 2024: Nil) were aged over 2 years based on the invoice date.

26. ACCRUED EXPENSES AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Payment to merchant (Note 23)	104,807	121,443
Accrued payroll and welfare	97,037	256,501
Amounts due to related parties (Note 38)	74,736	133,757
Other tax payables	23,243	64,317
Accrued office expenses	16,226	27,151
Accrued storage expenses	13,733	16,388
Accrued marketing expenses	11,110	33,385
Refundable individual income tax	14,027	8,855
Refundable business deposits received	9,714	7,258
Payables for property and equipment	4,894	10,132
Social insurance expenses payable	2,339	3,148
Others	2,680	5,884
	374,546	688,219

27. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	32,764	36,710
Within a period of more than one year but not more than two years	18,014	36,669
Within a period of more than two years but not more than five years	–	21,430
	50,778	94,809
Less: Amount due for settlement with 12 months shown under current liabilities	32,764	36,710
Amount due for settlement after 12 months shown under non-current liabilities	18,014	58,099

The weighted average incremental borrowing rates applied to lease liabilities range from 2.24% to 4.60% (2024: from 3.30% to 3.70%) per annum.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

28.SHARE CAPITAL

Details of the movements of share capital of the Company are as follows:

Issued and fully paid	Number of ordinary shares	Par value per ordinary share		Share capital	
		US\$	RMB	US\$	RMB
At 1 June 2023	1,013,866,710			20,277	130,570
Exercise of share options ⁽ⁱ⁾	5,086,176	0.00002	0.00014	102	723
Vest of share awards ⁽ⁱⁱ⁾	12,298,670	0.00002	0.00014	246	1,749
At 31 May 2024	1,031,251,556			20,625	133,042
Exercise of share options ⁽ⁱ⁾	12,795,122	0.00002	0.00014	256	1,816
Vest of share awards ⁽ⁱⁱ⁾	7,998,860	0.00002	0.00014	160	1,148
Shares repurchased and cancelled ⁽ⁱⁱⁱ⁾	(5,883,000)	0.00002	0.00014	(118)	(837)
At 31 May 2025	1,046,162,538			20,923	135,169

Notes:

- (i) In the current year, as a result of exercise of share options, 12,795,122 ordinary shares (2024: 5,086,176 ordinary shares) were issued by the Company. Upon the exercise of share options, RMB131,120,000 (2024: RMB41,430,000) was credited to share premium and RMB39,229,000 (2024: RMB13,457,000) was debited to share-based payments reserve during the current year.
- (ii) In the current year, 7,998,860 share awards (2024: 12,298,670) were vested. When share awards were vested, RMB177,854,000 (2024: RMB312,979,000) was credited to share premium and RMB177,855,000 (2024: RMB312,980,000) was debited to share-based payments reserve during the current year.
- (iii) During the year ended 31 May 2025, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

28.SHARE CAPITAL (Continued)

Month of repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
August 2024	74,500	12.10	11.34	877
September 2024	2,982,000	13.20	11.60	36,897
October 2024	2,826,500	26.00	15.34	60,968
	5,883,000			98,742

During the year ended 31 May 2025, the Company repurchased and cancelled 5,883,000 of its own ordinary shares through the Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$98,742,000 (approximately RMB89,918,000) paid, with transaction costs of approximately RMB205,000 incurred.

29.DEFERRED TAX ASSETS AND LIABILITIES

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	16,416	54,721
Deferred tax liabilities	(1,990)	(900)
	14,426	53,821

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

29. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The following are the deferred tax assets and liabilities recognised and movements thereon during the current and prior year:

	Accrued expenses RMB'000	Provision for credit losses RMB'000	Changes in value of financial assets at FVTPL RMB'000	Lease RMB'000	Tax losses RMB'000	Total RMB'000
At 1 June 2023	32,090	1,580	(4,795)	–	52,011	80,886
Charged (credited) to profit or loss	29,397	(73)	(3,337)	(1,041)	(52,011)	(27,065)
At 31 May 2024	61,487	1,507	(8,132)	(1,041)	–	53,821
Charged (credited) to profit or loss	(40,798)	678	314	411	–	(39,395)
At 31 May 2025	20,689	2,185	(7,818)	(630)	–	14,426

As at 31 May 2025, the Group has deductible temporary differences of RMB1,734,960,000 (2024: RMB1,603,659,000). No deferred tax assets have been recognised in relation to such deductible temporary differences as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised.

As at 31 May 2025, the Group has unused tax losses of RMB955,655,000 (2024: RMB881,191,000), which are available for offset against future profits. Of which, deferred tax asset has been recognised for unused tax losses of nil at 31 May 2024 and nil as at 31 May 2025. No deferred tax assets have been recognised in respect of the remaining losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB95,762,000 (2024: RMB33,490,000) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	2025 RMB'000	2024 RMB'000
2025	–	–
2026	–	28,561
2027	673	673
2028	1,981	1,981
2029	2,275	2,275
2030	90,833	–
	95,762	33,490

30.SHARE-BASED PAYMENT TRANSACTIONS

The table below sets forth share-based payments for share options and share awards:

	2025 RMB'000	2024 RMB'000
Share options	7,912	20,490
Share awards	152,741	397,418
	160,653	417,908

Pre-IPO Share Option Scheme

On 13 July 2018, the Directors approved an employee's share option plan (the "Pre-IPO Share Option Scheme"). The details of the Pre-IPO Share Option Scheme are as follows:

Eligibility:

Any director, employee, contractor or affiliate of the Group (including nominees and/or trustees of any employee benefit trusts established for them) who the Directors consider, in its sole discretion, to have contributed or will contribute to the Group.

Maximum number of shares:

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time must not exceed 47,836,985 representing approximately 5.23% of the total number of shares in issue immediately before the date of the commencement of dealings in the shares on the Stock Exchange (without taking into account any shares that may be issued upon the Listing and any over-allotment option).

Grant of options:

On and subject to the terms of the Pre-IPO Share Option Scheme, the Directors shall be entitled (but shall not be bound) at any time within the scheme period to make an offer to any participant, as the Directors may in its absolute discretion select, to take up an option pursuant to which such participant may, during the option period, subscribe for such number of shares as the Directors may determine at the subscription price as defined in the scheme. The offer shall specify the terms on which the option is to be granted. Such terms may include, but are not limited to, any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Directors such other terms either on a case by case basis or generally.

On 6 March 2019, pursuant to the list of grantees and respective numbers of options approved by the Directors, the Company granted a total of 47,836,985 options to 144 grantees, including the directors, senior management of the Company and other employees of the Group.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

30.SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Pre-IPO Share Option Scheme (Continued)

Grant of options: (Continued)

Details of the share options under the Pre-IPO Share Option Scheme held by grantees are set out below:

Number of shares underlying the share options	Grant date	Exercise period	Exercise price (HK\$)	Grant date average fair value (RMB)	Vesting dates
47,836,985	6 March 2019	From the Listing Date to the six anniversary of the Listing Date	8.88	3.50	25% vested on the Listing Date, 25% vested on the first anniversary of the Listing Date, 25% vested on the second anniversary of the Listing Date, 25% vested on the third anniversary of the Listing Date

The estimated fair value of the share options granted on 6 March 2019 was RMB169,656,000.

The movements of share options under the Pre-IPO Share Option Scheme are summarised as follows:

	Number of share options	Weighted average exercise price per option (HK\$)
Outstanding as at 1 June 2023	27,084,385	8.88
Exercised during the year	(1,143,500)	8.88
Outstanding as at 31 May 2024	25,940,885	8.88
Exercised during the year	(9,245,000)	8.88
Outstanding as at 31 May 2025	16,695,885	8.88
Expired during the year	16,695,885	8.88
Exercisable as at 31 May 2024	25,940,885	
Exercisable as at 31 May 2025	–	

No expense was recognised during the year ended 31 May 2025 in relation to share options granted by the Company under the Pre-IPO Share Option Scheme (2024: Nil).

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was RMB19.49 (2024: RMB23.71).

30. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Option Scheme

On 30 January 2019, the Directors approved an employee's share option plan (the "Post-IPO Share Option Scheme"). The details of the Post-IPO Share Option Scheme are as follows:

Eligibility:

Any director, employee, contractor or affiliate of the Group (including nominees and/or trustees of any employee benefit trusts established for them) who the Directors consider, in its sole discretion, to have contributed or will contribute to the Group.

Maximum number of shares:

The overall limit on the number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of the Group (collectively, "All Share Option Schemes") must not exceed 30% of the Company's total issued share capital from time to time, and upon exercise of all options granted under All Share Option Schemes must not exceed 10% (being 91,395,910 shares) of the total number of share in issue on the Listing Date (being 913,959,102 shares).

Grant of options:

On and subject to the terms of the Post-IPO Share Option Scheme, the Directors shall be entitled (but shall not be bound) at any time within the scheme period to make an offer to any participant, as the Directors may in its absolute discretion select, to take up an option pursuant to which such participant may, during the option period, subscribe for such number of shares as Directors may determine at the subscription price as defined in the scheme. The offer shall specify the terms on which the option is to be granted. Such terms may include, but are not limited to, any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Directors such other terms either on a case by case basis or generally.

On 15 November 2021, pursuant to the Post-IPO Share Option Scheme, the Company granted 48,441,590 options to 236 employees for the purpose of providing incentives to directors and employees. For the share options granted, one third vested on the first anniversary of the grant date, one third vested on the second anniversary of the grant date, one third vested on the third anniversary of the grant date. The options will expire on 15 November 2031.

Notes to the Consolidated Financial Statements (Continued)

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30.SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Option Scheme (Continued)

Grant of options: (Continued)

The details of the Post-IPO Share Option Scheme are as follows:

Number of shares underlying the share options	Grant date	Exercise period	Exercise price (HK\$)	Grant date average fair value (RMB)	Vesting dates
48,441,590	15 November 2021	From the first anniversary to the ten anniversary of the grant date	5.22	2.20	One third vested on the first anniversary of the grant date, one third vested on the second anniversary of the grant date and one third vested on the third anniversary of the grant date

The movements of share options under the Post-IPO Share Option Scheme are summarised as follows:

	Number of share options	Weighted average exercise price per option (HK\$)
Outstanding as at 1 June 2023	40,462,810	5.22
Forfeited during the year	(516,189)	5.22
Exercised during the year	(3,942,676)	5.22
Cancelled during the year	(1,519,999)	5.22
Outstanding as at 31 May 2024	34,483,946	5.22
Forfeited during the year	(120,288)	5.22
Exercised during the year	(3,550,122)	5.22
Outstanding as at 31 May 2025	30,813,536	5.22
Exercisable as at 31 May 2024	21,413,897	
Exercisable as at 31 May 2025	30,813,536	

The estimated fair value of the share options granted on 15 November 2021 was RMB106,571,000.

30.SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Post-IPO Share Option Scheme (Continued)

Grant of options: (Continued)

Fair value of share options under the Post-IPO Share Option Scheme:

The Group has used the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date as the fair value of underlying ordinary shares of the Company. The binomial option-pricing model has been used to estimate the fair value of the Post-IPO Share Option Scheme. Option valuation model requires the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying shares, and changes in the subjective input assumptions can materially affect the fair value estimate of share options.

	15 November 2021 Post-IPO Share Option Scheme
Weighted average share price	HK\$5.22
Exercise price	HK\$5.22
Expected volatility	61.10%
Expected life	10 years
Risk-free rate	1.63%
Expected dividend yield	0.00%

The Group recognised the total expense of RMB7,912,000 (2024: RMB20,490,000) for the year ended 31 May 2025 in relation to Post-IPO Share Option Scheme granted by the Company.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was RMB18.99 (2024: RMB24.22).

2023 Scheme

On 20 February 2023, the Directors approved a new post-IPO share scheme (the "2023 Scheme"). The details of the 2023 Scheme are as follows:

Eligibility:

Eligible participants as determined by the board and/or any committee of the board or other person(s) to whom the board has delegated its authority (the "Scheme Administrator") from time to time shall be eligible to participate in the 2023 Scheme.

Maximum number of shares:

The total number of shares that may be issued pursuant to all awards to be granted under the 2023 Scheme and awards to be granted under any other share schemes of the Company is initially set at 10% of the shares in issue as at the adoption date of the 2023 Scheme, being 101,351,871 shares.

30.SHARE-BASED PAYMENT TRANSACTIONS (Continued)

2023 Scheme (Continued)

Grant of share awards:

On 11 April 2023, pursuant to the 2023 Scheme the Company granted 30,459,000 share awards to 154 individuals including certain directors for the purpose of providing incentives to them. The fair value of the share awards granted was RMB775,132,000 based on the fair value of the ordinary shares of the Company on the date of grant.

On 28 November 2023, the Directors announced to grant 30,000 share awards to a non-executive director pursuant to the 2023 Scheme. The fair value of the share awards granted was RMB829,000 based on the fair value of the ordinary shares of the Company on the date of grant.

The issue price of each share underlying the share awards upon vesting is nil. Each grant has a total vesting period of 3 years from the date of grant, and shall vest according to the following schedule upon certain performance conditions are met:

- (1) between 20% to 50% of the total share awards granted will vest on the first anniversary of the date of grant;
- (2) between 20% to 50% of the total share awards granted will vest on the second anniversary of the date of grant; and
- (3) between 20% to 50% of the total share awards granted will vest on the third anniversary of the date of grant.

30.SHARE-BASED PAYMENT TRANSACTIONS (Continued)**2023 Scheme** (Continued)**Grant of share awards: (Continued)**

The movement of share awards granted under the 2023 Scheme is summarised as follows:

	Number of share awards	Weighted average grant-date fair value (HK\$)
Granted on 11 April 2023	30,459,000	29
Forfeited during the period	(145,000)	29
Outstanding as at 31 May 2023	30,314,000	29
Granted on 28 November 2023	30,000	30
Forfeited during the year	(399,000)	29
Vested during the year	(12,298,670)	29
Outstanding as at 31 May 2024	17,646,330	29
Forfeited during the period	(4,084,350)	29
Vested during the year	(7,998,860)	29
Outstanding as at 31 May 2025	5,563,120	29

The Group recognised total expense of RMB151,166,000 (2024: RMB397,418,000) for the year ended 31 May 2025 in relation to the share awards granted under 2023 Scheme of the Company.

At the end of each reporting period, the Group revises its estimates of the number of share awards that are expected to vest based on all relevant non-market vesting conditions, with the impact of the revision to original estimates, if any, in profit or loss, along with a corresponding adjustment to equity.

30.SHARE-BASED PAYMENT TRANSACTIONS (Continued)

2025 Scheme

During the year ended 31 May 2025, the Company purchased 1,780,000 shares on the Stock Exchange through a trust for an aggregate consideration of HK\$21,782,000 (approximately RMB20,236,000), with transaction costs of approximately RMB31,000 incurred. These shares were subsequently granted to five individuals, comprising four directors and one employee.

On 11 April 2025, the Company granted 1,780,000 share awards to 5 individuals, including four directors and one employee. 2025 Scheme stipulates that four independent non-executive directors will be granted 20,000 shares each year over the next three years and the employee was granted 1.7 million shares awards, which will vest over three years. The fair value of the share awards granted was RMB18,790,000 based on the fair value of the ordinary shares of the Company on the date of grant.

The movements of share awards of the 2025 Scheme are summarised as follows:

	Number of share awards	Weighted average grant-date fair value (HK\$)
Granted on 11 April 2025	1,780,000	11.36
Forfeited during the period	–	11.36
Outstanding as at 31 May 2025	1,780,000	11.36

The Group recognised total expense of RMB1,575,000 for the year ended 31 May 2025 in relation to the share awards granted under 2025 Scheme of the Company.

At the end of each reporting period, the Group revises its estimates of the number of share awards that are expected to vest based on all relevant non-market vesting conditions, with the impact of the revision to original estimates, if any, in profit or loss, along with a corresponding adjustment to equity.

31. RETIREMENT BENEFITS PLANS

Employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefit scheme.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income of RMB49,114,000 for the year ended 31 May 2025 (2024: RMB57,382,000), represent contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 May 2025, contributions of RMB3,602,000 (31 May 2024: RMB4,093,000) were due in respect of the year then ended, which had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period. No forfeited contribution is available as at 31 May 2025 (31 May 2024: Nil) to reduce the contribution payable in the future years.

32. DISPOSAL OF EDUCATION BUSINESS

As referred to in Note 8, on 1 March 2024, the Group discontinued its education operations at the time of disposal of its education business. The net assets of education business at the date of disposal were as follows:

	RMB'000
Consideration received:	
Cash received	1,500,000
Total consideration received	1,500,000

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

32. DISPOSAL OF EDUCATION BUSINESS (Continued)

Analysis of assets and liabilities over which control was lost:

	1 March 2024 RMB'000
Property, plant and equipment	5,625
Right-of-use assets	5,429
Refundable rental deposits	607
Trade and other receivables	8,125
Prepayments	23,659
Financial assets at FVTPL (Current)	23,373
Cash and cash equivalents	122,827
Lease liabilities	(4,338)
Contract liabilities	(217,468)
Refund liabilities	(22,543)
Trade payables	(28,229)
Accrued expenses and other payables	(48,344)
Income tax payables	(24,391)
Net assets disposed of	(155,668)
	RMB'000
Gain on disposal of education business:	
Consideration received and receivable	1,500,000
Less: Other related settlements	98,162
Other tax payable	76,931
Net assets disposed of	(155,668)
Gain on disposal	1,480,575
Net cash inflow arising on disposal:	
Cash consideration	972,322
Less: cash and cash equivalents disposed of	122,827
	849,495

The impact of education business on the Group's results and cash flows in the prior period is disclosed in note 8.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities disclosed in Note 27, net of cash and cash equivalents, restricted bank deposits, term deposits and equity attributable to owners of the Company, comprising share capital and reserves in the consolidated statement of changes in equity.

34. CATEGORIES OF FINANCIAL INSTRUMENTS

	At 31 May 2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	3,430,117	4,359,600
Financial assets at FVTPL	2,045,673	1,345,227
Financial liabilities		
Financial liabilities measured at amortised cost	684,621	976,139
Lease liabilities	50,778	94,809

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details major changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Total RMB'000
As at 1 June 2023	50,996	50,996
Financing cash flows	(43,136)	(43,136)
New leases entered/lease modified/lease terminated	84,583	84,583
Interest expenses	2,366	2,366
At 31 May 2024	94,809	94,809
Financing cash flows	(34,526)	(34,526)
New leases entered/lease modified/lease terminated	(12,437)	(12,437)
Interest expenses	2,932	2,932
At 31 May 2025	50,778	50,778

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, cash and cash equivalents, restricted bank deposits, term deposits, refundable rental deposits, trade payables, other payables, accrued expenses and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries and the Company have foreign currency denominated intra-group balances, wealth management products, term deposits and bank balances which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities and intra-group balances at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Assets		
US\$	3,348,151	3,167,486
HK\$	1,382,834	836,179
	4,730,985	4,003,665
Liabilities		
US\$	2,187,212	2,158,388
HK\$	805,880	745,582
	2,993,092	2,903,970

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currencies, 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates. The sensitivity analysis also includes intra-group balances where the denomination of the balances is in a currency other than the functional currency of the group entities. A negative number below indicates a decrease in post-tax profit or an increase in post-tax loss, where RMB strengthens against the relevant foreign currency. For a weakening of RMB against the relevant foreign currency, there would be an equal and opposite impact on the profit or loss.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)**Currency risk** (Continued)**Sensitivity analysis** (Continued)

	2025 RMB'000	2024 RMB'000
US\$	(64,689)	(57,502)
HK\$	(31,510)	(7,026)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits (Note 23) and lease liabilities (Note 27). The Group is exposed to cash flow interest risk in relation to variable rate bank balances (Note 23), which carry prevailing market interest rates and investments in wealth management products (Note 18). The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management of the Group considers the fluctuation in interest rates on bank balances and investments in wealth management products is insignificant. Therefore, no sensitivity analysis is presented.

Other price risk

The Group is exposed to other price risk through its investments in wealth management products and unlisted equity investments measured at FVTPL. Sensitivity analyses for unlisted equity investments with fair value measurement categorised within Level 3 were disclosed in Note 37. The management considers the other price risk of the Group on its investments in the wealth management products is limited as the maturity periods of these investments are short. Therefore, no sensitivity analysis is presented.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets measured at amortised cost and investments in wealth management products at FVTPL as stated in the consolidated statement of financial position.

Except for investments in wealth management products at FVTPL, the Group performed impairment assessment for financial assets measured at amortised cost under ECL model. The Group's credit risk is primarily attributable to its trade and other receivables.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

Credit risk and impairment assessment (Continued)

In order to minimise the credit risk on trade and other receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group performs impairment assessment under the ECL model on trade receivables individually or collectively based on provision matrix. The Group performs periodic individual assessment on ECL of other receivables. Details of impairment assessment of trade and other receivables are set out in Note 20 and Note 21.

The credit risk on cash and cash equivalents, restricted bank deposits and term deposits is limited because the counterparties are banks with high credit ratings. Trade and other receivables consist of a large number of customers or parties, the Group does not have any significant concentration of credit risk on trade and other receivables.

The Group has concentration of credit risk on term deposits as 90.30% (2024: 66%) of the total term deposits was due from one commercial bank as at 31 May 2025.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)**Liquidity risk** (Continued)**Liquidity tables**

	Weighted average incremental borrowing rates	On demand or within 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 May 2025 RMB'000
As at 31 May 2025							
Trade payables	-	432,695	-	-	-	432,695	432,695
Accrued expenses and other payables	-	251,927	-	-	-	251,927	251,927
Lease liabilities	2.24%-4.60%	8,662	25,777	18,454	-	52,893	50,778
		693,284	25,777	18,454	-	737,515	735,400

	Weighted average incremental borrowing rates	On demand or within 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 May 2024 RMB'000
As at 31 May 2024							
Trade payables	-	611,886	-	-	-	611,886	611,886
Accrued expenses and other payables	-	364,253	-	-	-	364,253	364,253
Lease liabilities	3.30%-3.70%	8,434	31,649	62,785	-	102,868	94,809
		984,573	31,649	62,785	-	1,079,007	1,070,948

37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy as at 31 May 2025

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
Unlisted equity investments	–	88,187	88,187
Wealth management products	1,957,486	–	1,957,486

Fair value hierarchy as at 31 May 2024

	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL			
Unlisted equity investments	–	94,889	94,889
Wealth management products	1,250,338	–	1,250,338

37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 May 2025 RMB'000	31 May 2024 RMB'000			
Wealth management products issued by banks classified as financial assets at FVTPL	1,957,486	1,250,338	Level 2	Discounted cash flow – future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties.	N/A
Private equity investments classified as financial assets at FVTPL – 5.61% equity investment in EEO which engaged in development of computer platforms used in online education services	76,487	70,259	Level 3	Market approach – Fair value is estimated based on value of comparable listed companies and discounted for lack of marketability due to the impracticality in making long-term financial projections with uncertainties.	As at 31 May 2025 and 31 May 2024: Discount for lack of marketability is 20% (Note).

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 May 2025 RMB'000	31 May 2024 RMB'000			
Private equity investments classified as financial assets at FVTPL – 30% equity investment in Henan Oriental which is engaged in meat processing industry	11,700	24,630	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate WACC.	As at 31 May 2025 and 31 May 2024: WACC determined using a Capital Asset Pricing Model is 16% (Note). As at 31 May 2025: Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries of 2.0% (Note). As at 31 May 2024: Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries of 2.5% (Note). As at 31 May 2025 and 31 May 2024: Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries is 24% and 21% (Note).

Note:

During the years ended 31 May 2025 and 31 May 2024, fair value changes arose from the financial assets at FVTPL classified within Level 3 as listed in the table above were insignificant. The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

The following table represents the reconciliation of level 3 fair value measurements during the year.

	2025 RMB'000	2024 RMB'000
At the beginning of the year	94,889	102,576
Addition	—	—
Transfer from interest in an associate (Note 17)	—	68,984
Changes in fair value	(6,702)	(43,271)
Disposal	—	(33,400)
At the end of the year	88,187	94,889

The Directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values.

38. RELATED PARTY TRANSACTIONS

Besides, during the year, the Group had entered into the following transactions with related parties set out below:

	Relationships	Nature of transactions	2025 RMB'000	2024 RMB'000
New Oriental Group	Controlling shareholder of the Company	Trade sales	61,727	42,219
		Trade purchases	31	30,926
Metropolis Holding (Tianjin) Co., Ltd. ("Metropolis Holding")	A company wholly owned by the chairman of the Board of Directors	Interest expenses on lease liabilities	147	240
		Property management fee	206	174
Henan Oriental	Associate of the Group	Trade sales	30,751	—
		Trade purchases	73,460	180,354

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

38.RELATED PARTY TRANSACTIONS (Continued)

The following balances represent outstanding balance with related parties at the end of the reporting period:

	Nature of Balance	31 May 2025 RMB'000	31 May 2024 RMB'000
New Oriental Group	Trade and other receivables	36,624	551,196
	Prepayments	515	459
	Trade payables	3,210	8,810
	Accrued expenses and other payables	74,555	133,575
Metropolis Holding	Lease liabilities	2,019	3,562
	Trade and other receivables	687	548
	Prepayments	—	48
	Accrued expenses and other payables	181	182
Henan Oriental	Trade and other receivables	32	1
	Trade payables	10,348	10,862

Compensation of key management personnel

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

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	1,658	7,243
Post-employment benefits	50	82
Share-based payments	15,105	63,625
	16,813	70,950

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company as at 31 May 2025 are set out below:

Name of subsidiaries	Place of incorporation/ registration /operation	Date of incorporation/ establishment	Paid up issued/ registered capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2025	2024	2025	2024	2025	2024	2025	2024	
Subsidiaries directly and indirectly held:												
New Oriental Xuncheng Technology (HK) Limited	Hong Kong	2 Mar 2018	HK\$1	100	100	-	-	100	100	-	-	Investment holding
Dexin Dongfang	PRC	21 Mar 2018	RMB350,000,000	-	-	100	100	-	-	100	100	Provision of software and technology services
Zhuhai Chongsheng Heli Network Technology Co., Ltd	PRC	23 Jul 2019	RMB52,000,000	-	-	100	100	-	-	100	100	Provision of software and technology services
Hainan Haiyue - Dongfang Network Technology Co., Ltd.	PRC	13 Oct 2020	RMB50,000,000	-	-	100	100	-	-	100	100	Provision of education advisory services
New Oriental Wuyou Online (HK) Education & Technology Co., Ltd. ^(a)	Hong Kong	20 Aug 2020	HK\$1	-	100	-	-	-	100	-	-	Provision of online education

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiaries	Place of incorporation/ registration /operation	Date of incorporation/ establishment	Paid up issued/ registered capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities
				Directly		Indirectly		Directly		Indirectly		
				2025	2024	2025	2024	2025	2024	2025	2024	
Subsidiaries-structured entities ^(b) :												
Beijing Xuncheng	PRC	11 Mar 2005	RMB122,351,229	-	-	100	100	-	-	100	100	Provision of software and technology services
Beijing Xinyuanfang Human Resources Service Co., Ltd.	PRC	21 Oct 2021	RMB2,000,000	-	-	100	100	-	-	100	100	Provide human resources and related services
Dongfang Youxuan (Beijing) Technology Co., Ltd.	PRC	27 Oct 2021	RMB10,000,000	-	-	100	100	-	-	100	100	Engaged in e-commerce services
Oriental Selection (Beijing) Technology Co., Ltd.	PRC	7 Dec 2021	RMB10,000,000	-	-	100	100	-	-	100	100	Engaged in e-commerce services
East Buy (Zhuhai) Tourism Culture Co., Ltd.	PRC	16 Oct 2023	RMB10,000,000	-	-	100	100	-	-	100	100	Engaged in tourism services
Time with Yuhui (Beijing) Technology Ltd. ("Time With Yuhui ")	PRC	22 Dec 2023	RMB10,000,000	-	-	-	100	-	-	-	100	Engaged in e-commerce services
East Buy (Jiaxing) Supply Chain Management Co.	PRC	6 Mar 2024	RMB1,000,000	-	-	60	60	-	-	60	60	Engaged in supply chain services
Zhenxiang Shiguang (Beijing) Technology Co., Ltd	PRC	27 Sep 2024	RMB1,000,000	-	-	100	-	-	-	100	-	Engaged in e-commerce services

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

- (i) The Company does not have directly or indirectly legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with the equity holders of these structured entities, the Company through its legal owned subsidiary has power over these structured entities, has rights to variable returns from its involvement with these structured entities and has the ability to affect those returns through its power over these structured entities and is considered to have control over these structured entities. Consequently, the Company regards these structured entities as indirect subsidiaries of the Company.
- (ii) New Oriental Wuyou Online (HK) Education & Technology Co., Ltd. completed its deregistration on 20 September 2024.

There are no statutory requirements for subsidiaries to issue statutory audited financial statements.

None of the subsidiaries had issued any debt securities as at 31 May 2025 (31 May 2024: None).

40. EVENT AFTER THE END OF THE REPORTING PERIOD

The Group has no significant event took place subsequent to the end of the reporting period that needs to be disclosed.

Notes to the Consolidated Financial Statements (Continued)

FOR THE YEAR ENDED 31 MAY 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non-current Assets		
Amounts due from subsidiaries	2,735,079	3,208,740
Financial assets at fair value through profit or loss	76,487	70,259
Interests in subsidiaries	1,089,711	1,002,805
	3,901,277	4,281,804
Current Assets		
Amounts due from subsidiaries	303,068	355,471
Financial assets at fair value through profit or loss	27,329	–
Term deposits (Note 23)	–	552,301
Cash and cash equivalents	1,201,107	57,219
	1,531,504	964,991
Current Liability		
Amounts due to subsidiaries	1,798	7,401
	1,798	7,401
Net current assets	1,529,706	957,590
Non-current Liability		
Deferred tax liabilities	1,532	900
Net assets	5,429,451	5,238,494
Capital and Reserves		
Share capital	135	133
Reserves	5,429,316	5,238,361
Total Equity	5,429,451	5,238,494

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

The movement in the reserves of the Company is shown as follows:

	Share premium RMB'000	Treasure shares RMB'000	Share-based payments reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 June 2023	3,985,253	–	218,414	638,878	4,842,545
Loss and total comprehensive expense for the year	–	–	–	(50,064)	(50,064)
Recognition of equity-settled share-based payments	–	–	417,908	–	417,908
Exercise of share options	41,430	–	(13,457)	–	27,973
Vest of share awards	312,979	–	(312,980)	–	(1)
Change in equity for the year	354,409	–	91,471	–	445,880
At 31 May 2024	4,339,662	–	309,885	588,814	5,238,361
Profit and total comprehensive income for the year	–	–	–	48,811	48,811
Recognition of equity-settled share-based payments	–	–	160,653	–	160,653
Exercise of share options	131,120	–	(39,229)	–	91,891
Vest of share awards	177,854	–	(177,855)	–	(1)
Repurchase of shares	(110,399)	(1)	–	–	(110,400)
Cancellation of shares repurchased	–	1	–	–	1
Change in equity for the year	198,575	–	(56,431)	–	142,144
At 31 May 2025	4,538,237	–	253,454	637,625	5,429,316



DEFINITIONS

Unless otherwise stated or set out below, capitalised terms have the same meanings as those defined in the Prospectus (defined below).

"2019 Scheme"	the post-IPO share option scheme of the Company adopted in January 2019, the terms of which are summarised in Appendix IV to the Prospectus
"2020 Subscription"	the subscription of an aggregate of 59,432,000 Shares by the Subscribers for a subscription price of HK\$30.00 per subscription share, which was completed on 24 December 2020, the further details of which are contained in the Company's circular dated 14 October 2020
"2023 Scheme"	the share incentive scheme of the Company adopted on 9 March 2023, a summary of the principal terms of which is set out in the Company's circular dated 21 February 2023
"2025 Share Scheme"	share incentive scheme of the Company adopted on 24 March 2025, funded by the shares acquired through on-market purchase
"Adjusted EBITDA"	adjusted EBITDA (or earnings before interest, taxes, depreciation, and amortisation) represents profit for the year plus income tax expenses, share-based compensation expenses, finance costs, impairment losses recognised under expected credit loss model, net, depreciation of property and equipment, depreciation of right-of-use assets, less other income, gains and losses for the financial year
"Adjusted Profit"	for the year represents profit for the year less (loss)/gain on fair value changes of financial assets at FVTPL (non-current) plus share-based compensation expenses for the financial year
"ADS(s)"	representing the same number of underlying common shares of New Oriental
"AGM"	annual general meeting of our Company
"APP"	software that causes a computer, smartphone, or electronic mobile device to perform tasks, specifically in our Company's context, it refers to a private label products and livestreaming e-commerce application
"Applicable Requirements"	Listing Rules requirements in respect of the Contractual Arrangements: (a) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules; (b) the requirement under Rule 14A.53 of the Listing Rules of setting an annual cap for the transactions; and (c) the requirement under Rule 14A.52 of the Listing Rules of limiting the terms of the Contractual Arrangements to three years or less, for as long as our Shares are listed on the Stock Exchange

"Articles of Association"	the third amended and restated articles of association of our Company adopted on 3 November 2022, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Auditor"	Deloitte Touche Tohmatsu
"Beijing Xuncheng" or "Operating Entity"	Beijing New Oriental Xuncheng Network Technology Inc. (北京新東方迅程網絡科技有限公司), a company established under the Laws of the PRC on 11 March 2005 and a Consolidated Affiliated Entity
"Board"	the board of Directors
"Board Committees"	the Audit Committee, the Remuneration Committee and the Nomination Committee, collectively
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"CCT Agreements"	Contractual Arrangements and each of our framework agreements in respect of our continuing connected transactions collectively
"Century Friendship"	Beijing Century Friendship Education Investment Co., Ltd., a company incorporated under the laws of the PRC on 19 July 2002 and a substantial shareholder of our Operating Entity
"Chairman"	Mr. YU Minhong, the chairman of the Board
"China" or "the PRC"	the People's Republic of China, and for the purposes of this annual report only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "we", "us", or "our"	East Buy Holding Limited 東方甄選控股有限公司, an exempted company with limited liability incorporated under the laws of the Cayman Islands on 7 February 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

Definitions (Continued)

"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entity"	an entity controlled by the Company through the Contractual Arrangements; one or more of which is known as "Consolidated Affiliated Entities"
"Contractual Arrangements"	the series of contractual arrangements, as amended from time to time, entered into by and among our wholly-foreign owned entities, the Consolidated Affiliated Entities and the Previous Registered Shareholder and the Registered Shareholder (as the case may be), details of which are described in "Contractual Arrangements" of the Prospectus and "Directors' report" in this annual report
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to New Oriental
"Corporate Governance Code"	the Corporate Governance Code, Appendix C1 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
"Daily Quotations Sheet"	the daily quotations sheet issued by the Stock Exchange
"Dexin Dongfang"	Beijing Dexin Dongfang Network Technology Co., Ltd. (北京德信東方網絡科技有限公司), a company incorporated under the Laws of the PRC on 21 March 2018 and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"Director Nomination Policy"	a director nomination policy adopted by our Company
"Diversity Policy"	a board diversity policy adopted by our Company
"Dividend Policy"	a dividend policy adopted by our Company
"Dongfang Youbo"	Beijing Dongfang Youbo Network Technology Co., Ltd. (北京東方優播網絡科技有限公司), a company incorporated under the Laws of the PRC on 23 June 2016 and a Consolidated Affiliated Entity
"Education Disposal"	the disposal of the education business from the Group to New Oriental Group in accordance with the disposal agreement entered into among the Company, Beijing Xuncheng, Dexin Dongfang, New Oriental Xuncheng Technology (HK) Limited (新東方迅程科技(香港)有限公司), New Oriental China and Elite Concept Holdings Limited (晉盟控股有限公司) setting out the terms and conditions of the disposal, the further details of which are contained in the Company's announcement dated 21 November 2023 and the circular dated 28 December 2023
"Employee Participant(s)"	as defined in the 2023 Scheme and 2025 Share Scheme (as the case may be) rules, being an employee, director or officer of the Group on the date of grant

"First Bravo"	First Bravo Asia Limited, a company incorporated under the laws of the British Virgin Islands on 15 January 2018 and one of our Shareholders
"FVTPL"	fair value through profit or loss
"FY"	financial year ended 31 May
"GMV"	gross merchandise volume
"Group"	the Company and its subsidiaries from time to time or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS(s)"	the International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Kuxue Huisi"	Beijing New Oriental Kuxue Huisi Network Technology Co., Ltd. (北京酷學慧思網絡科技有限公司), a company established under the Laws of the PRC on 1 February 2013 and a Consolidated Affiliated Entity
"Latest Practicable Date"	8 September 2025, being the latest practicable date to ascertain certain information set out in this annual report prior to its publication
"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any government or regulatory authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions, whether at the city, provincial, state or federal level (as appropriate)
"Leci Internet"	Leci Internet Technology (Beijing) Company Limited
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	28 March 2019
"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



Definitions (Continued)

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“New Oriental”	New Oriental Education & Technology Group Inc., a company incorporated under the Laws of the Cayman Islands on 16 March 2006, the American depository shares of which are listed on the New York Stock Exchange under the symbol “EDU” and our Controlling Shareholder
“New Oriental China”	New Oriental Education & Technology Group Co., Ltd. (新東方教育科技集團有限公司), a company incorporated under the Laws of the PRC on 2 August 2001 and our Registered Shareholders
“New Oriental Group”	New Oriental and its subsidiaries from time to time (including its consolidated affiliated entities but excluding our Group)
“New Venture”	Huoerguosi Oriental New Venture Equity Investment Partnership) (L.P.) (霍爾果斯東方新創股權投資合夥企業有限合夥)
“Nomination Committee”	the nomination committee of the Board
“PRC Legal Adviser”	Tian Yuan Law Firm
“Pre-IPO Scheme”	share option scheme adopted by the Company on 13 July 2018 and subsequently amended on 29 September 2018
“Previous Period” or “FY2024”	the financial year ended 31 May 2024
“Previous Registered Shareholders”	New Oriental China, Linzhi Tencent Technology Co., Ltd. (林芝騰訊科技有限公司), and the Tianjin Limited Partnerships
“Prospectus”	the prospectus of the Company in relation to the Listing dated 15 March 2019
“Registered Shareholder”	New Oriental China
“Related Entity Participant(s)”	as defined in the 2023 Scheme and 2025 Share Scheme rules, being an employee, director or officer of a holding company of the Company (as defined in the SFO), a subsidiary of a holding company of the Company (as defined in the SFO) other than the Group, or an associate of the Company (as defined under the Listing Rules)

"Relevant VIE Entities"	Beijing Xuncheng and Kuxue Huisi
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period" or "FY2025"	the financial year ended 31 May 2025, or FY2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Service Provider Participant(s)"	as defined in the 2023 Scheme and 2025 Share Scheme (as the case may be) rules, being a person (including an entity) that falls under one of the sub-categories (i.e. (i) content creators, and (ii) consultants suppliers and service providers) and that provides services to the Group on a continuing 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 scheme administrator pursuant to the criteria as detailed in the 2023 Scheme rules and 2025 Share Scheme (as the case may be)
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company currently with a par value of US\$0.00002 each
"Share Subscription"	the subscription of an aggregate of 59,432,000 Shares by New Oriental and Tigerstep for a subscription price of HK\$30.00 per subscription share pursuant to the subscription agreement dated 8 September 2020, the further details of which are contained in the Company's circular dated 14 October 2020
"Shareholder(s)"	holder(s) of our Share(s)
"SPU"	standard product units
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	New Oriental Group and Tigerstep
"subsidiary"	has the meaning ascribed to it in the Listing Rules and includes our Consolidated Affiliated Entities; one or more of which is known as "Subsidiaries"



Definitions (Continued)

“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tencent”	Tencent Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 700) and a connected person of the Company
“Tianjin Limited Partnerships”	the limited partnerships that hold interests in our Operating Entity, namely Tianjin Xuncheng Yiyue Technology Partnership (L.P.) (天津迅程壹月科技合夥企業(有限合夥)), Tianjin Xuncheng Luyue Technology Partnership (L.P.) (天津迅程陸月科技合夥企業(有限合夥)), Tianjin Bayue Technology Partnership (L.P.) (天津迅程捌月科技合夥企業(有限合夥)), Tianjin Xuncheng Jiuyue Technology Partnership (L.P.) (天津迅程玖月科技合夥企業(有限合夥)), Tianjin Xuncheng Shiyue Technology Partnership (L.P.) (天津迅程拾月科技合夥企業(有限合夥)), Tianjin Xuncheng Shieriyue Technology Partnership (L.P.) (天津迅程拾貳月科技合夥企業(有限合夥)), and Tianjin Xuncheng Shisanyue Technology Partnership (L.P.) (天津迅程拾叁月科技合夥企業(有限合夥))
“Tigerstep”	Tigerstep Developments Limited, a company incorporated under the Laws of the British Virgin Islands, and a connected person of the Company
“United States” or “U.S.”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“WFOEs”	Dexing Dongfang and Zhuhai Chongsheng collectively
“Xi’an Ruiying”	Xi’an Ruiying Huishi Network Technology Co., Ltd. (西安睿盈慧師網絡科技有限公司)
“Zhuhai Chongsheng”	Zhuhai Chongsheng Heli Network Technology Co., Ltd. (珠海崇勝合力網絡科技有限公司)

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