



**天福(開曼)控股有限公司**  
**Tenfu (Cayman) Holdings Company Limited**

(Incorporated in the Cayman Islands with limited liability)

*Stock Code: 6868*

**Annual Report**  
**2025**



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## Corporate Profile

Tenfu (Cayman) Holdings Company Limited (the “Company” or “we”, together with the subsidiaries, collectively the “Group”) are a leading traditional Chinese tea-product enterprise in the People’s Republic of China (the “PRC”) engaged in the sale and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. Our key products are tea leaves, tea snacks and tea ware, which we sell through a nationwide network of self-owned and third-party owned retail outlets and retail points.

The Company has been awarded the titles of “2024 China Tea Industry “Enterprise of the Year” (2024中國茶行業「年度企業」)” by Forbes and “2024 Top 10 Tea Enterprise Brands in China (2024中國茶企業品牌 TOP10)” by Chinese Tea Brand Value Evaluation Task Force (中國茶品牌價值評價工作組). The Company has been awarded the title of “China’s Tea Industry Comprehensive Top 100 Enterprises (茶業百強企業)” and “2024 Key Tea Enterprise (Formerly Top 100 Tea Industry Enterprise) (2024年度茶葉重點(原百強)企業)” by the China Tea Marketing Association from 2013 to 2024. The Company was listed in the list of each of “Evergreen Companies in the Tea Industry (茶業常青藤企業)”, “2024 Top Enterprises with Comprehensive Competitiveness in the Tea Industry (2024年度茶葉綜合競爭強力企業)”, “Benchmark Brands for Tea Industry Competitiveness 2022 (2022年度茶業市場競爭力標桿品牌)”, “Leading Tea Enterprises for Comprehensive Strength 2023 (2023年度綜合實力引領茶企業)” and “Key Tea Enterprises 2023 (2023年度重點茶企)” by China Tea Marketing Association. Pursuant to the data of Chinese Enterprises Brands Research Centre (中國企業品牌研究中心), Tenfu ranked first among 2019 China’s chain stores of tea in terms of brand index, the “Tenfu” (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. The Company was also granted the award of “Zhangzhou Time-Honored Brand (漳州老字號)”, “Zhangzhou Municipal Pilot Unit for Quality Empowerment in Industrial and Supply Chains (漳州市產業鏈供應鏈質量賦能試點單位)”, and “2nd Zhangzhou Municipal Government Quality (第二屆漳州市政府品質獎稱號)” by Zhangzhou municipal government and “Enterprise with Outstanding Economic Contribution 2022 (2022年度突出經濟貢獻企業)” by Zhangpu county government, respectively. Mr. Lee Rie-Ho, the chairman of the Board, obtained the honorary title of Outstanding Chinese Tea People (Lifetime Achievement) in November 2020 and listed as one of the tea industry influencers in 2022 by Chinese Tea Association and China Tea Industry Alliance. The tea mooncakes of the Group have been awarded the honorable titles of Golden Mooncakes (金牌月餅) and China Mooncakes (中國名餅) for the five consecutive years from 2016 to 2020. The tea mooncakes of the Group also won the first prize for China Mooncake Quality (中華月餅品質一等獎) in 2019 and honorable titles of Golden Mooncakes (金牌月餅) and China Mooncakes (中國名餅) in the 28th China Mooncake Festival in 2022. The Company was also granted the award of Exemplary Enterprise of Integrity in Product and Service Quality (全國產品和服務質量誠信示範企業) and National Consumer Quality and Reputation Guarantee Products (全國消費者質量信譽保障產品) by China Association for Quality Inspection.

## Corporate Profile

We presently offer over 1,300 varieties of traditional Chinese tea-leaf products. Our branded traditional Chinese tea leaves had a comparatively large market share in terms of retail sales value of all branded traditional Chinese tea leaves in the PRC.

We offer over 300 varieties of tea snacks, most of which are infused with the flavours of tea leaves and are produced at our own facilities. As part of our business, we also sell tea ware under our own brands.

We adopt a multi-brand strategy to capture different segments of the traditional Chinese tea market in the PRC. Our most popular and well-known brand is the “Tenfu” (天福) brand. Our “Tenfu” (天福) brand tea products are primarily sold in our self-owned and third-party owned retail outlets and retail points where we strive to offer a personalised tea shopping experience. We also offer a separate line of products under the “Tenfu Ten Xin” (天福天心) and “Uncle Lee” (安可李) brands which are primarily sold through our concession points at hypermarkets in the PRC.

As at 31 December 2025, our tea products were sold in 1,318 retail outlets and retail points across 31 provinces, autonomous regions and municipalities in the PRC, including stores with shop fronts at street level and in shopping malls and concession counters in department stores and hypermarkets.

We also provide sale of tea drink (including milk tea) with the trademark of “放牛斑”.

## Corporate Information

### DIRECTORS

#### Executive Directors

LEE Rie-Ho (*Chairman*)

LEE Chia Ling (*Chief Executive Officer*)

LEE Kuo-Lin (*Chief Operating Officer*)

FAN Ren Da, Anthony

ZHANG Honghai

#### Non-executive Director

TSENG Ming-Sung

#### Independent Non-executive Directors

LO Wah Wai

LEE Kwan Hung, Eddie

HUANG Wei

### BOARD COMMITTEES

#### Audit Committee

LO Wah Wai (*Chairman*)

TSENG Ming-Sung

HUANG Wei

LEE Kwan Hung, Eddie

#### Remuneration Committee

HUANG Wei (*Chairman*)

LEE Rie-Ho

LO Wah Wai

LEE Kwan Hung, Eddie

LEE Chia Ling

#### Nomination Committee

LEE Kwan Hung, Eddie (*Chairman*)

LEE Kuo-Lin

HUANG Wei

LO Wah Wai

#### Environmental, Social and Governance Committee

FAN Ren Da, Anthony (*Chairman*)

LO Wah Wai

HUANG Wei

LEE Chia Ling

### REGISTERED OFFICE

P.O. Box 2681

Cricket Square, Hutchins Drive

Grand Cayman KY1-1111

Cayman Islands

### HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

2901 Building C

Xinjing Commerce Center

No. 25 Jiahe Road

Xiamen

the PRC

Tel: +86-592-3389334

Fax: +86-592-3389086

Email: tenfu@tenfu.com

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F

No. 88 Lockhart Road

Wan Chai

Hong Kong

## Corporate Information

### **AUTHORISED REPRESENTATIVES**

LEE Chia Ling

LEUNG Shui Bing (resigned on 21 March 2026)

HO Pak Chuen Brian (appointed on 21 March 2026)

### **COMPANY SECRETARY**

LEUNG Shui Bing (resigned on 21 March 2026)

HO Pak Chuen Brian (appointed on 21 March 2026)

### **PRINCIPAL SHARE REGISTRAR**

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3

Building D, P.O. Box 1586

Gardenia Court, Camana Bay

Grand Cayman KY1-1110

Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai Hong Kong

### **PLACE OF LISTING**

The main board of The Stock Exchange of  
Hong Kong Limited (the "Stock Exchange")

### **NAME OF STOCK**

Tenfu (Cayman) Holdings Company Limited

### **STOCK CODE**

6868 (listed on the Stock Exchange  
since 26 September 2011)

### **PRINCIPAL BANKERS**

Bank of China Limited, Zhangpu Sub-branch

Bank of Communications Co. Ltd., Xiamen Branch

### **AUDITOR**

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

22/F, Prince's Building

Central

Hong Kong

### **WEBSITE**

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

## Financial Highlights

- Revenue for the year ended 31 December 2025 decreased by 15.1% from RMB1,562.6 million for 2024 to RMB1,327.3 million;
- Gross profit for the year ended 31 December 2025 decreased by 13.6% from RMB806.3 million for 2024 to RMB697.0 million, with an increase in gross profit margin from 51.6% for 2024 to 52.5% for the year ended 31 December 2025;
- Profit for the year ended 31 December 2025 decreased by 11.7% from RMB138.9 million for 2024 to RMB122.6 million, which corresponded to an increase in net profit margin from 8.9% for 2024 to 9.2% for the year ended 31 December 2025;
- Basic earnings per share for the year ended 31 December 2025 was RMB0.11, with a decrease of 15.4% compared with basic earnings per share of RMB0.13 for the year ended 31 December 2024; and
- The Board proposed a final dividend of HKD0.09 per share (equivalent to RMB0.08 per share, with an increase of 14.3% compared with the final dividend of RMB0.07 per share for the year ended 31 December 2024).

## Comparison of Key Financial Figures

### Results

	For the year ended 31 December (RMB '000)				
	2021	2022	2023	2024	2025
Revenue	1,924,651	1,715,400	1,734,061	1,562,648	<b>1,327,251</b>
Gross profit	1,144,047	920,117	940,416	806,334	<b>696,990</b>
Gross profit margin (%)	59.4	53.6	54.2	51.6	<b>52.5</b>
Profit before income tax	508,732	288,221	295,341	201,188	<b>169,078</b>
Profit for the year, all attributable to the shareholders of the Company	359,481	206,452	213,238	138,875	<b>122,568</b>
Net profit margin (%)	18.7	12.0	12.3	8.9	<b>9.2</b>

### Assets and liabilities

	As at 31 December (RMB '000)				
	2021	2022	2023	2024	2025
Total assets	3,212,062	3,139,492	3,001,844	2,973,619	<b>2,915,624</b>
Total equity	1,832,819	1,770,066	1,785,712	1,765,426	<b>1,784,994</b>
Total liabilities	1,379,243	1,369,426	1,216,132	1,208,193	<b>1,130,630</b>
Gearing ratio (%)	25.3	27.7	22.6	22.3	<b>7.9</b>
Trade receivables turnover days (days)	98	98	80	80	<b>78</b>
Trade payables turnover days (days)	69	66	55	48	<b>54</b>
Inventories turnover days (days)	447	481	472	470	<b>527</b>

# Financial Highlights

## Results



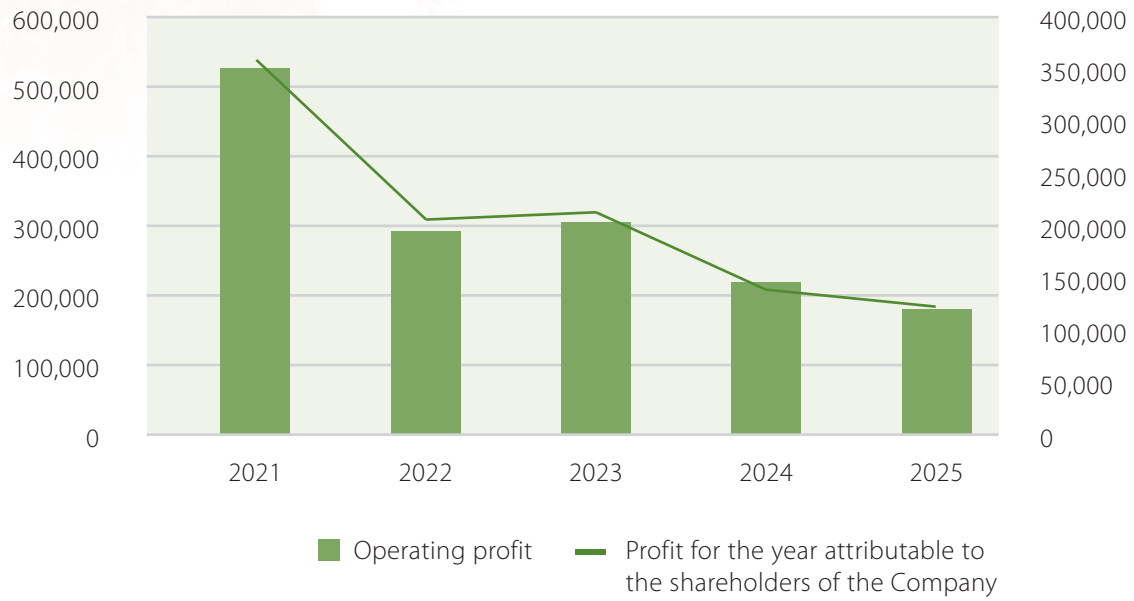
# Financial Highlights

## Assets and liabilities



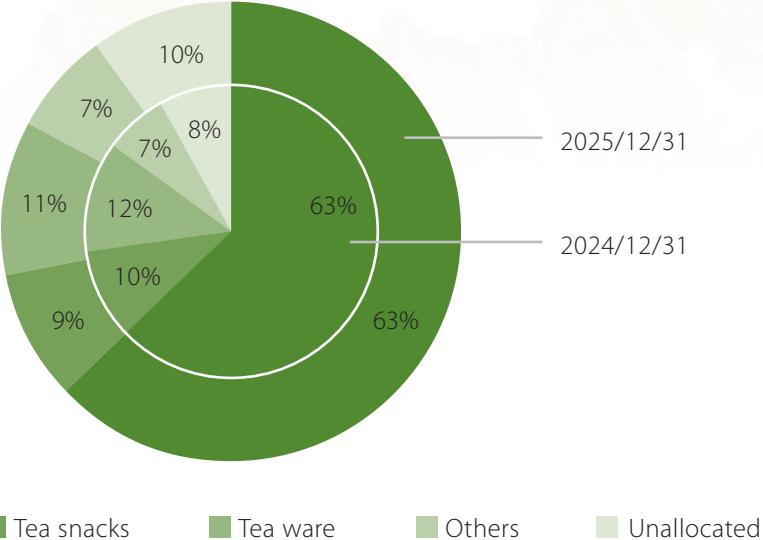
## Financial Highlights

### Profit



# Financial Highlights

Assets by segment



### Chairman's Statement

Chinese tea culture is broad and profound, and rich in human touch. Pondering over the question of “how to make the spread of Chinese tea culture more down to earth” and upholding the values of “worthiness, experience, and culture”, the Group designs products paying attention to health, derivative products and services close to family life scenes, combined and cross-border/joint exhibitions of Tenfu's cultural and tourism projects and so forth to conduct new explorations on the way of disseminating tea culture, expecting to make more people fall in love with Chinese tea. The Group has taken the dissemination of tea culture as its mission and integrated it into its products design, its business objectives and daily operations, insisting on promoting tea culture and upholding the Group's vision of “tea is being taught, discussed and appreciated in a universal manner”.

In 2025, the global economy continues to face multiple risks, including slowing growth, sticky inflation, prolonged geopolitical conflicts, and the fragmentation of trade patterns. Against this macroeconomic backdrop, the Chinese government has persistently introduced a policy mix aimed at expanding domestic demand and promoting consumption, focusing on smoothing domestic circulation and unlocking residents' consumption potential. The consumer market exhibited characteristics of a structural recovery, with consumer demand for health, quality, convenience, and value for money further upgrading. Consumption decisions have become more rational and sophisticated, with consumers paying greater attention to the emotional value and experiential aspects of products while satisfying their basic needs. Although the operating environment remained challenging for the retail market, the Group persisted in adjusting its operational strategy and network, developing products catering to the needs of different consumer groups, consistently maintaining customer-centric service, reducing operating costs, and accelerating business expansion. As a result, the Group's total revenue for 2025 reached RMB1.33 billion. Concurrently, the Group further strengthened organisational coordination, leveraged its supply chain advantages to maximise resource utilisation efficiency, and consolidated its market position. To enhance its operational efficiency, the Group has implemented measures including organisational expansion initiatives, actively promoting customer segmentation cards to consolidate and develop its customer network, promoting the “second living room” concept in offline stores to elevate the customer experience, intensifying the launch of marketing, cultural, and creative initiatives, as well as providing employee education and training and enhancing employee welfare, while simultaneously controlling expense items across various aspects. The Group expects that the above measures will positively impact the Group's financial performance in the foreseeable future.

### Operational Review for 2025

In order to make the Tenfu tea products and brands more popular in the ultimate markets and distribution channels and maintain its leading position and advantage in the highly competitive Chinese tea market, in 2025, the Group continued to implement a number of significant operational measures to streamline the Group's organisation structure, adopt active marketing strategy to satisfy customers' demand, sell tea products together with tea beverage to expand product categories and sales channels. In 2026, the Group will pursue the following moves to meet market demands:

1. Continuing to develop new stores and optimise sales network;
2. Holding tea fairs in major cities, promoting tea culture and the sales of tea and tea ware;
3. The food research and development department has been developing a wider variety of new products and traditional delicacies, expanding market share of food products, and promoting the sales of milk tea, such as “放牛斑” brand milk tea, to meet the needs of different consumer groups and their changing preferences for fashion;

## Chairman's Statement

4. Promoting famous teas of different origins by selling them at our sales outlets so as to truly cater for the local consumption preference;
5. Adjusting the product structure to meet the demand of the consumers in accordance with the consumer groups in different areas and shops;
6. Emphasising on the number of visitors and enhancing the quality of services provided to customers in order to increase the number of successful deals;
7. Maintaining loyalty cards to consolidate and develop our customer base; and
8. Continuing to carry out various marketing activities, in particular, e-commerce platforms due to customer stickiness to online consumption. The accelerated development of digital economy continued to drive the upgrading of online consumption and the online and offline integration speeded up, accelerating the development of emerging consumption models such as food delivery, consumption vouchers and express delivery services of food order APPs. Consumer demands showed a trend of diversified, personalised and rational development and our marketing activities should follow the trend.

We believe that we have a good structure and got well prepared for future growth. Our team is working tirelessly for the Group's success in the long term.

### Business Outlook for 2026

Considering China's large population, we believe that there are huge business opportunities in the food, beverage and retail industries in China, with the progress of urbanisation and the enhancement of the per capita disposable income and rising health consciousness. The Group still has full confidence in the potential growth of the tea consumption market in China. The Group believes that the long-term positive trend of the PRC's economy will not change, and people's expectations for a better life will continue to exert prominence. The Group will intensively focus on areas such as customers identifications from multiple sources and precision marketing, membership system optimisation, and online and offline integration at a systemic level. While focusing on the further enhancement of core competitiveness, operating scale and efficiency, the Group will continue to pay attention to the technological advancements in the new retail sectors and strengthen business innovation and transformation to meet the challenges under the new norm for pushing forward the Group's long-term sustainable development. The Group will continue to strengthen the brand image and competitive advantage and actively implement the significant operational measures as follows:

1. Actively exploring new outlets:
  - (1) In addition to the first and second-tier cities, accelerating the development of outlets in the third and fourth-tier cities and the development of e-commerce;
  - (2) Building No. 1 brand image through opening flagship stores across the country; and
  - (3) Developing a variety of tea-related food products;
2. Upgrading the benefits offered to the core management and staff to strengthen corporate solidarity and expand paths of promotion so that our key talents with good performance can work without distraction;
3. Strengthening education and training, so that our employees can master appropriate and applicable management and marketing skills, enhance their awareness of service and quality, so as to ensure that our operating principles and policies can be achieved;

## Chairman's Statement

4. Prioritising product quality and safety, and continuing to develop new products and improve packaging, so as to meet the needs of middle and low-end consumers;
5. Strengthening control over all aspects of the costs and eliminate extravagance and waste;
6. Emphasising computerised operation and make good use of technology to simplify the work at the shops so that the staff can concentrate on sales and service, resulting in improvement on the human output value and the per capita income;
7. Actively promoting original equipment manufacturer business for tea snacks to add to the revenue of the Group;
8. Actively organising tea exhibitions, incense lore exhibitions, new tea tasting and tea art teaching activities, so that our regular customers can grow and evolve together with our staff; and
9. Implementing customer-friendly economy with focus on the products that the ordinary people actually consume, i.e. localisation of the packaging of goods, simplification of commodity specifications, customer-friendliness of commodity prices, and guarantee of product quality.

I believe that, through the joint efforts of our management and staff, we will be able to adapt to the rapidly changing environment, grasp market trends, lead the trend of consumption and achieve the continuous development goal of the Company without disappointing our shareholders!

### Acknowledgement

In this year, coping with the external and internal uncertainties and changes, the Group gained valuable experience, and also strengthened the planning, management, and operation abilities of the Board, the management, and the staff. Such experience will help the Group to face and overcome challenges of the future. The Company's sustainable development depends on the supports and efforts of all the parties involved, so I would like to express my deepest appreciation to our customers, suppliers, business partners and shareholders for their support on behalf of the Board, and in particular for the efforts and contributions and dedication of all our staff over the past year!

**LEE Rie-Ho**

*Chairman*

Hong Kong, 16 March 2026

## Management Discussion and Analysis

### Business Review and Outlook

In 2025, the global economy still faced multiple risks such as slowing growth, persistent inflation, prolonged geopolitical conflicts and fragmented trade patterns. Amid the macroeconomic environment, the Chinese government continuously introduced a series of policies to expand domestic demand and boost consumption, focusing on unblocking the domestic circulation and unleashing the potential consumption ability of residents. The consumer market showed signs of structural recovery. Consumers' demands for health, quality, convenience and cost performance have further enhanced. Their consumption decisions became more rational and refined, prioritizing emotional value and experiential aspects of products while meeting basic needs. Despite the potential unfavorable business conditions in the retail market, the Group remained committed to adjusting its business strategy network, developing products tailored to diverse consumer groups, maintaining customer-oriented service, reducing operating costs and actively expanding its business.

In 2025, the Group achieved revenue of RMB1,327.3 million, down 15.1% from 2024, and recorded profit for the year of RMB122.6 million, down 11.7% from 2024. The decrease in the Group's revenue for the year was mainly due to the weak consumer market.

In 2025, the Group further enhanced its organizational coordination, utilized its advantages in supply chain, maximized its resources utilization efficiency and strengthened its market position. The following measures have been taken to promote the efficiency of its operations, including further expanding its network, actively promoting the customer loyalty programme, consolidating and developing customer base, increasing release of marketing program and education and training for the employees, improving employees' benefits, while controlling expenditures in various aspect.

- Leading brand position.** Zhangzhou Tianfu Tea Industry Co., Ltd. (漳州天福茶業有限公司), a subsidiary of the Company, was honoured with the "2025 China Famous Consumer Products" (2025年度中國消費名品) award by the Ministry of Industry and Information Technology. In November 2025, it was included in the "Second Fujian Provincial Top 100 List of Leading Agricultural Industrialization Enterprises (福建省第二屆福建省農業產業化龍頭企業百強榜單)" published by the Fujian Association of Enterprises and Entrepreneurs and the Fujian Agricultural Industrialization Leading Enterprises Association. In April 2025, it was awarded the seventh batch of "Fujian Time-honored Brands (福建老字號)" by the Fujian Provincial Department of Commerce. Fujian Tian Fu Sales Co., Ltd. (福建天福茗茶銷售有限公司), a subsidiary of the Company, was also awarded the 27th "Outstanding Partner Contribution Award" by the Organizing Committee of the China International High-Tech Achievements Fair in 2025. The Company has been awarded the titles of "2024 China Tea Industry "Enterprise of the Year" (2024中國茶行業「年度企業」)" by Forbes and "2024 Top 10 Tea Enterprise Brands in China (2024中國茶企業品牌TOP10)" by Chinese Tea Brand Value Evaluation Task Force (中國茶品牌價值評價工作組). The Company has been awarded the title of "2024 Key Tea Enterprise (Formerly Top 100 Tea Industry Enterprise) (2024年度茶葉重點(原百強)企業)" and "China's Tea Industry Comprehensive Top 100 Enterprises (中國茶葉行業綜合百強企業)" by the China Tea Marketing Association from 2013 to 2024. The Company was listed in the list of each of "Evergreen Companies in the Tea Industry (茶業常青藤企業)", "2024 Top Enterprises with Comprehensive Competitiveness in the Tea Industry (2024年度茶葉綜合競爭強力企業)", "Benchmark Brands for Tea Industry Competitiveness 2022 (2022年度茶業市場競爭力標桿品牌)", "Leading Tea Enterprises for Comprehensive Strength 2023 (2023年度綜合實力引領茶企業)" and "Key Tea Enterprises 2023 (2023年度重點茶企)" by China Tea Marketing Association. Pursuant to the data from Chinese Enterprises Brands Research Centre (中國企業品牌研究中心), Tenfu ranked first among 2019 China's chain stores of tea in terms of brand index, the "Tenfu" (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. The Company

## Management Discussion and Analysis

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- Adjusting sales network.** While the whole consumption declines under the current economic conditions in the PRC, the Group has increased the proportion of wholesale sales and distributors’ stores in the PRC. As of 31 December 2025, the Group had a total of 1,318 self-owned and third-party owned retail outlets and retail points, compared with a total of 1,349 as of 31 December 2024.
- Adjustment in each tea product category and development of diversified product lines.** For the year ended 31 December 2025, the Group adjusted its tea product categories, and increase the proportion of products with high cost performance. The Group also established a food research and development department to develop diversified traditional food, and timely develop and launch new tea-based food products.
- Keeping legal compliance.** The tea leaves and tea snacks industries are heavily regulated in the PRC, operation of which includes product approvals, product processing, formulation, manufacturing, packaging, labelling, distribution and sale and maintenance of manufacturing facilities, and the Group kept in compliance with the relevant laws and regulations applicable to the Group, including Food Safety Law, Regulations on Food Production Permits, Regulations on Sale of Food Permits, Product Quality Law, Consumer Protection Law, Trademark Law, Patent Law, Labour Contract Law of the PRC, etc. The Group is also subject to the PRC laws and regulations concerning the discharge of waste water and solid waste during manufacturing processes, which require the Group to obtain certain clearances and authorisations from government authorities for the treatment and disposal of such discharge. The PRC Government may take steps towards the adoption of more stringent environmental regulations, the Group may need to invest more for future environmental expenditures to install, replace, upgrade or supplement pollution control equipment or make operational changes to limit any adverse impact or potential adverse impact on the environment in order to comply with the new environmental regulations.
- Guarantee of food safety.** The Group paid high attention on food safety and conducted various quality inspection and testing procedures during the Group’s production process, to ensure compliance with applicable quality requirements promulgated by the relevant authorities. In October 2015, the Group got the qualification certification for its egg roll and candy production line and related auxiliary areas, reaching the consolidated standards for prerequisite and food safety programs of American Institute of Baking. Meanwhile, the Company also implemented one product, one bar-code anti-counterfeiting traceability system at all factories. Longjing tea products of the Group was regarded as the raw materials

## Management Discussion and Analysis

of Longjing tea sensory grading standard samples developed according to GB/T18650-2008 geographical indication product Longjing tea. The Company was also granted the award of Exemplary Enterprise of Integrity in Product and Service Quality (全國產品和服務質量誠信示範企業) and National Consumer Quality and Reputation Guarantee Products (全國消費者質量信譽保障產品) by China Association for Quality Inspection (中國質量檢驗協會).

6. **Relationships with customers and suppliers.** The Group always maintains good relationship with customers and suppliers. For the year ended 31 December 2025, the aggregate percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 17.8% of the Group's total purchase. The Group selects suppliers carefully to ensure the quality of raw materials and packaging materials through maintaining appraisal records for suppliers and grading them on a declining scale according to the quality of material supplied, price, ability to meet demand and punctuality of delivery time. The percentage of revenue attributable to the Group's five largest customers accounted for approximately 1.5% of the Group's total revenue. The credit terms granted to the top five customers are in line with those granted to other customers. The top five customers made subsequent settlement of trade receivables within the credit term. The Group has historically depended on sales to the third-party retailers, and third-party retailers are expected to remain important in sales network. If the third-party retailers are not able to operate successfully or the Group fails to maintain good relationships with such parties, the business, financial condition and results of operations of the Group could be materially and adversely affected. Since 2008, the Group has acquired a number of retail outlets and retail points from third-party retailers and operated the self-owned retail outlets and retail points. In order to keep good customer services, the Group maintains a customer service hotline to handle general service inquiries and ensure a timely response to all customer concerns. The Group's internal policy requires that all complaints be reported and resolved promptly. If a complaint is not resolved during the call, the customer service representative is required to timely report such complaint to the local sales office which covers the region where the complaining customer is located. For the year ended 31 December 2025, the Group did not incur any material costs in relation to these complaints and there had not been any material product recall.
7. **Environmental, social and governance ("ESG") endeavours.** The Company obtained the best practice awards of Wind ESG in the fast consumer goods industry for Hong Kong listing companies in 2022 (2022年度Wind ESG港股日常消費行業最佳實踐獎). The Company ranked no. 4 for Wind ESG Rating Distribution (Beverage) in 2023. The Company ranked A for Wind ESG Comprehensive Score Industry Ranking (Beverage) in 2024.

## Management Discussion and Analysis

In 2026, the Group plans to continue to adjust and optimise its network of self-owned retail outlets and retail points, including both self-owned and third-party owned retail outlets and retail points, tap the profitability of existing self-owned retail outlets and retail points and maximize the enthusiasm of the third-party retailers.

In particular, the Group plans to:

- 1. Continue to adjust and optimise retail sales network.** The Group will further adjust retail outlets and retail points, including both self-owned and third-party owned retail outlets and retail points, according to the economic development of the PRC. As part of this goal, the Group plans to identify, establish and keep new retail outlets on high-traffic streets in the central business districts of selected cities, as well as retail points in popular shopping malls, actively expand networks in third-tier and fourth-tier and small cities, enhance customers' experience of the offline store's "second living room" and develop quality distributors to increase sales of its tea products. To capture more customers who prefer to buy their tea products on-line, the Group continues to promote internet sales through its subsidiary, namely, Xiamen Tianyu Commerce and Trading Co., Limited (廈門天鈺商貿有限公司). The Group will continue to monitor other opportunities for multi-channel sales and distribution network, which enables the Group to access a broad market audience and penetrate into different regions in the PRC, and continue to rapidly expand their sales. There has been a significant increase in customer stickiness to online consumption. The accelerated development of digital economy continued to drive the upgrading of online consumption and the online and offline integration speeded up, accelerating the development of emerging consumption models such as food delivery, live commerce and delivery-to-home services. Consumer demands showed a trend of diversified, personalised and rational development. Consumption appeared more polarized, with high-end and affordable products each having their own market. The Group upholds a value-based marketing strategy, continues to cultivate both offline and online diversified channels, develop products with ingenuity and insist on innovation to satisfy consumers' demands.
- 2. Continue to enhance brand reputation and consumer awareness.** The Group plans to maintain and promote its high level of brand awareness through targeted marketing and promotional activities. As part of these promotional activities, the Group plans to make further efforts to promote its products and brands during traditional Chinese festivals, and actively hold tea ware exhibition, pu'er tea expo, new tea tasting events and tea art education activities for enhancement of communications and interactions with customers in order to maintain and promote the well-known "Tenfu" (天福) brand. The Group also plans to continue the promotion of an enhanced rewards program for its customers in order to encourage repeating business and increase customer loyalty.
- 3. Continue to develop new concepts for tea-related products.** The Group believes that a broad portfolio of products will help it to maintain its leading brand position and keep pace with constantly changing consumer preferences and trends. To this end, the Group will continue the development of tea and tea-related products to meet market requirements, as well as creating the trend and leading the trend. The Group offers the tea drink (including milk tea) with the trademark of "放牛斑". The Group will further monitor the opportunity and expand its market share in other tea products once available.

## Management Discussion and Analysis

- 4. Enhance processing and distribution efficiency and effectiveness.** The Group currently has two packaging facilities in Fujian province and one packaging facility in each of Sichuan province, Zhejiang province, Guangxi Zhuang Autonomous Region and Guizhou province for tea leaves and two production facilities in Fujian province and one production facility in Sichuan province for tea snacks. The Group has implemented a fully-integrated ERP (Enterprise Resource Planning) system since 2012 so as to collect real-time sales and inventory data from retail outlets. The Group intends to continue proper implementation and usage of the ERP system, aiming to streamline its distribution operation and improve collection of information, so that the Group can plan its processing schedules, manage resources and monitor sales and inventory information more efficiently and effectively.
- 5. Expand production capacity through the increase of the number of processing facilities.** The Group acquired land in Xiapu county, Ningde, Fujian Province, and completed construction of a packaging facility of white tea in 2025. The Group plans to cater for future growth and anticipated increases in the demand for tea and tea-related products by expanding production capacity when further suitable acquisition opportunities arise or suitable construction sites can be acquired. The Group has production facilities strategically located in different parts of the PRC, which would achieve optimisation in procurement costs.

In 2025, coping with the external and internal uncertainties and changes, the Group gained valuable experience, and also strengthened the planning, management and operation abilities of the Board, the management, and the staff. Such experience will help the Group to face and overcome challenges of the future. The Company's sustainable development depends on the supports and efforts of all the parties involved, including the customers, the suppliers, the business partners and the shareholders, and in particular the efforts and contributions and dedication of all staff of the Group.

Looking forward, the Group's primary goal is to continue growing its business and increasing its market share by leveraging its strong market position and sales network and the anticipated economic growth in the PRC tea market. The current global geopolitical situation is complex and volatile, and the Group is closely monitoring its potential impact on the commodities market. Based on the current assessment, the direct impact of relevant international developments on the Group is limited, mainly due to the Group's well-established domestic procurement system and diversified supply chain layout. On one hand, the Group's primary raw material (tea leaves) production areas and procurement channels are highly concentrated in the PRC domestically, and thus less affected by international logistics and commodity speculation markets. On the other hand, the Group's energy expenses account for a relatively small proportion of total costs, and the Group has continuously optimized cost control in recent years, providing a certain resilience against raw material price fluctuations. Therefore, we expect the Group's operating costs to remain stable in the coming period, with gross profit margins staying within a controllable and steady range.

## Financial Review

### Revenue

During the year ended 31 December 2025, the Group engaged in the sales and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The Group has manufacturing plants in Fujian province, Sichuan province, Zhejiang province, Guangxi Zhuang Autonomous Region and Guizhou province, the PRC. The Group's key products are tea leaves, tea snacks and tea ware, which it sells through a nationwide network of self-owned and third-party owned retail outlets and retail points. The Group has started the sales of tea drink (including milk tea) with the trademark of "放牛斑".

## Management Discussion and Analysis

During the year ended 31 December 2025, the Group derived substantially all of its revenue from the sales of tea leaves, tea snacks and tea ware. The revenue of the Group decreased by 15.1% from RMB1,562.6 million for the year ended 31 December 2024 to RMB1,327.3 million for the year ended 31 December 2025. The following table sets forth a breakdown of revenue by product category for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Revenue contributed from:				
Sales of tea leaves	<b>912,155</b>	<b>68.7</b>	1,080,770	69.2
Sales of tea snacks	<b>201,324</b>	<b>15.2</b>	247,635	15.8
Sales of tea ware	<b>163,572</b>	<b>12.3</b>	179,471	11.5
Others <sup>(1)</sup>	<b>50,200</b>	<b>3.8</b>	54,772	3.5
<b>Total</b>	<b>1,327,251</b>	<b>100</b>	1,562,648	100.0

*Notes:*

- (1) "Others" include revenue from restaurant, hotel, tourist, management service and catering management, beverage production and sales of pre-packaged food and liquor. The Group derived its revenue from these operations through the provision of accommodation, food and beverages and other ancillary services and ticket sales from its tea museums.
- (2) Each of the figures is rounded up to one decimal place and may not add up due to rounding.

Revenue from sales of the Group's tea leaves decreased by 15.6% from RMB1,080.8 million for the year ended 31 December 2024 to RMB912.2 million for the year ended 31 December 2025. Revenue from sales of the Group's tea snacks decreased by 18.7% from RMB247.6 million for the year ended 31 December 2024 to RMB201.3 million for the year ended 31 December 2025. Revenue from sales of the Group's tea ware decreased by 8.9% from RMB179.5 million for the year ended 31 December 2024 to RMB163.6 million for the year ended 31 December 2025. The revenue decreased from sales of the Group's tea leaves, tea snacks and teaware was primarily due to the weak consumer market.

## Management Discussion and Analysis

As of 31 December 2025, the Group had approximately 145 self-owned retail outlets and approximately 1,173 distributors' stores throughout Chinese Mainland accounted for approximately 33.5% and 62.7% of total revenue respectively, compared with approximately 157 self-owned retail outlets and approximately 1,192 distributors' stores as of 31 December 2024.

### Cost of sales

Cost of sales of the Group primarily comprises costs of inventories (mainly including costs of raw materials) and labour costs. Cost of sales of the Group decreased by 16.7% from RMB756.3 million for the year ended 31 December 2024 to RMB630.3 million for the year ended 31 December 2025, primarily due to the decrease in sales.

### Gross profit and gross profit margin

As a result of the foregoing factors, gross profit of the Group decreased by 13.6% from RMB806.3 million for the year ended 31 December 2024 to RMB697.0 million for the year ended 31 December 2025, with gross profit margin increased by 0.9% from 51.6% for the year ended 31 December 2024 to 52.5% for the year ended 31 December 2025, primarily due to the cost control measures on raw materials and labour cost.

### Distribution costs

The distribution costs of the Group decreased by 12.9% from RMB343.1 million for the year ended 31 December 2024 to RMB298.9 million for the year ended 31 December 2025. The decrease of distribution costs was primarily due to a decrease of self-owned retail outlets and the cost control measures of the Group to reduce costs and increase efficiency.

### Administrative expenses

Administrative expenses for the Group decreased by 10.1% from RMB280.5 million for the year ended 31 December 2024 to RMB252.2 million for the year ended 31 December 2025. The decrease in administrative expenses was primarily due to further cost control measures on various aspects, including labour cost by effective use of human resources.

### Other income

Other income of the Group increased by 5.3% from RMB35.8 million for the year ended 31 December 2024 to RMB37.7 million for the year ended 31 December 2025. The increase in other income was primarily due to an increase in service fee charged to distributors starting from the half of 2025.

### Other losses – net

Other losses of the Group amounted to RMB1.9 million for the year ended 31 December 2025 primarily due to foreign exchange losses and losses on disposal of property, plant and equipment and net fair value gains of financial assets at fair value through profit or loss. Other losses of the Group amounted to RMB0.4 million for the year ended 31 December 2024 primarily due to foreign exchange losses and losses on disposal of property, plant and equipment and net fair value gains of financial assets at fair value through profit or loss.

### Finance income

Finance income of the Group increased by 8.3% from RMB4.8 million for the year ended 31 December 2024 to RMB5.2 million for the year ended 31 December 2025. The increase in finance income was primarily due to an increase in interest income on bank deposits and time deposits.

## Management Discussion and Analysis

### Finance costs

Finance costs of the Group decreased by 15.5% from RMB23.2 million for the year ended 31 December 2024 to RMB19.6 million for the year ended 31 December 2025, reflecting a decrease in interest expenses on the Group's bank borrowings and interest expenses for lease liabilities.

### Share of net profit of investments accounted for using the equity method

Share of net profit of investments accounted for using the equity method of the Group was a net gain amounting to RMB2.8 million and RMB0.1 million for the years ended 31 December 2025 and 2024, respectively. The increase was primarily due to an increase in the profits gain from invested business.

### Income tax expense

Income tax expense of the Group decreased by 25.4% from RMB62.3 million for the year ended 31 December 2024 to RMB46.5 million for the year ended 31 December 2025, primarily due to a decrease in the Group's profit before tax of the subsidiaries located in Chinese Mainland for the year ended 31 December 2025 as compared with the year ended 31 December 2024.

### Profit for the year

As a result of the foregoing factors and primarily due to optimisation of the proportion of wholesale sales, product structure adjustment and cost control, profit of the Group, all of which was attributable to the shareholders of the Company, decreased by RMB16.3 million, or 11.7%, to RMB122.6 million for the year ended 31 December 2025 as compared to RMB138.9 million for the year ended 31 December 2024. Net profit margin of the Group increased from 8.9% for the year ended 31 December 2024 to 9.2% for the year ended 31 December 2025, primarily due to a decrease in cost of sale, distribution costs and administrative expenses.

### Liquidity and capital resources

#### Cash position

The operations of the Group are capital intensive, and its liquidity requirements arise principally from the need of working capital to finance its operations and expansions. The Group has historically met its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by its shareholders.

The Group's cash and cash equivalents increased by RMB170.3 million, or 50.0%, from RMB340.5 million as of 31 December 2024 to RMB510.8 million as of 31 December 2025.

The Group had net cash inflow from operating activities of RMB416.2 million, net cash outflow from investing activities of RMB30.0 million and net cash outflow from financing activities of RMB213.6 million for the year ended 31 December 2025.

#### Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB495.6 million as of 31 December 2025, compared to RMB571.4 million as of 31 December 2024. As of 31 December 2025, the weighted average effective interest rate of the Group's borrowings was 2.38%. Bank borrowings as at 31 December 2025 and those in corresponding period last year were charged at variable interest rate.

## Management Discussion and Analysis

As of 31 December 2025, bank borrowings of RMB495,640,000 (2024: RMB546,380,000) were guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling, Mr. Lee Kuo-Lin, all of them are Directors of the Company, a relative of Mr. Lee Rie-Ho and the subsidiaries of the Company, either separately or jointly.

The Directors are of the view that the guarantee of bank borrowings of RMB495,640,000 as at 31 December 2025 by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, being a form of financial assistance (as defined in the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange) for the benefit of the Group, was on normal commercial terms where no security over the assets of the Group was granted in respect of such financial assistance provided by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin. Accordingly, such guarantee is exempt from all reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as of the dates indicated, based on undiscounted contractual payments:

<b>As at 31 December 2025</b>	<b>Less than 1 year RMB'000</b>	<b>Between 1 and 2 years RMB'000</b>	<b>Between 2 and 5 years RMB'000</b>	<b>Over 5 years RMB'000</b>	<b>Total RMB'000</b>
Borrowings	465,640	30,000	–	–	495,640
Interest payments on borrowings <i>(Note)</i>	5,708	672	–	–	6,380
Lease liabilities	45,475	42,358	44,385	30,737	162,955
Trade and other payables	213,042	–	–	–	213,042
Other payables	–	–	–	6,000	6,000
	<b>729,865</b>	<b>73,030</b>	<b>44,385</b>	<b>36,737</b>	<b>884,017</b>

As at 31 December 2024	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	571,380	–	–	–	571,380
Interest payments on borrowings <i>(Note)</i>	9,995	–	–	–	9,995
Lease liabilities	42,803	42,992	48,741	35,558	170,094
Trade and other payables	192,038	–	–	–	192,038
Other payables	–	–	–	6,000	6,000
	816,216	42,992	48,741	41,558	949,507

*Note: The interest payments on borrowings are calculated based on borrowings held as at 31 December 2025 and 2024, respectively (excluding the accrued interest payable balance already in trade and other payables) without taking into account future borrowings.*

## Management Discussion and Analysis

The Group regularly monitors its gearing ratio, which represents net debt as a percentage of total equity. Net debt is calculated as total borrowings (including current and non-current borrowings) add lease liabilities less cash and cash equivalents. As of 31 December 2025, the gearing ratio of the Group was 7.9%, as compared to 22.3% as of 31 December 2024. The decrease in the gearing ratio during 2025 was primarily due to decrease of net debt.

### Capital and other commitments

As of 31 December 2025, the Group had total investment, capital and operating lease commitments of RMB42.7 million, as compared to RMB42.6 million as of 31 December 2024. The Group plans to fund these commitments primarily with available cash.

The Group's investment commitments comprise commitments to inject registered capital into joint ventures of the Group. The table below sets forth the investment commitments of the Group as of the dates indicated:

	As of 31 December	
	2025	2024
	RMB'000	RMB'000
Investments in joint ventures and associate	4,467	4,717

The Group's capital commitments comprise unpaid amounts under executed agreements for purchasing property, plant and equipment and intangible assets, primarily in relation to the construction of plants. The table below sets forth capital expenditure contracted for but not yet incurred as of the dates indicated:

	As of 31 December	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	33,277	32,075

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between one to ten years, and the majority of the Group's lease agreements are renewable at the end of the lease period at market rate. From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

	As of 31 December	
	2025	2024
	RMB'000	RMB'000
No later than 1 year	4,922	5,805

## Management Discussion and Analysis

### Working capital

	As of 31 December	
	2025	2024
	RMB'000	RMB'000
Trade and other receivables	<b>177,390</b>	245,488
Trade and other payables	<b>265,114</b>	250,467
Inventories	<b>884,042</b>	960,195
Trade receivables turnover days <sup>(1)</sup>	<b>78</b>	80
Trade payables turnover days <sup>(2)</sup>	<b>54</b>	48
Inventories turnover days <sup>(3)</sup>	<b>527</b>	470

#### Notes:

- (1) *Trade receivables turnover days = the average of the beginning and ending trade receivables balances for the year, divided by revenue from wholesales to third-party retailers plus sales from the Group's self-owned retail points located in hypermarkets and department stores and sales through other sales channel mainly representing wholesales to other end customers for the year, multiplied by the number of days in the year.*
- (2) *Trade payables turnover days = the average of the beginning and ending trade payables balances for the year, divided by cost of sales for the year, multiplied by the number of days in the year.*
- (3) *Inventories turnover days = the average of the beginning and ending inventory balances for the year, divided by the cost of sales for the year, multiplied by the number of days in the year.*

The Group's trade and other receivables represent primarily the balances due from third-party retailers. The Group's trade and other receivables decreased by RMB68.1 million from RMB245.5 million as of 31 December 2024 to RMB177.4 million as of 31 December 2025, primarily due to a decrease of sales.

The Group's trade and other payables principally comprise payables to its raw material suppliers, employee benefit payables, other taxes payable, accrued operating expenses and advances from customers. The Group's trade and other payables increased by RMB14.6 million from RMB250.5 million as of 31 December 2024 to RMB265.1 million as of 31 December 2025, primarily due to an increase in trade payables due to related parties.

The Group's inventories comprise raw materials (including packaging materials), work-in-progress and finished products. The Group's inventories decreased by RMB76.2 million from RMB960.2 million as of 31 December 2024 to RMB884.0 million as of 31 December 2025, primarily reflecting a decrease in purchase volume.

As of 31 December 2025, the Group has sufficient working capital and financial resources to support its regular operations.

## Management Discussion and Analysis

### Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB, since all of its operating subsidiaries are based in the PRC. As of 31 December 2025, most of the operating entities' revenue, expenses, assets and liabilities were denominated in RMB. The Group's foreign exchange risk mainly arises from the financing activities denominated in HKD. The Directors are of the view that the Group does not have significant foreign currency risk.

Any future change of RMB will not adversely affect the value of any dividends the Group pays to its shareholders. There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between RMB and other currencies. The Group currently does not engage in hedging activities designed or intended to manage such exchange rate risk.

### Contingent liabilities

The Group had no material contingent liabilities as of 31 December 2025.

### Employee and Remuneration Policy

As of 31 December 2025, the Group had a total of 3,019 employees, with 3,014 employees based in the PRC and 5 employees based in Hong Kong. For the year ended 31 December 2025, the staff cost of the Group was RMB279.8 million, compared to RMB319.6 million for the year ended 31 December 2024.

The Group's employee remuneration policy is determined by reference to factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer services. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the year ended 31 December 2025.

### Significant investment, material acquisitions or disposal of subsidiaries and associated companies

Save as disclosed in this annual report, there was no significant investment, material acquisition or disposal of subsidiaries and affiliated companies by the Group during the year ended 31 December 2025.

### Future plans for material investments or capital assets

Save as disclosed in this annual report, the Group had no other future plans for material investments or capital assets.

## Directors and Senior Management

### DIRECTORS

#### Executive Directors

**LEE Rie-Ho (李瑞河)**, aged 90, is an executive Director and the Chairman of the Group. He was appointed as the Director and Chairman on 22 April 2010 and was re-designated as an executive Director on 31 August 2011. Mr. Lee is also a member of the remuneration committee of the Company. He is primarily responsible for the overall corporate strategy, expansion and investment decisions of the Group. Mr. Lee has over 65 years of experience in the tea industry. He is one of the founders of the Group and has served as the Chairman since 1993. Before co-founding the Group in 1993, Mr. Lee founded Ten Ren Tea Co., Ltd. (天仁茶業股份有限公司) (“Ten Ren”) in 1975 in Taiwan. Ten Ren is in the business of the manufacturing and retail sales of tea leaves and various tea products through its self-operated and franchise stores in Taiwan, the United States and Canada. Ten Ren has been listed on the main board of the Taiwan Stock Exchange (Stock code: 1233) since 1999. Mr. Lee has extensive personal and business connections in the tea industry. He was named “Worldwide King of Tea (世界茶王)” by People’s Daily (人民日報) in 2000. Mr. Lee obtained the honorary title of Outstanding Chinese Tea People (Lifetime Achievement) in November 2020. Mr. Lee is the father of Mr. Lee Chia Ling and Mr. Lee Kuo-Lin and the uncle of Mr. Lee Min-Zun, the chief financial officer of the Company. With extensive experience in the tea industry, Mr. Lee has led the Group to become a leader in the tea industry in the PRC by promoting the Group’s business and developing a well-known premium brand. In recognition of Mr. Lee’s character, integrity and contribution to the local development of Zhangzhou, Mr. Lee Rie-Ho was awarded honorary citizenship by the People’s Government of Zhangzhou in 2000. Since 2000, Mr. Lee has also been appointed as the Citizen Supervisor of Police Discipline (警風廉政監督員) in Zhangzhou. As part of the selection criteria of the PRC authorities, preferable candidates of Citizen Supervisor of Police Discipline include deputies of People’s Congress, members of People’s Political Consultative Conference, journalists and well-known persons in the community and only candidates with a strong sense of responsibility, care and support for public security work may be re-appointed. As at the date of this annual report, Mr. Lee was deemed to be interested in the 188,789,000 Shares held by Discerning Group Limited under the SFO.

**LEE Chia Ling (李家麟)**, aged 63, is an executive Director and the Chief Executive Officer of the Group. He was appointed as the Director on 22 April 2010 and was designated as an executive Director on 31 August 2011. He is also a member of the remuneration committee (the “Remuneration Committee”) and the ESG committee (the “ESG Committee”) of the Company. He has been one of the authorised representatives of the Company since 27 August 2012. Mr. Lee is one of the founders of the Group and is primarily responsible for the overall management, business development and the daily operations of the Group as well as the implementation of the business strategies. He has more than 25 years of experience in the tea industry. Mr. Lee joined Ten Ren as an executive assistant to the manager of tea business development in 1991 and was then appointed as the executive assistant to the chairman (董事長特別助理) in Taiwan, responsible for assisting the chairman with the overall management of Ten Ren, and subsequently became a director of the domestic sales department of Ten Ren in Taiwan in the same year. Mr. Lee joined the Group as the deputy general manager (副總經理) in 1996 and was appointed as general manager in 1997. Mr. Lee is the son of Mr. Lee Rie-Ho and the younger brother of Mr. Lee Kuo-Lin and a cousin of Mr. Lee Min-Zun. He obtained a master’s degree in business administration from Oklahoma City University in the United States in 1990. As at the date of this annual report, Mr. Lee was deemed to be interested in 378,273,000 Shares held through The KCL Trust, Tiger Nature Holdings Limited and Trackson Investments Limited under the SFO and interested in 76,926,028 Shares for personal interest.

## Directors and Senior Management

**LEE Kuo-Lin (李國麟)**, aged 64, is an executive Director and the Chief Operating Officer of the Group. He was appointed as the executive Director on 31 August 2011. Mr. Lee is also a member of the nomination committee (the "Nomination Committee") of the Company. He is primarily responsible for the overall management of the tea processing operations. Mr. Lee has more than 25 years of experience in the tea industry. Before joining the Group, between 1989 to 1997, Mr. Lee worked for and eventually became the chief executive officer of Uncle Lee's Tea Inc. based in the United States. Mr. Lee is the chairman of certain subsidiaries of the Group, including 漳州天福茶業有限公司 (Zhangzhou Tianfu Tea Industry Co., Ltd.) since 1998, and 漳浦天福觀光茶園有限公司 (Zhangpu Tian Fu Tea Garden Co., Ltd.) since 1999. Mr. Lee is the son of Mr. Lee Rie-Ho and the elder brother of Mr. Lee Chia Ling and a cousin of Mr. Lee Min-Zun. He received his associate in arts degree from Los Angeles City College in the United States in 1988. As at the date of this annual report, Mr. Lee was deemed to be interested in 378,273,000 Shares held through The KCL Trust, Tiger Nature Holdings Limited and Trackson Investments Limited under the SFO.

**FAN Ren Da, Anthony (范仁達)**, aged 66, is an executive Director. He was re-designated to an executive Director on 18 May 2021. He is also a chairman of the ESG Committee. Dr. Fan holds a master's degree in business administration from the United States and obtained PhD degree in economics. Dr. Fan currently serves as an independent non-executive director of various listed companies, including Uni-President China Holdings Ltd. (Stock code: 220), Shanghai Industrial Urban Development Group Limited (Stock code: 563) and Semiconductor Manufacturing International Corporation (Stock code: 981), the shares of which are all listed on the main board of the Stock Exchange. He is also a non-executive director of Hilong Holding Limited (Stock code: 1623), the shares of which is listed on the main board of the Stock Exchange. Dr. Fan had been an independent non-executive director of each of (i) China Development Bank International Investment Limited (Stock code: 1062) from March 2012 to March 2024; (ii) Hong Kong Resources Holdings Company Limited (currently known as 3DG Holdings (International) Limited) ("3DG") (Stock code: 2882) from September 2008 to February 2024; (iii) CITIC Resources Holdings Limited (Stock code: 1205) from August 2000 to March 2025; (iv) Neo-Neon Holdings Limited (Stock code: 1868) from August 2014 to June 2025; and (v) Technovator International Limited (Stock code: 1206) from September 2011 to June 2025, the shares of which are all listed on the main board of the Stock Exchange. He had been an independent non-executive director of each of China Dili Group (Previous stock code: 1387) and Haitong Securities Co., Ltd. (Previous stock code: 6837) prior to the delisting of its shares from the main board of the Stock Exchange in August 2024 and in March 2025, respectively. Dr. Fan is the Founding President of the Hong Kong Independent Non-Executive Director Association. The Securities and Futures Commission of Hong Kong has commenced legal proceedings in the Court of First Instance to seek disqualification and compensation orders against eight former directors of 3DG including Dr. Fan on 14 March 2025. For further details, please refer to the announcement of the Company dated 16 March 2025.

**ZHANG Honghai (張紅海)**, aged 65, is an executive Director. He was appointed as the executive Director on 18 May 2021. He is also the general manager of Shandong district of the Group, mainly responsible for management and operation of the tea sales in Shandong district. Mr. Zhang has been working with the Group since 1997 for various positions, including supervisor and vice general manager of Jinan branch of the Group, counsellor of north east district, counsellor of east China, general manager of first district of east China, vice general manager and general manager of tea department. From 1982 to 1996, Mr. Zhang worked with textile purchasing and supply station of Yantai, Shandong province mainly responsible for import and export of textile products.

### Non-executive Director

**TSENG Ming-Sung (曾明順)**, aged 69, is a non-executive Director. He was appointed as the non-executive Director on 31 August 2011. Mr. Tseng is also a member of the audit committee (the "Audit Committee") of the Company. Mr. Tseng is one of the founders of the Group and is responsible for advising on the overall corporate finance plans of the Group. Mr. Tseng has been the chief executive officer of 天心中醫醫院 (Ten Xin Traditional Chinese Medicine Hospital) since 1998. He has also been the chairman of the board of directors of 天心堂國際股份有限公司 (Ten Xin Company Limited) since 2022, a director of 天廬育樂事業股份有限公司 (Ten Lu Entertainment Co. Ltd.) and Ten Ren, since 2003 and 2022 respectively, and a supervisor (監察人) of 天福投資股份有限公司 (Ten Fu Investment Co. Ltd.) since 2014. Mr. Tseng has been the supervisor of 天仁茶藝文化基金會 (Ten Ren Tea Culture Foundation) since March 2021. He was a director of 天福投資股份有限公司 (Ten Fu Investment Co. Ltd.) from 2010 to 2014. Mr. Tseng obtained a bachelor's degree in mechanical engineering from Chung Yuan Christian University in Taiwan in 1979. As at the date of this annual report, Mr. Tseng was interested in 4,719,000 Shares.

## Directors and Senior Management

### Independent Non-executive Directors

**LO Wah Wai (盧華威)**, aged 62, is an independent non-executive Director. He was appointed as the independent non-executive Director on 31 August 2011. Mr. Lo is the chairman of the Audit Committee. He is also a member of the Nomination Committee, the Remuneration Committee and the ESG Committee. Mr. Lo holds a bachelor's degree in business administration from The Chinese University of Hong Kong and a master's degree in management science from New Jersey Institute of Technology in the United States. He is a practicing member of the Hong Kong Institute of Certified Public Accountants and is a member of the American Institute of Certified Public Accountants. Mr. Lo has more than 25 years' service experience in auditing and business consulting services, in which he had more than 7 years' experience in auditing and business consulting services in an international accounting firm (Deloitte Touche Tohmatsu), of which two years were spent in the United States. Save from serving as an incumbent director of BMI Consultants Limited, Mr. Lo is also an independent non-executive director of Soho Holly Futures Co., Ltd. (Stock code: 3678), the shares of which are listed on the main board of the Stock Exchange. Mr. Lo was an independent non-executive director of each of Shandong Xinhua Pharmaceutical Company Limited (Stock code: 719), the shares of which are listed on the main board of the Stock Exchange, from June 2018 to December 2023, and Chongqing Machinery & Electric Co., Ltd. (Stock code: 2722), the shares of which are listed on the main board of the Stock Exchange, from July 2007 to June 2025. He was also a non-executive director of DSS, Inc. (formerly known as Document Security Systems, Inc) (Stock code: DSS), a company listed on the New York Stock Exchange from April 2019 to April 2021.

**LEE Kwan Hung, Eddie (李均雄)**, aged 60, is an independent non-executive Director. He was appointed as the independent non-executive Director on 31 August 2011. Mr. Lee is the chairman of the Nomination Committee. He is also a member of the Audit Committee and the Remuneration Committee. Mr. Lee received his Bachelor of Laws (Honours) degree and Postgraduate Certificate in Laws from the University of Hong Kong in 1988 and 1989 respectively. He was then admitted as a solicitor in Hong Kong in 1991 and in the United Kingdom in 1997. Mr. Lee was a senior manager of the Listing Division of the Stock Exchange from 1993 to 1994 and was a partner of a famous law firm in Hong Kong from 2001 to 2011. He is currently a practicing lawyer, joined Howse Williams as a consultant on 1 July 2014 and serves as an independent non-executive director of various companies listed on the main board of the Stock Exchange, including Embry Holdings Limited; Newton Resources Ltd; FSE Lifestyle Services Limited (formerly known as FSE Engineering Holdings Limited and FSE Services Group Limited); and Ten Pao Group Holdings Limited. Mr. Lee was also an independent non-executive director of NetDragon Websoft Holdings Limited, Landsea Green Properties Co., Ltd. (formerly known as Landsea Green Group Co., Ltd.), Renze Harvest International Limited (formerly known as Glory Sun Financial Group Limited), Red Star Macalline Group Corporation Ltd. and China BlueChemical Ltd., the share of which are all listed on the main board of the Stock Exchange.

## Directors and Senior Management

**HUANG Wei (黃瑋)**, aged 57, is an independent non-executive Director. She was appointed as an independent non-executive Director on 18 May 2021. She is the chairman of the Remuneration Committee. She is also a member of the Audit Committee, the Nomination Committee and the ESG Committee. Dr. Huang is the founder and the managing director of Hong Kong Appraisal Advisory Limited and the general manager of Hong Kong branch of China United Assets Appraisal Group (中聯資產評估集團(香港分所)). Dr. Huang has more than 20 years' experience in the valuation industry including asset and business valuation. She is an Accredited Senior Appraiser of American Society of Appraisers (ASA), a Chartered Member of the Royal Institution of Chartered Surveyors (RICS) and a fellow member (FCPA) of Certified Practising Accountant Australia. Dr. Huang obtained her master degree with honors in mathematics from Sun Yat-sen University and doctorate degree in real estate economics from the University of Hong Kong. Dr. Huang is also the vice president and chairman of business valuation committee of the Hong Kong Independent Non-Executive Director Association, the founding member and senior advisor of HK Bio-Med Innotech Association, the panellist of HK Tech 300 Programme at City University of Hong Kong, the vice president of Hong Kong Association of Overseas-Returned Scholars Limited and the director of Chinese Financial Association of Hong Kong. Dr. Huang also serves as an independent non-executive director of Tianqi Lithium Corporation, the shares of which is listed on the main board of the Stock Exchange (Stock code: 9696) and the Shenzhen Stock Exchange (Stock code: SZ.002466). Dr. Huang was also an independent non-executive director of Beijing Capital Grand Limited, prior to the delisting of its shares on the main board of the Stock Exchange.

### SENIOR MANAGEMENT

**LEE Min-Zun (李銘仁)**, aged 61, is the Chief Financial Officer of the Company. Mr. Lee was an executive Director between 31 August 2011 and 27 August 2012. Mr. Lee is primarily responsible for the corporate finance operations and the overall financial and accounting affairs of the Group. He has over 15 years of finance experience. Before joining the Group, Mr. Lee was the assistant and deputy general manager of the corporate finance department of Ten Ren in 1999 and 2000, respectively and was responsible for its general financial affairs. Mr. Lee is a nephew of Mr. Lee Rie-Ho and a cousin of both Mr. Lee Kuo-Lin and Mr. Lee Chia Ling. He graduated from Northrop University in the United States with a master's degree in business administration in 1989.

**LEE Mao-Ling (李茂林)**, aged 64, is the Deputy General Manager of the General Administration Department of the Company. He is responsible for assisting in the overall corporate management and marketing planning and development of the Group. Between 1987 and 1995, he was the executive assistant to the chairman of 陸羽茶藝股份有限公司 (Lu Yu Tea Artcraft Co., Ltd.), and the director and assistant manager of the Enterprise Resources Planning Department and Business Development Department of Ten Ren respectively. Before joining the Group in 2001, Mr. Lee worked for 雅博股份有限公司 (Apex Medical Corp.) as manager of its Domestic Sales Division. Mr. Lee graduated from National Chung Hsing University in Taiwan in 1985, majoring in agricultural transportation and sales.

## Corporate Governance Report

**The Board is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 December 2025.**

### CORPORATE GOVERNANCE PRACTICES

The Group strives to maintain high standards of corporate governance to enhance shareholder's value and safeguard shareholder's interests. The Group's corporate governance practices emphasise the importance of a quality Board, effective internal controls and accountability to shareholders, which are based on the principles of good governance, code provisions and recommended best practices as set out in the Corporate Governance Code (as defined below). Corporate governance provides the framework within which the Board forms their decisions and build their businesses. The entire Board is focusing on creating long-term sustainable growth for shareholders and delivering long-term values to all stakeholders. An effective corporate governance structure allows the Company to have a better understanding of, evaluate and manage, risks and opportunities (including environmental and social risks and opportunities). The Board is responsible for effective governance and oversight of ESG matters, as well as assessment and management of material environmental and social risks.

During the year ended 31 December 2025, the Company has complied with the code provisions included in the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix C1 to the Listing Rules save for the deviation from Code Provision C.2.7 as set forth under the Corporate Governance Code as explained below.

According to Code Provision C.2.7 of the Corporate Governance Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. However, no meeting was held between Mr. Lee Rie-Ho, the chairman of the Board, and the independent non-executive Directors without the presence of other Directors for the year ended 31 December 2025, due to the health condition of the chairman of the Board, resulting in a deviation from Code Provision C.2.7 by the Company. Nonetheless, the Directors are of the view that, during the Company's board meetings, the independent non-executive Directors were able to communicate directly and effectively with each of the executive Directors, including the chairman of the Board, through alternative channels to present their personal views, opinions and suggestions. Hence, the Board considers that the above deviation does not affect the functioning or operations of the Board in any material aspects.

The Company reviews its corporate governance practices regularly to ensure compliance with the Corporate Governance Code.

### CORPORATE CULTURE

Tea, as one of the seven daily necessities (firewood, rice, oil, salt, sauce, vinegar and tea), has a history of more than 4,000 years, and is very common in ancient China. Chinese tea culture is broad and profound, and rich in human touch. Pondering over the question of "how to make the spread of Chinese tea culture more down to earth" and upholding the values of "worthiness, experience, and culture", the Group designs products paying attention to health, derivative products and services close to family life scenes, combined and cross-border/joint exhibitions of Tenfu's cultural and tourism projects and so forth to conduct new explorations on the way of disseminating tea culture, expecting to make more people fall in love with Chinese tea. The Group has been taking the dissemination of tea culture as its mission and integrated it into its products design, its business objectives and daily operations, insisting on promoting tea culture and upholding the Group's vision of "to take from tea, to use for tea and to benefit society (取之於茶，用之於茶，利之於社會)".

In line with the concept of “rooted in Fujian, spreading the fragrance throughout China, and spreading the tea to the world (根植福建、香傳全國、茗揚世界)”, the Group has been making contribution to the cultural development of both sides of the Taiwan Strait through both static and dynamic ways, allowing people to experience the charm of Chinese tea culture while promoting the business and products of the Group.

For more details about corporate culture and its synergy with the business operations of the Group, please refer to the ESG report of the Group for the year ended 31 December 2025 and the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” of this annual report.

### THE BOARD OF DIRECTORS

#### RESPONSIBILITIES

The Board is responsible for leadership and control of the Company and oversees the Group’s businesses, strategic decisions and performance. The Board has delegated to the Chief Executive Officer, of which the Directors also undertake, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged for appropriate insurance cover for Directors’ and officers’ liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

#### BOARD COMPOSITION

Membership of the Board is currently made up of nine members in total, with five executive Directors, one non-executive Director and three independent non-executive Directors.

The Company has complied with Rule 3.10A of the Listing Rules for the Board to have at least one-third of its membership comprising independent non-executive Directors. The composition of the Board during the year ended 31 December 2025 and up to the date of this annual report is set out below:

#### Executive Directors

Mr. LEE Rie-Ho	Chairman
Mr. LEE Chia Ling	Chief Executive Officer
Mr. LEE Kuo-Lin	Chief Operating Officer
Dr. FAN Ren Da, Anthony	
Mr. ZHANG Honghai	

#### Non-executive Director

Mr. TSENG Ming-Sung

## Corporate Governance Report

### Independent Non-executive Directors

Mr. LO Wah Wai

Mr. LEE Kwan Hung, Eddie

Dr. HUANG Wei

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Mr. Lee Rie-Ho, the chairman of the Board, is the father of Mr. Lee Chia Ling, the Chief Executive Officer, and Mr. Lee Kuo-Lin, an executive Director, and the uncle of Mr. Lee Min-Zun, the chief financial officer of the Company. The relationships among the members of the Board are disclosed under "Directors and Senior Management" on pages 26 to 29 of this annual report.

During the year ended 31 December 2025, the Board at all times complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the Listing Rules.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. All Directors diligently devote sufficient time and attention to the affairs of the Company and make contribution to the Company that are commensurate with their role and responsibilities.

The Company has established a mechanism to ensure that independent views and input are available to the Board. This is achieved by providing the Directors with access to external independent professional advice from legal advisers and auditors, as well as ensuring that all independent non-executive Directors attend every meeting of the Board and its relevant committees during the year ended 31 December 2025. The Board reviews the implementation and effectiveness of such mechanism on an annual basis.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals and have been clearly defined in writing.

The Chairman of the Board is Mr. Lee Rie-Ho and the Chief Executive Officer of the Company is Mr. Lee Chia Ling. The positions of Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balance of views and judgement. With the support of the senior management, the Chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Group's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems and internal procedures and processes for the Board's approval.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of our executive Directors and our non-executive Directors is engaged on a service contract, a letter of appointment in the case of each of our independent non-executive Directors, for a term of three years, and the appointment may be terminated by not less than three months' notice in writing.

In accordance with the Company's articles of association (the "Articles of Association"), all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy shall offer himself/herself for re-election by shareholders at the first general meeting after his/her appointment or in case as an addition to the Board, the new Director shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Nomination Committee established on 31 August 2011 is responsible for reviewing the Board composition, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive Directors.

The Board is collectively responsible for performing the corporate governance duties and formalised the inclusion of the following corporate governance duties into the terms of reference of the Board:

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

## Corporate Governance Report

### Nomination Committee and Diversity Policy

The Nomination Committee comprises four members, namely Mr. Lee Kwan Hung, Eddie (Chairman), Mr. Lee Kuo-Lin, Dr. Huang Wei and Mr. Lo Wah Wai, the majority of which are independent non-executive Directors.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board regularly, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors. In carrying out the responsibility for identifying suitably qualified candidates to become members of the Board, the Nomination Committee will give adequate consideration to the board diversity policy. The Nomination Committee is provided with sufficient resources to perform its duties. The Nomination Committee should seek independent professional advice to perform its responsibilities, when necessary, at the Company's expense.

In accordance with the Company's Articles of Association, one-third of the Directors, shall retire by rotation and the newly appointed Director (if any) in 2025 shall retire and being eligible, offer themselves for re-election at the next forthcoming annual general meeting and every Director shall be subject to retirement at the annual general meeting at least once every three years.

The Company's circular dated 9 April 2026 contains detailed information of the Directors standing for re-election.

The Nomination Committee reviewed the nomination policy and procedures, which includes the nomination procedures and process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year ended 31 December 2025. The nomination policy and procedures of the Company summarised below:

The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, there is a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board (including gender diversity) as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

- (a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the Audit Committee, the Remuneration Committee, the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board committees, if invited;
- (d) bringing a range of business and financial experience to the Board, giving the Board and any committees of the Company on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board/committee meetings;
- (e) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

- (f) ensuring the committees of the Company on which he or she serves to perform their powers and functions conferred on them by the Board; and
- (g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

The Nomination Committee as well as the Board also reviewed the implementation and effectiveness of the board diversity policy and the measurable objectives during the year ended 31 December 2025 and the gender diversity of the Board has been achieved upon the appointment of a new Director, namely, Dr. Huang Wei in 2021. The Board has adopted a board diversity policy setting out the approach to the diversity of members of the Board on 30 August 2013. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates of Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board. The Board has developed various measures in order to develop a pipeline of potential successors to the Board to achieve diversity (including gender diversity), including, among others, to monitor the staff performance and consider to promote those qualified to the Board; to take in the experienced suppliers, distributors and competitors; and to engage industry experts and professional service providers to bring in independent views to the Board. The Board anticipates more gender diversity in the Board, so the Board and the Nomination Committee will keep monitoring the applicable candidates and will take in more female Director(s) where appropriate. Additionally, the Board is pleased that the gender ratio of the Company in the workforce reflects the business demand and aligns with the industry norm, which is 1 male employee versus 2 or more female employees. The Company will continue to monitor the gender ratio and make the relevant adjustment if necessary to reflect further business development.

The Nomination Committee held 1 meeting during the year ended 31 December 2025 and the attendance records are set out below:

<b>Name of Director</b>	<b>Attendance/Number of Meetings</b>
Mr. LEE Kwan Hung, Eddie	1/1
Mr. LEE Kuo-Lin	1/1
Dr. HUANG Wei	1/1
Mr. LO Wah Wai	1/1

### INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary. Individual Directors also participated in the courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials.

## Corporate Governance Report

During the year ended 31 December 2025, all Directors are provided with the latest version of "A Guide on Directors' Duties" issued by the Companies Registry, "A Snapshot of INEDs' Roles and Responsibilities" issued by the Stock Exchange in November 2023, "Corporate Governance Guide for Boards and Directors" issued by the Stock Exchange in May 2025, consultation paper and consultation conclusions on the Review of Corporate Governance Code and Related Listing Rules issued by the Stock Exchange in June and December 2024, Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong), the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Director Training Programme as set out in the website of the Stock Exchange and other regulatory regime, the e-training for directors of companies listed on the Stock Exchange and Guidance for Boards and Directors.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2025 is as follows:

	<b>Type of continuous professional development programmes</b>
<b>Executive Directors</b>	
Mr. LEE Rie-Ho	1, 2, 3
Mr. LEE Chia Ling	1, 2, 3
Mr. LEE Kuo-Lin	1, 2, 3
Dr. FAN Ren Da, Anthony	1, 2, 3
Mr. ZHANG Honghai	1, 2, 3
<b>Non-executive Director</b>	
Mr. TSENG Ming-Sung	1, 2, 3
<b>Independent Non-executive Directors</b>	
Mr. LO Wah Wai	1, 2, 3
Mr. LEE Kwan Hung, Eddie	1, 2, 3
Dr. HUANG Wei	1, 2, 3

### Notes:

- 1. Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements.*
- 2. Internal group discussion on the updates relating to the latest development of the Listing Rules and other applicable regulatory requirements.*
- 3. Attending briefing sessions and/or seminars offered by external professionals and/or experts.*

## BOARD MEETINGS

### Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

All Directors would be given an opportunity to include matters in the agenda for regular board meetings.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

## Corporate Governance Report

In order to ensure the Directors can participate in board proceedings in a meaningful and effective manner, board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management, including the Chief Executive Officer and Chief Financial Officer, attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Company's Articles of Association contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### Directors' Attendance Records

During the year ended 31 December 2025, 4 regular Board meetings were held, including for reviewing and approving the annual results for the year ended 31 December 2024, the interim results for the six months ended 30 June 2025, and considering and approving the overall strategies and policies of the Group.

The attendance records of each Director at the Board meetings during the year ended 31 December 2025 are set out below:

<b>Name of Director</b>	<b>Attendance/Number of Meetings</b>
Mr. LEE Rie-Ho	4/4
Mr. LEE Chia Ling	4/4
Mr. LEE Kuo-Lin	4/4
Dr. FAN Ren Da, Anthony	4/4
Mr. ZHANG Honghai	4/4
Mr. TSENG Ming-Sung	4/4
Mr. LO Wah Wai	4/4
Mr. LEE Kwan Hung, Eddie	4/4
Dr. HUANG Wei	4/4

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules and devised its own code of conduct regarding Directors' dealings in the Company's securities (the "Company Code") on terms no less exacting than the Model Code.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code and the Company Code for the year ended 31 December 2025.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## Corporate Governance Report

### DELEGATION BY THE BOARD

The Board undertakes responsibility for decision making in major Group matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary of the Company (the “Company Secretary”), with a view to ensuring that Board procedures and all applicable laws and regulations are followed. The Company has established mechanism to ensure that each Director is normally able to seek independent professional advice, views and input in appropriate circumstances at the Company’s expense, upon making request to the Board. For the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of such mechanism.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

The Board has established four committees, namely, the Nomination Committee, the Remuneration Committee, the Audit Committee and the ESG Committee, for overseeing particular aspects of the Company’s affairs. All Board committees of the Company are established with defined written terms of reference which are available on the Stock Exchange’s website and the Company’s website.

The Board also has the full support of the Chief Executive Officer and the senior management for the discharge of its responsibilities.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2025 are set out in Note 37 to the Consolidated Financial Statements.

The biographies of the senior management are disclosed in the section headed “Directors and Senior Management” in this annual report. Remuneration paid to the executive Directors and senior management for the year ended 31 December 2025 is within the following bands:

	Number of individuals	
	2025	2024
Nil – RMB500,000	1	1
RMB500,001 – RMB1,000,000	4	6
RMB1,000,001 – RMB1,500,000	2	–

### REMUNERATION COMMITTEE

The Remuneration Committee comprises five members, namely, Dr. Huang Wei (Chairman), Mr. Lee Rie-Ho, Mr. Lo Wah Wai, Mr. Lee Kwan Hung, Eddie and Mr. Lee Chia Ling, the majority of which are independent non-executive Directors.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The Remuneration Committee has adopted the model as described in the Corporate Governance Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including salaries, bonuses, pension rights, compensation payments and benefits in kind. The Remuneration Committee also reviews and approves the management's remuneration proposals with reference to the Board's corporate goals and objectives. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions. The Remuneration Committee will also review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee is provided with sufficient resources to perform its duties.

The Remuneration Committee has determined the remuneration policy and structure of the Group, and the remuneration packages of the executive Directors and the senior management, assessed performance of executive Directors, as well as approved the terms of executive Directors' service contracts, during the year ended 31 December 2025.

The Remuneration Committee held 1 meeting during the year ended 31 December 2025 and the attendance records are set out below:

<b>Name of Director</b>	<b>Attendance/Number of Meetings</b>
Dr. HUNAG Wei	1/1
Mr. LEE Rie-Ho	1/1
Mr. LO Wah Wai	1/1
Mr. LEE Kwan Hung, Eddie	1/1
Mr. LEE Chia Ling	1/1

### ACCOUNTABILITY AND AUDIT

#### DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2025.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

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

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROL

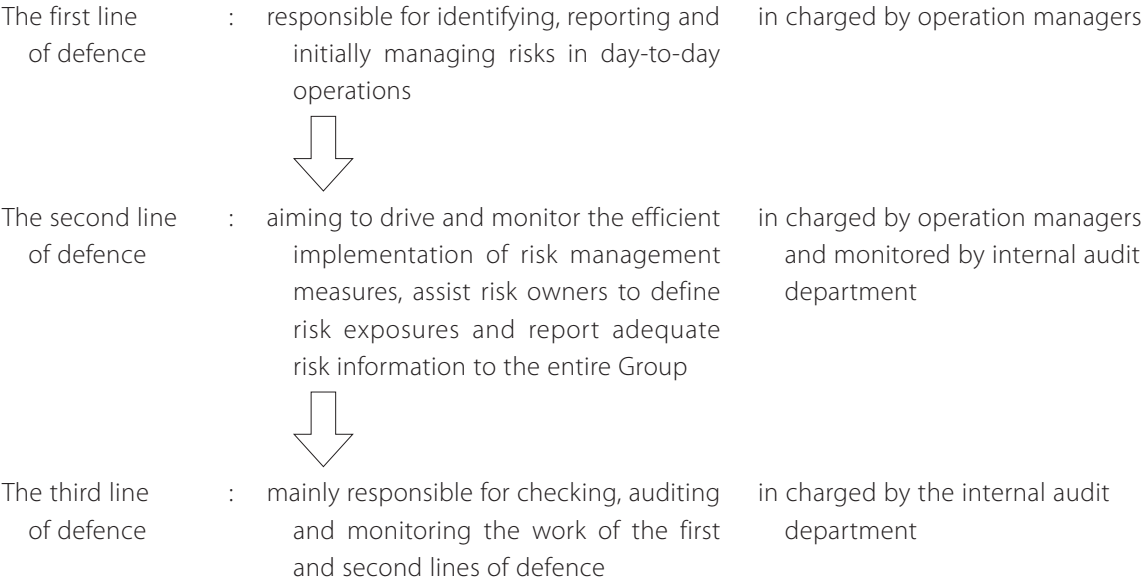
### Responsibility of the Board

The Board acknowledges that it is the responsibility of the Board for ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems and reviewing the effectiveness of such systems on an annual basis. Such risks would include, amongst others, material risks relating to ESG. The Board is also aware of the fact that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.

### The Risk Management and Internal Control Systems

The Group adopted the three lines of defence model in the management of risk (including ESG risks). Operational management forms the core of the first line of defence as they contact with the risk sources in the first place. They are responsible for identifying, reporting and preliminarily managing risks in their daily operations. Our second line of defence is aimed to facilitate and monitor the implementation of effective risk management practices by operational management and assists risk owners in defining risk exposures and reporting adequate risk-related information throughout the Group. Our internal audit function is the core of the third line of defence and mainly responsible for checking, auditing and monitoring the work performed by the first and second lines of defence.

“Three Lines of Defence” model



## Corporate Governance Report

The Group's risks (including ESG risks) are identified from business processes in our established enterprise-wide risk assessment methodologies. We select key participants across the Group who are involved in each of the business process as interviewees to identify the risks to form our risk universe. Each risk within the risk universe is assessed in terms of likelihood of occurrence and the significance of impact, taken into account the current internal controls in place to mitigate these risks. The risk assessment results are reported to senior management and the Board for the confirmation of our risk response strategies, based on their preferences towards risk, the available resources for risk mitigation, and the current controls in place.

The Group's internal control system is based on Internal Control – Integrated Framework of the Committee of Sponsoring Organisations of the Treadway Commission, and has five components, namely Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The system intends to facilitate the design and functioning of good control practices and reduce the likelihood and impact of risks to an acceptably low level, in order for us to achieve our objectives in operations, reporting, and compliance.

Any material internal control defects identified are timely communicated and carefully evaluated for their potential impacts. The departments or functions who are owners of these controls, are required to propose corrective measures and obtain approval from management before implementation. The implementation status is monitored by both management and the internal audit function to ensure these control defects are properly resolved in a timely manner. The Group has also established policies and procedures for the handling and dissemination of inside information. The information to be disclosed should be properly reviewed and approved by our compliance functions and management to ensure its appropriateness and accuracy, and is closely monitored after disclosure. The Group plans to use its best endeavour to continuously refine our internal control system whenever necessary.

### Internal Audit Function

The Group's internal audit department plays a major role in the monitoring of the Group's internal governance processes. The major tasks of the department include providing reasonable assurance on the effectiveness of the Group's governance, risk management and internal controls in areas of operations, safeguarding of assets, reporting, and compliance, and conducting risk-based audits of all branches and subsidiaries of the Group on a regular basis with recommended action plans to audit findings. The department also provides consulting services in risk management and internal control related issues within the Group.

### Review of the Effectiveness and Adequacy of Our Systems

We prepare and submit reports to the Board in risk and control related issues at least annually, detailing our risk management activities, the overall risk exposures, prioritisation of risks based on risk assessment results and management's risk preferences with a careful evaluation of the current internal control systems and availability of resources. The Board reviews the reasonableness of reports and representations from management and makes sufficient enquiries whenever they feel necessary, before reaching their conclusions.

During the year ended 31 December 2025, the Board has conducted a review of the effectiveness of the Group's risk management and internal control systems with the application of the above review process, and considered our risk management and internal control systems effective and adequate in all material aspects in both design and operations.

## Corporate Governance Report

### AUDIT COMMITTEE

The Audit Committee comprises four members, namely, Mr. Lo Wah Wai (Chairman), Mr. Tseng Ming-Sung, Dr. Huang Wei and Mr. Lee Kwan Hung, Eddie, the majority of which are independent non-executive Directors and of which one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise.

The main duties of the Audit Committee include the following:

- To review the consolidated financial statements and reports and consider any significant or unusual items raised by the internal auditor or external auditor before submission to the Board;
- To review the relationship with the external auditor by reference to the work performed by the external auditor, its fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and
- To review the adequacy and effectiveness of the Group's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee oversees the internal control and risk management systems of the Group, reports to the Board on any material issues, and makes recommendations to the Board. The Audit Committee is provided with sufficient resources to perform its duties.

The whistleblowing policy has been implemented for employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Group to raise concerns, in confidence and anonymity. The Audit Committee has overall responsibility for monitoring and reviewing the operation of such policy and any recommendations for action resulting from investigation into complaints. The Company also implemented anti-corruption policy to comply with the Corporate Governance Code.

During the year ended 31 December 2025, the Audit Committee discussed with the management of the Company and reviewed the internal controls, risk management and financial reporting matters, and reviewed the accounting principles and practices adopted by the Group and the effectiveness of the Group's internal audit function, internal control and risk management systems. The Audit Committee also met with the external auditor twice and reviewed the annual and interim reports of the Company.

The Audit Committee held 2 meetings during the year ended 31 December 2025 and the attendance records are set out below:

<b>Name of Director</b>	<b>Attendance/Number of Meetings</b>
Mr. LO Wah Wai	2/2
Mr. TSENG Ming-Sung	2/2
Dr. HUANG Wei	2/2
Mr. LEE Kwan Hung, Eddie	2/2

### EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external independent auditor of the Company about its reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on page 78. There was no change in the auditor of the Company in any of the preceding three years.

During the year ended 31 December 2025, the remuneration paid/payable to the Company's external auditor, PricewaterhouseCoopers, is set out below:

<b>Service Category</b>	<b>Amount (RMB '000)</b>
Annual audit services	1,800
Non-audit services	
– Interim review services	800
– Other non-audit services	755
– Total	3,355

*Note: the amount for other non-audit services mainly represented the professional fee payable by the Group for the services related to tax consultation.*

### ESG COMMITTEE

The ESG Committee is delegated by the Board to exercise its specific rights within the ambit of the terms of reference dated 10 May 2024. On 10 May 2024, the Board of the Company established the ESG Committee. The ESG Committee comprised Dr. Fan Ren Da, Anthony (Chairman), Mr. Lo Wah Wai, Dr. Huang Wei and Mr. Lee Chia Ling.

The main duties and responsibilities of the ESG Committee is to review and assess the governance objectives of the Company, management structure and management policies on ESG matters, to identify and assess the ESG risks and opportunities of the Company and to review and approve the annual ESG report of the Company. During the year ended 31 December 2025, the major work of the ESG Committee was to review the annual ESG report and make recommendations to the Board.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. The Company will continue to maintain an on-going dialogue with the shareholders and will review the shareholders' communication policy regularly to ensure its effectiveness. Information will be communicated to the shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as the announcements submitted through the Stock Exchange.

## Corporate Governance Report

The general meetings of the Company provide a forum for communication between the Board and the shareholders and face-to-face dialogue with the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at the shareholders' meetings. The Company also arrange to address questions from shareholders in the general meetings.

The Chairman of the Board, members of the Board and external auditor of the Company attended the 2025 annual general meeting of the Company ("AGM") held on 9 May 2025. The attendance record of the Directors at the AGM is set out below:

<b>Name of Director</b>	<b>AGM Attendance/ Number of Meetings</b>
Mr. LEE Rie-Ho	1/1
Mr. LEE Chia Ling	1/1
Mr. LEE Kuo-Lin	1/1
Dr. FAN Ren Da, Anthony	1/1
Mr. ZHANG Honghai	1/1
Mr. TSENG Ming-Sung	1/1
Mr. LO Wah Wai	1/1
Mr. LEE Kwan Hung, Eddie	1/1
Dr. HUANG Wei	1/1

The external auditor of the Company also attended the 2025 AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

The 2026 AGM will be held on 11 May 2026 (Monday). The notice of AGM will be published on the websites of the Stock Exchange and the Company and/or sent to the shareholders of the Company upon request at least 21 clear days before the AGM.

To promote effective communication, the Company maintains a website at [www.tenfu.com](http://www.tenfu.com), where up-to-date information and updates on the Group's business operations and developments, financial information, corporate governance practices and other information are posted and are available for public access.

Additionally, the shareholders are encouraged to (i) participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalves if they are unable to attend the meetings; (ii) attend shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan, products and services will be communicated; and (iii) provide, amongst other things, in particular, their emails addresses to the Company in order to facilitate timely and effective communications.

For the year ended 31 December 2025, the Board reviewed implementation and effectiveness of the shareholders' communication policy conducted during the year.

In addition, there was no significant change in the Company's constitutional documents during the year ended 31 December 2025.

### SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at shareholders' meetings, including the election of individual directors.

All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and the Articles of Association and the poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

#### **Procedures for shareholders to convene an extraordinary general meeting ("EGM") (including making proposals/moving a resolution at the EGM)**

- Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.
- The Eligible Shareholder(s) who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at 11/F, No. 88 Lockhart Road, Wan Chai, Hong Kong, for the attention of the Company Secretary.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Hong Kong branch share registrar of the Company. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.
- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Company's Articles of Association, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

## Corporate Governance Report

### Company Secretary

The Company engaged Ms. Leung Shui Bing, a manager of the Listing Services Department of TMF Hong Kong Limited, as its Company Secretary for the year ended 31 December 2025. Her primary corporate contact person at the Company is Mr. Lee Min-Zun, the Chief Financial Officer.

In compliance with Rule 3.29 of the Listing Rules, Ms. Leung has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2025.

## Report of the Board of Directors

The Directors are pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2025 of the Group.

### MAJOR BUSINESS

The Company is a PRC-based company that engaged in the sale and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The analysis of the revenue of the Group for the year ended 31 December 2025 is set out in Note 5 to the Consolidated Financial Statements.

### FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Comprehensive Income. The financial position as at 31 December 2025 of the Group is set out in the Consolidated Balance Sheet. The cash flow position of the Group during the year ended 31 December 2025 is set out in the Consolidated Cash Flow Statement.

### BUSINESS REVIEW AND OUTLOOK

The business review and outlook of the Group for the year ended 31 December 2025 is set out in the section headed "Management Discussion and Analysis" of this annual report.

### FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators of the Group for the year for ended 31 December 2025 are set out in the section headed "Financial Highlights" of this annual report.

### COMPLIANCE WITH LAWS AND REGULATIONS AND ENVIRONMENTAL POLICIES

During the year ended 31 December 2025, the Group had been in compliance with the relevant laws and regulations applicable to the Group, including Food Safety Law, Product Quality Law, Consumer Protection Law, Trademark Law, Patent Law, Environmental Protection Law and Labour Contract Law of the PRC, etc. The Group paid high attention on food safety and conducted various quality inspection and testing procedures during the Group's production process, to ensure compliance with applicable quality requirements promulgated by the relevant authorities. In October 2015, the Group got the qualification certification for its egg roll and candy production line and related auxiliary areas, reaching the consolidated standards for prerequisite and food safety programs of American Institute of Baking. Tea mooncakes of the Group have obtained the titles of "high quality mooncakes" and "China mooncakes" of China Mooncakes Culture Festival since 2012 for eight consecutive years. The Group has also added the anti-counterfeiting labels to the products to enhance the quality control. The Company was listed in the list of each of "Leading Tea Enterprises for Comprehensive Strength 2023 (2023年度綜合實力引領茶企業)" and "Key Tea Enterprises 2023 (2023年度重點茶企)" by China Tea Marketing Association. The Company was also granted the award of Exemplary Enterprise of Integrity in Product and Service Quality (全國產品和服務質量誠信示範企業) and National Consumer Quality and Reputation Guarantee Products (全國消費者質量信譽保障產品) by China Association for Quality Inspection.

For further information about the Group's environmental (including climate-related) policies and performances and compliance with applicable laws and regulations, please refer to the ESG Report to be issued by the Company separately pursuant to Rule 13.91 and Appendix C2 to the Listing Rules. The above sections form part of this Report of the Board of Directors.

## Report of the Board of Directors

### RELATIONSHIP WITH STAKEHOLDERS

For the year ended 31 December 2025, coping with the external and internal uncertainties and changes, the Group gained valuable experience, which will help the Group to face and overcome challenges of the future. The Group strongly believes that the effective engagement and continuous support of stakeholders play a pivotal role in its long-term development. Therefore, the Group has been actively communicating with the core stakeholders, building diversified and smooth communication channels, and encouraging them to monitor the implementation of the Group's ESG management strategy and express their opinions and advice on sustainable performance and future development strategy. The Group's stakeholders come from different categories and levels, including shareholders and investors, governments and regulators, customers, partners, industries, employees, communities and the environment etc.. For details about the expectations and communication mechanism with the stakeholders, please refer to the ESG Report to be issued by the Company separately pursuant to Rule 13.91 and Appendix C2 to the Listing Rules.

### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the principal risks and uncertainties identified by the Group. There may be other risks particularly, in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

## Report of the Board of Directors

### Key risks and uncertainties

### Analysis

### Mitigating measures

Macro-economic risk:

- | Key risks and uncertainties   | Analysis   | Mitigating measures   |
|---|--|---|
| <p>1. The global economy remains in a stage of “low growth and high volatility,” with further slowdowns in major economies, persistent trade protectionism and regionalization of industrial chains, and geopolitical conflicts (such as the situation in the Middle East and tensions in the Taiwan Strait) exacerbating external uncertainties. The deepening of technological and trade restrictions by the United States against China keeps export pressures high. Debt crises in some emerging markets are spreading, cross-border capital flows are frequent, and the risk of exchange rate fluctuations is rising.</p> <p>2. The domestic economy is experiencing a weak recovery with prominent structural issues. The property market adjustment is yet to complete, local debt resolution is still progressing, the domestic demand recovery is relatively weak, and consumer confidence is insufficient. Deflationary expectations coexist with employment pressure, residents have a strong propensity to save, and consumption is showing a stratification: high-end consumption is stable, while mass consumption is trending towards rationality. Corporate profitability is generally under pressure, particularly in traditional retail and service industries, which are facing multiple cost pressures.</p> | <p>1. Although inflation has eased in Europe and the United States, interest rates remain high, global liquidity continues to tighten, and there is a clear trend of order diversion in external demand. The United States policy towards China remains unyielding after the election, with the acceleration of manufacturing reshoring and “friendshoring,” putting pressure on China’s export share. Geopolitical conflicts are driving volatility in energy and commodity prices, leading to the coexistence of imported inflation risks and supply chain disruption risks.</p> <p>2. The wealth effect from the property and stock markets has weakened, leading consumers to become more rational and pragmatic in their spending, with tea consumption shifting towards daily health drinking. Competition in online channels is fierce, with high traffic costs. The traditional tea industry faces challenges of brand aging and a disconnection with consumer demographics. Labor and rental costs continue to rise, making it difficult to improve store operating efficiency.</p> | <p>Implement precise cost reduction and efficiency enhancement measures, deepen the cost management system. While increasing revenue remains challenging, we will spare no effort in executing cost savings:</p> <p>1. Deepen Cost and Efficiency Management: Promote comprehensive budgeting and dynamic cost monitoring, strengthen supply chain collaboration and centralized procurement, and enhance resource utilization efficiency. Effectively control store expansion costs through budget evaluation, adhere to an asset-light model, and integrate sales with tea space functionality in stores. Lower investment thresholds and operating costs by streamlining manpower, renovation, and inventory, thereby effectively controlling risks and boosting profitability confidence. Concurrently, optimize site selection, adjust underperforming stores, and enhance information technology and training to continuously drive cost savings.</p> <p>2. Accelerate Digital Transformation and Technology Empowerment: Introduce AI and big data tools to optimize supply chain forecasting, inventory management, and customer insights, improving decision-making accuracy. Simultaneously, optimize workflows, allocate personnel rationally, increase technology empowerment to enhance staff work efficiency, reduce manual intervention and errors, and lower operating costs.</p> |

# Report of the Board of Directors

**Key risks and uncertainties**

**Analysis**

**Mitigating measures**

3. Deepen Digital Marketing, Optimize the Tea Space Experience, and Explore New Business Growth: Continuously cultivate local life platforms such as Xiaohongshu, Meituan, and Dianping to strengthen word-of-mouth communication; increase investment in content and live streaming on Douyin and video channels to promote regular product seeding. Build private traffic through WeChat communities to enhance repurchase rates and customer loyalty; create thematic and scenario-based tea spaces to enrich the immersive experience; and expand innovative business models such as “tea tourism integration” and “corporate tea gift customization.”

## Report of the Board of Directors

Key risks and uncertainties	Analysis	Mitigating measures
<p>Industry Risks:</p> <ol style="list-style-type: none"> <li>1. Market Risks: Ongoing pressure on physical store channels, intensified competition due to low industry concentration, serious brand and product homogenization, and rising customer acquisition costs.</li> <li>2. Operational Risks: Insufficient standardization in the supply chain, rising logistics and warehousing costs, difficulty in forecasting market demand, and reduced inventory turnover rate.</li> <li>3. Consumption Risks: Continued downgrading and rationalization of consumption, with consumers focusing more on cost-performance ratio.</li> </ol>	<ol style="list-style-type: none"> <li>1. The macroeconomic recovery is slow, with growth in disposable income slowing down. Resident consumption intentions remain conservative, leading to a decline in demand for the financial and gifting attributes of high-priced tea.</li> <li>2. While the industry faces overcapacity issues, forecasting market demand is difficult, which can easily result in inventory overhang. Simultaneously, intense price wars and homogenized competition among brands persist, with disorderly competition among small and medium-sized tea enterprises.</li> <li>3. Tea enterprises have not deeply explored the needs of the silver economy and younger consumers. Most tea companies lag in developing age-friendly products and packaging design. Functional teas lack authoritative testing and standard specifications, which may lead to supply-demand mismatches and trust risks.</li> </ol>	<ol style="list-style-type: none"> <li>1. In response to consumer market risks: We will shift our product strategy from “price stratification” to “segmentation by scenario and identity”. Based on the existing product lines, we will develop scenario-based products, upgrading the value proposition from “cost-performance ratio” to “emotional value-for-money” and “aesthetic value-for-money”, thereby strengthening emotional and design values and achieving brand differentiation and innovation. In terms of marketing channels, on the basis of traditional e-commerce and live streaming, we will strengthen the development of tea culture content. Through activities such as R&amp;D personnel interacting in stores and tea mountain study tours as part of tea-tourism integration, we will boost brand influence. In private domain operations, we will refine the membership system and community operations, accumulating users in our private traffic pool to enhance loyalty and repurchase rates, and reduce reliance on external platforms.</li> <li>2. In response to operational risks: We will introduce a smart supply chain system. By leveraging information-based inventory management and big data analytics, we will achieve accurate demand forecasting and inventory optimization, reducing the risks of overstocking and stockouts.</li> </ol>

## Report of the Board of Directors

Key risks and uncertainties	Analysis	Mitigating measures
<p>Food safety risks:</p> <p>Tea Quality and Safety: Pesticide residue issues, raw material supply and contamination risks, production process control, and emerging contaminants.</p>	<ol style="list-style-type: none"> <li>1. Tea raw materials are subject to the dual influence of natural factors and cultivation models, making it difficult to ensure a stable supply and uniform quality of raw materials.</li> <li>2. Enterprises may have insufficient detection capabilities and awareness to address emerging risks, and quality control during the production process directly affects the quality and safety of tea.</li> <li>3. Consumer awareness of rights protection and demands for information transparency have significantly increased, placing higher requirements on enterprises' response speed and traceability capabilities.</li> </ol>	<ol style="list-style-type: none"> <li>1. We pay close attention to the latest national food safety regulations, conduct comprehensive food safety testing, and actively promote the "one product, one code" anti-counterfeiting traceability system for each product. This enhances information transparency, satisfies consumers' right to know, and translates complex quality information into an easily perceptible trust experience, directly addressing concerns regarding rights protection.</li> <li>2. We will advance the green ecological development of the Company's tea plantations and refine the quality testing system to ensure the safety of raw materials at the source. Building on this foundation, we will also improve the quality testing system covering the entire chain, strengthen quality testing of raw materials, semi-finished products, and finished products, and strictly implement the systems for incoming inspection, in-process inspection, and outgoing inspection to ensure that product quality and safety remain under control at all times.</li> </ol>

## Report of the Board of Directors

Key risks and uncertainties	Analysis	Mitigating measures
<p>Customer relationship management:</p> <ol style="list-style-type: none"> <li>Risks related to customer data, experience, communication, loyalty maintenance, and staff's management of customers.</li> <li>The maintenance of relationships with suppliers and tea farmers is particularly important.</li> </ol>	<ol style="list-style-type: none"> <li><b>Customer Relationship Deepening Risks:</b> Underutilization of customer data, weak personalized experiences, declining effectiveness of traditional communication methods, and challenges to membership loyalty.</li> <li><b>Supply Chain Resilience Risks:</b> Insufficient relationship maintenance with suppliers and tea farmers, resulting in poor supply chain stability and exposure to risks of price fluctuation, quality inconsistency, and potential disruption.</li> </ol>	<ol style="list-style-type: none"> <li><b>Data-Driven Panoramic Membership Operations:</b> Integrate member data to build customer profiles. On this basis, upgrade the Tenfu membership system by offering exclusive products and tea tourism experiences to high-value members, thereby enhancing customer stickiness.</li> <li><b>Personalized Targeted Communication and Service:</b> Conduct in-depth analysis of member preferences and behavioral data to achieve two key areas of precision: <ol style="list-style-type: none"> <li><b>Targeted Recommendations:</b> Based on taste preferences and purchase history, push personalized tea product recommendations and customized services (such as exclusive tea gifts).</li> <li><b>Targeted Interactions:</b> Based on customer segmentation (e.g., interest communities, consumption stages), deliver customized content and activities through dedicated customer service representatives and touchpoints, while continuously collecting feedback to optimize products and services.</li> </ol> </li> <li><b>Build a Strategic Supply Chain Ecosystem:</b> Establish deeply embedded partnerships, collaborating with high-quality suppliers to jointly develop green cultivation practices and process improvements, thereby securing long-term quality and supply stability at the source.</li> </ol>

## Report of the Board of Directors

Key risks and uncertainties	Analysis	Mitigating measures
<p>Marketing risks:</p> <ol style="list-style-type: none"> <li>1. Dilution of Offline Scenario Value: The appeal of the mere selling function has declined.</li> <li>2. Bottleneck in Online Traffic Efficiency: Trapped in a predicament of rising traffic costs and low conversion rates.</li> <li>3. Imbalance between Price and Value: Facing the dilemma of “no sales without price cuts, yet price cuts damage the brand.”</li> <li>4. Homogenization of Products and Marketing: The product line is “comprehensive and all-encompassing” but lacks standout bestsellers.</li> </ol>	<ol style="list-style-type: none"> <li>1. Traditional offline stores face the dilemma of “difficulty in attracting customers” due to high rental and labor costs, customer diversion (to community stores and new-style Chinese tea houses), and homogenized experiences. The traditional “sit-back-and-wait” business model has failed to transform stores from mere “sales terminals” into core hubs for “brand experience and relationship deepening.”</li> <li>2. If online operations remain stuck in the mindset of “shelf e-commerce” or simple product promotion, lacking the ability to create content and engage in deep user interaction, they will encounter the predicament of high customer acquisition costs and low stickiness. The required expertise in content and operations has increased, making brand self-broadcasting capabilities crucial.</li> </ol>	<ol style="list-style-type: none"> <li>1. Promote the Transformation Towards “Experiential and Community-Oriented Offline Stores” – Create Tea Experience Spaces: Upgrade some standard stores into “Tea Experience Spaces” to strengthen functions such as experiencing, tasting, tea art instruction, and small-scale cultural salons, serving as offline anchors for Tenfu’s brand culture.</li> <li>2. Deepen Local Engagement – Cooperate with Meituan/Dianping and Local Lifestyle KOLs (Key Opinion Leaders): Launch experiential products such as “Themed Tasting Sets” and “Afternoon Shenshi Tea,” accurately directing online traffic to physical stores. This creates a closed loop from “online traffic generation” to “offline customer retention” through online traffic, offline experience, and transaction completion.</li> <li>3. Innovate Event Formats and Content: Organize themed activities and launch featured products and events based on different seasons to attract customers to visit stores at various times. Simultaneously, conduct member-exclusive events to enhance members’ sense of belonging and loyalty, encouraging their continuous consumption.</li> </ol>

## Report of the Board of Directors

### Key risks and uncertainties

### Analysis

### Mitigating measures

3. If a brand fails to effectively convey added value such as quality, culture, and experience to consumers, coupled with continuously rising raw material and operating costs and increased consumer price sensitivity, the market can easily fall into a “price war.” This makes it difficult to achieve brand premium and leads to reduced profits.
  4. Tea brands often have insufficient insight into specific needs of core target customer groups (such as young white-collar workers and seasoned tea enthusiasts). Consequently, product development and marketing fail to create unique brand memory points and competitive barriers, making it difficult to stimulate consumers’ unique purchase intentions and brand loyalty.
4. Upgrade “Brand Self-Broadcasting + Content” and Deepen Online Presence: Establish a professional in-house broadcasting team to create a “mobile brand live-streaming studio.” Enhance professional trust through content such as process demonstrations and visits to tea origins. Meanwhile, build a matrix of short videos centered around tea knowledge and lifestyle aesthetics to attract potential customers based on interests, completing the path from content cultivation to sales conversion.
  5. Deepen Tea-Tourism Integration: Integrate in-depth learning, process experience, origin tasting, tourism, and leisure through “Tea Mountain Tours” study programs. Construct an integrated experience of “learning while traveling, shopping while learning,” achieving an extension of sales from traditional stores to the origin scenario.

## Report of the Board of Directors

### SHARE CAPITAL AND CAPITAL STRUCTURE

As at 31 December 2025, the authorised share capital of the Company was HK\$800,000,000 divided into 8,000,000,000 ordinary Shares of par value of HK\$0.1 each (the “Ordinary Shares”) and the issued share capital of the Company was HK\$108,295,446 divided into 1,082,954,460 Shares. The share capital of the Company only comprised the Ordinary Shares. The changes in the share capital of the Company during the year ended 31 December 2025 are set out in Note 16 to the Consolidated Financial Statements.

### FINAL DIVIDEND

At the Board meeting held on 16 March 2026 (Monday), it was proposed that a final dividend of HKD0.09 per ordinary share (equivalent to RMB0.08 per ordinary share) be paid on or after 26 May 2026 to the shareholders of the Company (the “Shareholders”) whose names appear on the Company’s register of members on 20 May 2026 (Wednesday). The proposed final dividend is subject to approval by the Shareholders at the annual general meeting of the Company (the “Annual General Meeting”) to be held on 11 May 2026 (Monday).

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

As at the date of this annual report, there are no treasury Shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

### CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 6 May 2026 (Wednesday) to 11 May 2026 (Monday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 5 May 2026 (Tuesday). The record date for determining the entitlement to attend and vote at the Annual General Meeting is 11 May 2026 (Monday).

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 15 May 2026 (Friday) to 20 May 2026 (Wednesday), during which no transfer of shares will be registered. In order to qualify for receiving the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 14 May 2026 (Thursday). The record date for determining the entitlement to the proposed final dividend is 20 May 2026 (Wednesday).

### RESERVES

Details of the changes in reserves of the Group during the year ended 31 December 2025 are set out in Note 17 to the Consolidated Financial Statements.

### DISTRIBUTABLE RESERVES

Under the Companies Act of the Cayman Islands, the share premium of the Company is available for distribution of dividends to the Shareholders subject to the provisions of the Articles of Association, with the sanction of an ordinary resolution, dividend may be declared and paid out of share premium account of any other fund or account which can be authorised for this propose. As at 31 December 2025, the Company had distributable reserve amounting to approximately RMB96,974,000.

### DIVIDEND POLICY

The Board may declare dividends in the future after taking into account the Group's financial and business conditions, earnings, capital requirements and other factors as it may deem relevant at such time. Any declaration and payment, as well as the amount, of dividends will be subject to the requirements of the constitutional documents and the Companies Act. The Shareholders in general meeting must approve any declaration of dividends, which may not exceed the amount recommended by the Board. In addition, the Directors may from time to time pay such interim dividends as appear to the Board to be justified by the Group's profits, or special dividends of such amounts and on such dates as they think fit. No dividend shall be declared or payable except out of the Group's profits and reserves lawfully available for distribution.

Future dividends payments will also depend upon the availability of dividends received from the subsidiaries of the Company in the PRC. PRC laws require that dividends be paid only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of the Company's PRC subsidiaries is required to set aside at least 10% of its after-tax profit under PRC accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. These reserves are not available for distribution as cash dividends.

Subject to the considerations and constraints above, the Company currently intend to distribute as dividends to all the Shareholders not less than 20% of the Group's consolidated net profit after tax in respect of each financial year.

### PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note 6 to the Consolidated Financial Statements.

### MAJOR CUSTOMERS AND SUPPLIERS

The Company always maintains good relationship with customers and suppliers.

During the year ended 31 December 2025, the aggregate percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 17.8% of the Group's total purchase and the purchases from the largest supplier included therein accounted for approximately 6.9%. The Group selects suppliers carefully to ensure the quality of raw materials and packaging materials through maintaining appraisal records for suppliers and grading them on a declining scale according to the quality of material supplied, price, ability to meet demand and punctuality of delivery time.

During the year ended 31 December 2025, the percentage of revenue attributable to the Group's five largest customers accounted for approximately 1.5% of the Group's total revenue and the sales to the largest customer included therein accounted for approximately 0.5%. The credit terms granted to the top five customers are in line with those granted to other customers. The top five customers made subsequently settlement of trade receivables within the credit term. The Company has historically depended on sales to the third-party retailers, and third-party retailers are expected to remain important in sales network. If the third-party retailers are not able to operate successfully or the Company fails to maintain good relationships with such parties, the business, financial condition and results of operations of the Company could be materially and adversely affected. Since 2008, the Company has acquired a number of retail outlets and retail points from third-party retailers and operated the self-owned retail outlets and retail points. In order to keep good customer services, the Group maintains a customer service hotline to handle general service inquiries and ensure a timely response to all customer concerns. The Group's internal policy requires that all complaints be reported and resolved promptly. If a complaint is not resolved during the call, the customer service representative is required to timely report such complaint to the local sales office which covers the region where the complaining customer is located. For the year ended 31 December 2025, the Group did not incur any material costs in relation to these complaints and there had not been any material product recall.

## Report of the Board of Directors

Except Samoa Group (defined as below) which is directly wholly-owned by Mr. Lee Chia Ling, a substantial shareholder and a Director, and Lu Yu (defined as below) which is indirectly held as to 83.75% by Ms. Zhou Nannan, the spouse of Mr. Lee Chia Ling (a substantial shareholder of the Company and a Director), 10% by Mr. Tsai Shan Jen, the cousin of Mr. Lee Chia Ling (a substantial shareholder of the Company and a Director), and 6.25% by Mr. Lee Rie-Ho (a substantial shareholder of the Company and a Director), respectively, are among the Group's five largest suppliers, none of the Directors or his/her associates and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the above-mentioned suppliers and customers.

### BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in Note 20 to the Consolidated Financial Statements.

### DIRECTORS

The Directors in office during the year ended 31 December 2025 and as at the date of this annual report are as follows:

#### Executive Directors

Mr. LEE Rie-Ho  
Mr. LEE Chia Ling  
Mr. LEE Kuo-Lin  
Dr. FAN Ren Da, Anthony  
Mr. ZHANG Honghai

#### Non-executive Director

Mr. TSENG Ming-Sung

#### Independent Non-executive Directors

Mr. LO Wah Wai  
Mr. LEE Kwan Hung, Eddie  
Dr. HUANG Wei

Details of the resume of the Directors and senior management are set forth in the section headed "Directors and Senior Management" of this annual report.

The remuneration of each Director and the chief executive of the Company for the year ended 31 December 2025 is set out in Note 37 to the Consolidated Financial Statements.

In accordance with article 84(1) of the Articles of Association, Mr. Lee Chia Ling, Mr. Lo Wah Wai and Mr. Lee Kwan Hung, Eddie will retire by rotation and being eligible, have offered themselves for re-election at the Annual General Meeting.

## Report of the Board of Directors

### Disclosure of Information of Directors under Rules 13.51(2) and 13.51B(1) of the Listing Rules

Mr. Tseng was appointed as a director of 太仁開發事業股份有限公司 (Tai Ren Development Co., Ltd.) (“Tai Ren Development”) since 2003. Tai Ren Development was incorporated in Taiwan on 19 February 1983 and it principally engaged in the hotel industry, and operated the Tianlu Hotel (天廬大飯店). Voluntary liquidation was initiated by the resolutions of an extraordinary shareholders’ meeting held on 20 March 2025. The reason for the liquidation was due to the inactivity of the company because of the closing down of the Lushan Scenic Area and the prohibition of the continued operation of hotels nearby by the local government, owing to the geological instability caused by earthquakes. As a result, the shareholders unanimously approved to proceed with liquidation. Tai Ren Development was dissolved on 30 April 2025, and its liquidation had been completed as of the date of this annual report.

Mr. Tseng confirmed that to the best of his knowledge, Tai Ren Development had not been involved in any outstanding dispute or litigations prior to its dissolution, Tai Ren Development was solvent at the time of its dissolution, and that no claims had been made against him and he was not aware of any threatened or potential claims made against him and there were no outstanding claims and/or liabilities as a result of its dissolution. He further confirmed that he did not incur any debt and/or liabilities because of such dissolution, and no misconduct or misfeasance on his part had been involved in the dissolution.

Save as disclosed above, there is no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules since the publication of the 2025 interim report of the Company dated 18 August 2025.

### PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors’ and officers’ liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

### SERVICE CONTRACTS OF DIRECTORS

Details of service contracts for the executive Directors and non-executive Directors are set out under the section headed “Appointment and re-election of Directors” of the Corporate Governance Report. There was no service contract entered by the Company and any Directors to be re-elected in the coming Annual General Meeting stipulating that the Company may not terminate the appointment without compensation payment (other than the statutory compensation).

## Report of the Board of Directors

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Other than those transactions disclosed in Note 35 to the Consolidated Financial Statements and in the section headed "Connected transactions" below, there was no other transaction, arrangement or contract of significance subsisting during or at the end of the financial year with any member of the Group as the contracting party and in which the Directors or an entity connected with the Director is or was materially interested, either directly or indirectly.

### **CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Other than those transactions disclosed in Note 35 to the Consolidated Financial Statements and in the section headed "Connected transactions" below, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries during the year ended 31 December 2025.

### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

A deed of non-competition dated 31 August 2011, as supplemented and disclosed in the annual report of the Company for the year ended 31 December 2025, (the "Non-competition Deed") was entered into by and among other parties and the controlling shareholders, including the Directors namely Mr. Lee Rie-Ho and Mr. Lee Chia Ling (collectively, the "Covenantors") in favour of the Company. The Company has received an annual written confirmation from each of the Covenantors in respect of the compliance by them and their associates with the Non-competition Deed.

The independent non-executive Directors have reviewed the Non-competition Deed and whether the controlling shareholders have abided by the non-competition undertaking. The independent non-executive Directors confirmed that they had determined that the controlling shareholders have not been in breach of the non-competition undertaking during the year ended 31 December 2025.

Save as disclosed above, none of the Directors held any interests in any business that compete directly against the Company or any of its jointly controlled entities and subsidiaries during the year ended 31 December 2025.

### **DEBENTURE**

At any time during the year ended 31 December 2025, the Company, its holding company or its subsidiaries were not the contracting parties of any arrangements from which the Directors could make a profit by purchasing the shares or debentures of the Company or any other companies.

## Report of the Board of Directors

### INTERESTS OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 to the Listing Rules, are as follows:

#### (i) Interests in the Company

Name of Director	Nature of interest	Number of securities <sup>(3)</sup>	Approximate percentage of shareholding <sup>(4)</sup>
Mr. Lee Rie-Ho <sup>(1)</sup>	Interest in a controlled corporation	188,789,000 (L)	17.43%
Mr. Lee Chia Ling <sup>(2)</sup>	Settlor of The KCL Trust	378,273,000 (L)	34.93%
	Personal interest/individual	76,926,028 (L)	7.10%
Mr. Lee Kuo-Lin <sup>(2)</sup>	Beneficiary of The KCL Trust	378,273,000 (L)	34.93%
Mr. Tseng Ming-Sung	Personal interest/individual	4,719,000 (L)	0.44%

Notes:

- (1) As at 31 December 2025, Discerning Group Limited was wholly-owned by Mr. Lee Rie-Ho, Mr. Lee Rie-Ho was deemed to be interested in the Shares held by Discerning Group Limited for the purpose of the SFO. Ms. Lee Tsai Li-Li is the wife of Mr. Lee Rie-Ho and was deemed to be interested in the Shares in which Mr. Lee Rie-Ho was deemed or taken to be interested for the purpose of the SFO.
- (2) The entire issued share capital of Trackson Investments Limited is held by Tiger Nature Holdings Limited ("Tiger Nature") which is in turn ultimately held by UBS TC (Jersey) Ltd. (through two nominee companies) as the trustee of The KCL Trust. The KCL Trust is a discretionary trust established by Mr. Lee Chia Ling as settlor on 12 April 2011. The beneficiaries of The KCL Trust include family members of Mr. Lee Chia Ling. Mr. Lee Chia Ling, Mr. Lee Kuo-Lin and Mr. Lee John L are deemed to be interested in 378,273,000 Shares held by The KCL Trust, Tiger Nature and Trackson Investments Limited pursuant to Part XV of the SFO. Ms. Zhou Nan-Nan is the spouse of Mr. Lee Chia Ling and is deemed to be interested in all the Shares of Mr. Lee Chia Ling by virtue of the SFO.
- (3) The letter "L" denotes long position in such shares.
- (4) There were 1,083,062,460 Shares in issue and 6,000 Shares repurchased for cancellation but not yet cancelled, as at 31 December 2025.

#### (ii) Interests in associated corporations

None of our Directors or chief executives has any interests or short positions in the Shares, underlying Shares and debentures of any associated corporations of the Company.

## Report of the Board of Directors

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS

As at 31 December 2025, to the best of the Directors' knowledge, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity in which interests are held	Number of Shares <sup>(5)</sup>	Approximate percentage of shareholding <sup>(6)</sup>
Discerning Group Limited <sup>(1)</sup>	Registered owner	188,789,000 (L)	17.43%
Ms. Lee Tsai Li-Li <sup>(1)</sup>	Interest as a spouse	188,789,000 (L)	17.43%
UBS TC (Jersey) Ltd. <sup>(2) (3)</sup>	Trustee	378,273,000 (L)	34.93%
Trackson Investments Limited <sup>(2)</sup>	Registered owner	378,273,000 (L)	34.93%
Tiger Nature Holdings Limited <sup>(2)</sup>	Interest in a controlled corporation	378,273,000 (L)	34.93%
The KCL Trust <sup>(2)</sup>	Interest in a controlled corporation	378,273,000 (L)	34.93%
Mr. Lee John L <sup>(2)</sup>	Beneficiary of The KCL Trust	378,273,000 (L)	34.93%
Ms. Zhou Nan-Nan <sup>(2)</sup>	Interest as a spouse	455,199,028 (L)	42.03%
Spring Cheers Overseas Ltd	Registered owner	90,379,023 (L)	8.34%
Mr. Tsai Shan Jen <sup>(4)</sup>	Registered owner	9,449,028 (L)	
	Interest in a controlled corporation	46,731,649 (L)	
		56,180,677 (L)	5.19%

#### Notes:

- (1) As at 31 December 2025, Discerning Group Limited was wholly-owned by Mr. Lee Rie-Ho, Mr. Lee Rie-Ho was deemed to be interested in the Shares held by Discerning Group Limited for the purpose of the SFO. Ms. Lee Tsai Li-Li is the wife of Mr. Lee Rie-Ho and was deemed to be interested in the Shares in which Mr. Lee Rie-Ho was deemed or taken to be interested for the purpose of the SFO.
- (2) The entire issued share capital of Trackson Investments Limited is held by Tiger Nature which is in turn ultimately held by UBS TC (Jersey) Ltd. (through two nominee companies) as the trustee of The KCL Trust. The KCL Trust is a discretionary trust established by Mr. Lee Chia Ling as settlor on 12 April 2011. The beneficiaries of The KCL Trust include family members of Mr. Lee Chia Ling. Mr. Lee Chia Ling, Mr. Lee Kuo-Lin and Mr. Lee John L are deemed to be interested in 378,273,000 Shares held by The KCL Trust, Tiger Nature and Trackson Investments Limited pursuant to Part XV of the SFO. Ms. Zhou Nan-Nan is the spouse of Mr. Lee Chia Ling and is deemed to be interested in all the Shares of Mr. Lee Chia Ling by virtue of the SFO.
- (3) UBS TC (Jersey) Ltd. is the trustee of The KCL Trust, it is deemed to be interested in 378,273,000 Shares held by The KCL Trust.
- (4) Mr. Tsai Shan Jen was interested in 56,180,677 Shares, through (i) his personal interest in 9,449,082 Shares; and (ii) Ming Feng Holdings Co., Limited, wholly and beneficially owned by Mr. Tsai Shan Jen, which was interested in 46,731,649 Shares.
- (5) The letter "L" denotes long position in such shares.
- (6) There were 1,083,062,460 Shares in issue and 6,000 Shares repurchased for cancellation but not yet cancelled, as at 31 December 2025.

### SUBSIDIARIES

Details of the major subsidiaries of the Company as of 31 December 2025 are set out in Note 32 to the Consolidated Financial Statements.

## Report of the Board of Directors

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025.

### CONNECTED TRANSACTIONS

The Group's related parties transactions for the year ended 31 December 2025 set out in Note 35 to the Consolidated Financial Statements constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

Details of the continuing connected transactions of the Group are as follows:

### CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

#### *Lease Agreements with Various Connected Persons of the Company*

The Company has been leasing properties in the PRC from various connected persons of the Company since 2009.

The details of the written lease agreements between the Group and each of the connected persons of the Company (the "Exempt Lease Agreements") and the connected relationship are set out in the table below:

No.	Location	Member of the Group as tenant	Connected party as landlord	Term and rental (RMB)	Type of premises
1.	Hainan	海南天福茗茶銷售有限公司 (Hainan Tian Fu Tea Sales Co., Ltd.)	Mr. Lee Min-Zun (the Chief Financial Officer and cousin of Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, the Directors)	Term: Five years from 1 July 2022 to 30 June 2027 Rental: 28,000/month	Store premises with a gross floor area of approximately 376.3 square meters
2.	Hubei	湖北天福茗茶銷售有限公司 (Hu Bei Tian Fu Tea Sales Co., Ltd.)	Mr. Lee Kuo-Lin (the Director and son of Mr. Lee Rie-Ho, the Director and Chairman)	Term: Three years from 1 October 2024 to 30 September 2027 Rental: 66,667/month	Store premises with a gross floor area of approximately 584.3 square meters
3.	Heilongjiang	黑龍江天福茗茶銷售有限公司 (Heilongjiang Tian Fu Tea Sales Co., Ltd.)	Ms. Zhou Nan-Nan 周楠楠 (daughter-in-law of the Director, Mr. Lee Rie-Ho and wife of the Director, Mr. Lee Chia Ling)	Term: One year from 1 December 2024 to 30 November 2025 Rental: 25,000/month  Term: Two years from 15 January 2026 to 14 January 2028 Rental: 40,000/month	Store premises with a gross floor area of approximately 643.6 square meters

## Report of the Board of Directors

### **Lease Agreements with Mr. Lee Chia Ling**

The Company has been leasing various properties in the PRC from Mr. Lee Chia Ling, the Director, since 2009. As Mr. Lee Chia Ling is a connected person of the Company, each of the lease agreements constitutes a continuing connected transaction of the Company.

During the year ended 31 December 2025, the amount of rental paid/payable by the Group in respect of the lease agreements between the Group and Mr. Lee Chia Ling were RMB1,482,420.

Details of the written lease agreements between the Group and Mr. Lee Chia Ling are set out in the table below:

<b>No.</b>	<b>Location</b>	<b>Member of the Group as tenant</b>	<b>Connected party as landlord</b>	<b>Term and rental (RMB)</b>	<b>Type of premises</b>
1.	Liaoning	吉林省天福茗茶銷售有限公司 (Jilin Province Tian Fu Tea Sales Co., Ltd.)	Mr. Lee Chia Ling	Term: Two years from 23 September 2024 to 22 September 2026 Rental: 10,000/month	Store premises with a gross floor area of approximately 345.8 square meters
2.	Sichuan	四川天福茗茶銷售有限公司 (Sichuan Tenfu Tea Sales Co., Ltd.)	Mr. Lee Chia Ling	Term: Three years from 19 May 2024 to 18 May 2027 Rental: 30,000/month	Store premises with a gross floor area of approximately 627.8 square meters
3.	Liaoning	大連天福茗茶銷售有限公司 (Dalian Tenfu Tea Sales Co., Ltd.)	Mr. Lee Chia Ling	Term: Three years from 1 March 2024 to 28 February 2027 Rental: 70,000/month	Store premises with a gross floor area of approximately 400 square meters
4.	Liaoning	瀋陽天福茗茶茶葉銷售有限公司 (Shenyang Tenfu Tea Leaves Sales Co., Ltd.)	Mr. Lee Chia Ling	Term: Two years from 23 September 2024 to 22 September 2026 Rental: 50,000/month	Store premises with a gross floor area of approximately 345 square meters

## Report of the Board of Directors

### **CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT**

#### ***Renewed Lu Yu Master Purchase Agreement with Lu Yu***

Reference is made to the announcement of the Company dated 14 December 2022 in respect of the renewal of the continuing connected transactions under the 2022 Renewed Lu Yu Master Purchase Agreement (defined as below) in relation to the purchases of tea ware from Lu Yu (defined as below).

The Company has been purchasing tea ware from 陸羽茶藝股份有限公司 (Lu Yu Tea Artcraft Co., Ltd.) ("Lu Yu") as part of the ordinary and usual course of business of the Group. As Lu Yu is wholly-owned by Tensin Investment Corporation Limited, which is beneficially owned as to 83.75% by Ms. Zhou Nan-nan, the spouse of Mr. Lee Chia Ling (a substantial shareholder of the Company and a Director), 10% by Mr. Tsai Shan Jen, the cousin of Mr. Lee Chia Ling (a substantial shareholder of the Company and a Director), and 6.25% by Mr. Lee Rie-Ho (a substantial shareholder of the Company and a Director), respectively, therefore Lu Yu is an associate of a core connected person of the Company and the purchase of tea ware by the Group from Lu Yu contemplated under the 2022 Renewed Lu Yu Master Purchase Agreement constitutes a continuing connected transaction for the Company.

The Company and Lu Yu have entered into the renewed Lu Yu master purchase agreement (the "2022 Renewed Lu Yu Master Purchase Agreement") on 14 December 2022, to renew the purchase of tea ware from Lu Yu for a further period of three years commencing on 1 January 2023 to 31 December 2025, subject to the renewed annual caps not exceeding RMB20,000,000, RMB22,000,000 and RMB24,000,000 for the three years ending 31 December 2025, respectively.

The renewed annual caps under the 2022 Renewed Lu Yu Master Purchase Agreement for the three years ending 31 December 2025 have been determined based on the projected approximately 10% increase in the market demand of tea ware with reference to the market rates for similar tea ware, which the Group purchased from independent third parties. In arriving at the renewed annual caps, the Directors have considered (1) the historical transaction amounts for the supply of tea ware by Lu Yu; (2) the market recognition and acceptance of the Lu Yu brand; (3) the actual sales of Lu Yu tea ware for the year ended 31 December 2021 and for the eleven months ended 30 November 2022; and (4) the expected future growth of the tea ware business.

During the year ended 31 December 2025, the amounts that the Group paid/payable to Lu Yu for the purchase of tea ware under the 2022 Renewed Lu Yu Master Purchasing Agreement were approximately RMB5,283,000.

#### ***Renewed Samoa Master Processing Agreement with Tenfu Group (Samoa) Holdings Company Limited ("Samoa Company") and its subsidiaries ("Samoa Group")***

Reference is made to the announcement of the Company dated 14 December 2022 in respect of the renewal of the continuing connected transactions under the 2022 Renewed Samoa Master Processing Agreement (defined as below) in relation to the provision of processing services to the Group to enhance the quality of blended and aged tea leaves.

The processing services provided by Samoa Group to the Group involve reprocessing the blended and aged tea leaves so as to enhance their quality. As the Group has placed the quality guarantee period on the packaging of the tea leaves, the Group and the third-party retailers are able to identify the nearly aged tea leaves which require processing. Such aged tea leaves refer to the Group's tea leaves which have nearly reached the end of their quality guarantee period of one or two years depending on the kind of tea leaves. Although the aged tea leaves are still good for consumption, the intensity of the tea scent and quality of the tea leaves have been lost and will require further roasting/processing to enhance their quality.

## Report of the Board of Directors

As Samoa Company is directly wholly-owned by Mr. Lee Chia Ling, a substantial shareholder of the Company and a Director, therefore Samoa Company is an associate of a core connected person of the Company and the procurement of the processing services of the tea leaves by the Group from Samoa Group contemplated under the 2022 Renewed Samoa Master Processing Agreement constitutes a continuing connected transaction for the Company.

The Company and Samoa Company have entered into the renewed Samoa master processing agreement (the "2022 Renewed Samoa Master Processing Agreement") on 14 December 2022 to renew the provision of tea leaves processing services by Samoa Group for a further period of three years commencing on 1 January 2023 to 31 December 2025, subject to the renewed annual caps not exceeding RMB1,000,000, RMB1,500,000 and RMB2,000,000 for the three years ending 31 December 2025, respectively.

The renewed annual caps under the 2022 Renewed Samoa Master Processing Agreement have been determined based on (1) the processing fee of RMB16.5 per kilogram with reference to the market price charged by independent third parties for provision of similar services; (2) the estimated aged tea leaves in the amount of 60,606.1 kilograms to be identified by the Group and returned from the third-party retailers in 2023; and (3) the projected 30-50% increase of the estimated aged tea leaves required processing based on the expectation of more aged tea leaves due to weak tea consumption in the PRC during the pandemic prevention. In arriving at the renewed annual caps, the Directors have considered (1) the tea leaves processed by Samoa Company are of good quality and are suitable for use; (2) the processing fee of RMB16.5 per kilogram, which was agreed between the Group and Samoa Group after arm's length negotiation and based on the market price charged by independent third parties for provision of similar services; and (3) the annual historical amounts of the aged tea leaves that required processing in the previous year and the expected future growth of the aged tea leaves required processing.

During the year ended 31 December 2025, there was no services fees that the Group paid/payable to Samoa Group under the 2022 Renewed Samoa Master Processing Agreement.

### **Mingfeng Leasing Framework Agreement with Mingfeng**

Reference is made to the announcement of the Company dated 14 December 2022 in respect of the continuing connected transactions in relation to the leasing of properties from Xiamen Mingfeng Commercial Management Co., Ltd. (廈門銘峰商業管理有限公司) ("Mingfeng").

The Group has been leasing properties from Mingfeng as part of the ordinary and usual course of business. As Mingfeng is indirectly wholly-owned by Mr. Tsai Shan Jen, who is the nephew of Mr. Lee Rie-Ho and the cousin of each of Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, the Directors, therefore Mingfeng is an associate of the core connected persons of the Company, the entering into of the 2022 Renewed Mingfeng Leasing Framework Agreement (as defined below) and the transactions contemplated thereunder constitute continuing connected transactions for the Company.

The Company has entered into the Mingfeng leasing framework agreement (the "2022 Renewed Mingfeng Leasing Framework Agreement") with Mingfeng on 14 December 2022 to lease the properties from Mingfeng for a period of three years commencing on 1 January 2023 to 31 December 2025, subject to the renewed annual caps not exceeding RMB2,600,000, RMB2,730,000 and RMB2,870,000 for the three years ending 31 December 2025, respectively.

In determining the renewed annual caps for rental amounts under the 2022 Renewed Mingfeng Leasing Framework Agreement for the three years ending 31 December 2025, the Board has taken into account the following major factors, including but not limited to: (i) the historical figures of rental payment for the three years ended 31 December 2021 and the eleven months ended 30 November 2022; (ii) the expected renewals of existing leases, location, leasing area, building standards, place, business usage and the increasing trend of the market rate of rentals for such premises; and (iii) the expected rental increase of premises under renewed and additional leases for the three years ending 31 December 2025. Pursuant to HKFRS 16, the lease of properties by the Company as lessee under the Renewed Mingfeng Leasing Framework Agreement will be recognised as right-of-use assets, the annual caps on the total value of right-of use assets relating to the leases to be entered into by the Company in each year under the 2022 Renewed Mingfeng Leasing Framework Agreement for the three years ending 31 December 2025 are RMB7,747,000, RMB7,747,000 and RMB7,747,000, respectively.

## Report of the Board of Directors

During the year ended 31 December 2025, the amount of rentals that the Group paid/payable to Mingfeng under the 2022 Mingfeng Leasing Framework Agreement was RMB2,156,000 and the recorded total value of right-of-use assets was RMB6,213,000.

### ***Uncle Lee Master Sale Agreement with Uncle Lee's Tea Inc. ("Uncle Lee")***

Reference is made to the announcement of the Company dated 19 August 2024 in respect of the continuing connected transactions under the Uncle Lee Master Sale Agreement (defined as below) in relation to sale of tea leaves to Uncle Lee.

The Group has been selling tea leaves to Uncle Lee in the ordinary and usual course of business.

As Uncle Lee is beneficially owned as to 80% by Mr. Lee Chia Ling, 12.56% by Mr. Lee Kuo-Lin, both the substantial shareholders of the Company and Directors, and 7.44% by various relatives of Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, therefore Uncle Lee is an associate of the core connected persons of the Company and the sale of tea leaves by the Group to Uncle Lee contemplated under the Uncle Lee Master Sale Agreement constitutes a continuing connected transaction for the Company.

The Company has entered into the Uncle Lee master sale agreement (the "Uncle Lee Master Sale Agreement") with Uncle Lee on 19 August 2024 to sell tea leaves to Uncle Lee for a period of three years commencing on 1 January 2024 to 31 December 2026, subject to the annual caps not exceeding RMB12,000,000, RMB13,200,000 and RMB14,520,000 for the three years ending 31 December 2026, respectively.

The annual caps have been determined based on the estimated purchase orders of Uncle Lee and the sale of tea leaves with reference to the market prices for similar tea leaves, which the Group sold to independent third parties. In arriving at the annual caps, the Directors have considered (1) the proposed transaction amounts for the tea leaves ordered by Uncle Lee; (2) the market recognition and acceptance of the Uncle Lee brand in the United States and Europe; and (3) the expected 10% increase of future growth of the tea leaves sale to Uncle Lee.

During the year ended 31 December 2025, the amounts that the Group received/receivable from Uncle Lee for the sale of tea leaves under the Uncle Lee Master Sale Agreement were RMB2,440,000.

### **CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNUAL REVIEW AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

#### ***Renewed Samoa Master Purchase Agreement with Samoa Group***

Reference are made to the announcement of the Company dated 19 September 2022, the circular of the Company dated 11 October 2022, and the poll results announcement dated 27 October 2022 in respect of the renewal of the continuing connected transactions under the 2022 Renewed Samoa Master Purchase Agreement (defined as below) in relation to the purchases of tea leaves from Samoa Group.

The Company has been purchasing tea leaves from Samoa Group as part of the ordinary and usual course of business. As Samoa Company is wholly-owned by Mr. Lee Chia Ling, a substantial shareholder of the Company and a Director, therefore Samoa Company is an associate of a core connected person of the Company and the purchase of tea leaves by the Group from Samoa Group contemplated under the 2022 Renewed Samoa Master Purchase Agreement constitutes a continuing connected transaction for the Company.

The Company has entered into the renewed Samoa master purchase agreement (the "2022 Renewed Samoa Master Purchase Agreement") on 19 September 2022, to renew the purchase of tea leaves from Samoa Group for a further period of three years commencing on 1 January 2023 to 31 December 2025, subject to the renewed annual cap not exceeding RMB113,000,000, RMB136,000,000 and RMB143,000,000 for the three years ending 31 December 2025, respectively.

## Report of the Board of Directors

The renewed annual caps under the 2022 Renewed Samoa Master Purchase Agreement for the three years ending 31 December 2025 have been determined based on the projected 20% and 5% increase for each of the year ending 31 December 2024 and 2025, respectively in demand of tea leaves by the Group with reference to the market rates for tea leaves, which the Group purchased from independent third parties. In arriving at the renewed annual caps under the 2022 Renewed Samoa Master Purchase Agreement, the Directors have considered (i) the actual transaction amounts for the purchase of tea leaves from Samoa Group for the year ended 31 December 2021 and for the eight months ended 31 August 2022; (ii) the expected purchase amount for the year ended 31 December 2022 estimated based on the historical proportion of the actual purchase amount for the eight months ended 31 August 2022 to that for the full year ended 31 December 2022; (iii) the expected increase in demand of the Group's tea leaves in 2022 thanks to the prospects of the sales of the Group's tea leaves and the resumption tea consumption in the PRC as the pandemic prevention yielded positive results and the policies to promote consumption began to take effect since June 2022, the consuming market has been on a track of resumption; and (iv) the expected increase in procurement of Pu'er tea as Samoa Group has established another local procurement and storage facility in Shuangjiang County, Yunnan Province which will start operation in the second half of 2023.

Reference are made to the announcement of the Company dated 18 August 2025, the circular of the Company dated 30 September 2025, and the poll results announcement dated 21 October 2025 in respect of the renewal of the continuing connected transactions under the 2025 Renewed Samoa Master Purchase Agreement (defined as below) in relation to the purchases of tea leaves from Samoa Group.

The Company has been purchasing tea leaves from Samoa Group as part of the ordinary and usual course of business. As Samoa Company is directly wholly-owned by Mr. Lee Chia Ling, a substantial shareholder of the Company and a Director, therefore Samoa Company is an associate of a core connected person of the Company and the purchase of tea leaves by the Group from Samoa Group contemplated under the 2025 Renewed Samoa Master Purchase Agreement constitutes a continuing connected transaction for the Company.

The Company has entered into the renewed Samoa master purchase agreement (the "2025 Renewed Samoa Master Purchase Agreement") on 18 August 2025, to renew the purchase of tea leaves from Samoa Group for a further period of three years commencing on 1 January 2026 to 31 December 2028, subject to the renewed annual caps not exceeding RMB80,000,000, RMB93,000,000 and RMB106,000,000 for the three years ending 31 December 2028, respectively.

## Report of the Board of Directors

The renewed annual caps under the 2025 Renewed Samoa Master Purchase Agreement for the three years ended 31 December 2028 have been determined based on the projected approximately 16.25% and 13.98% increase in demand of tea leaves by the Group for each of the year ending 31 December 2027 and 2028, respectively, with reference to the market rates for tea leaves, which the Group purchased from independent third parties. The Group projects an increase in demand for tea leaves from Samoa Group of approximately 16.25% and 13.98% for the years ending 31 December 2027 and 2028, respectively. These projections are underpinned by the sustained positive outlook for tea consumption in China, supported by long-term market trends. Although the revenue of the Group experienced declining trend in the past couple of years, the Group anticipates a recovery in tea leaf demand beginning in 2026, with procurement volumes expected to return to levels comparable to the historical transaction amounts recorded during the three years ended 31 December 2024. According to data published by the Research Network for China Agricultural Brand (中國農業品牌研究網), the PRC tea market is forecasted to expand at a compound annual growth rate (CAGR) of 8.62% from 2023 to 2028. This growth is driven by evolving consumer preferences, particularly the increasing demand for premium and specialty teas, as well as broader consumption trends across the market. In response to anticipated market growth and to enhance its operational capacity, the Group commenced operations of a new white tea packaging facility in Xiapu County, Fujian Province, PRC in April 2025. This facility began generating revenue in May 2025, contributing approximately RMB4.79 million from May to August 2025. The Group expects this expansion to support increased procurement of tea leaves from 2026 onwards, aligning with its strategy to meet rising market demand and capture growth opportunities in the premium tea segment.

In arriving at the renewed annual caps under the 2025 Renewed Samoa Master Purchase Agreement, the Directors have considered (i) the actual transaction in the amount of RMB81,118,000 for the purchase of tea leaves from Samoa Group for the three years ended 31 December 2024; (ii) the expected purchase amount for the year ending 31 December 2025 estimated based on the historical proportion of the actual purchase amount of RMB38,658,896 for the seven months ended 31 July 2025 to that for the full year ending 31 December 2025 with the expected market recovery; (iii) the expected recovery of consumer market by a CAGR of 8.62% from 2023 to 2028 and growing demand of the Group's tea leaves in next few years; and (iv) the possible production requirement of the new packaging facilities in Xiapu County may contribute to additional procurement of tea leaves.

## Report of the Board of Directors

During the year ended 31 December 2025, the amounts that the Group paid/payable to Samoa Group for the purchase of tea leaves under the 2022 Renewed Samoa Master Purchase Agreement were RMB80,100,000.

The Group adopted the following internal control measures to ensure that the continuing connected transactions will be conducted on normal commercial terms going forward:

- (i) where applicable and commercially sensible, the Group will continue to request the connected persons to provide the products or services through a bidding process, on arm's length basis and on the best available terms, with reference to the prevailing market prices;
- (ii) as part of the internal control measures, the implementation of the continuing connected transactions agreements and the actual number and amount of products and services will be monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis, with reference to terms of similar transactions with the independent third parties;
- (iii) the relevant operational divisions of the Group will report regularly to senior management with respect to the actual performance of the transactions of purchase of products and services with the connected persons;
- (iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s);
- (v) the Group shall use the best endeavour to comply with the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the continuing connected transactions;
- (vi) the Company will engage its auditor to report on the continuing connected transactions between the Group and the connected persons contemplated under the continuing connected transactions agreements every year in accordance with Rule 14A.56 of the Listing Rules; and

## Report of the Board of Directors

- (vii) the Group will duly disclose in the annual reports and accounts the transactions of purchase of products and services with the connected persons during each financial period, together with the conclusions (with basis) drawn by the independent non-executive Directors whether the transactions are conducted on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The internal audit department of the Company reviewed the continuing connected transactions and the adequacy and effectiveness of the internal control procedures, and provided the findings to the independent non-executive Directors to assist them in performing their annual reviews. The independent non-executive Directors also made appropriate enquiries with the management to ensure that they have sufficient information to review the transactions and the internal control procedures. So all independent non-executive Directors confirmed that the transactions were entered into:

1. in the ordinary and usual course of business of the Group;
2. under normal commercial terms or not less favourable terms that the Group receives or provides services from an independent third party or obtains from an independent third party; and
3. in accordance with the agreements related to the above continuing connected transactions, the terms of which are fair and reasonable and for the overall benefit of the Shareholders.

Based on the work performed, the auditor of the Company confirmed to the Board that nothing has come to their attention that causes them to believe that the aforesaid continuing connected transactions:

1. have not been approved by the Board;
2. were not in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
3. were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
4. have exceeded the relevant annual caps disclosed in the Company's announcements dated 14 December 2022 and 19 August 2024 and the Company's circular dated 11 October 2022.

### EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2025, the Group had an aggregate of 3,019 full-time employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the Directors) with reference to corporate performance, individual performance and current market salary scale.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately to the employees.

## Report of the Board of Directors

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the "Retirement Benefit Scheme") organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year ended 31 December 2025. Contributions to the Retirement Benefit Scheme vest immediately.

During the year ended 31 December 2025, there was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the existing level of contributions and the contribution payable in the future years. Accordingly, there was no forfeited contribution was utilised during the year ended 31 December 2025.

### CONFIRMATION OF INDEPENDENT STATUS

The Company received the letters of confirmation of independence issued by all the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board was satisfied with the independent status of all the independent non-executive Directors.

### CORPORATE GOVERNANCE

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. During the year ended 31 December 2025, the Company has complied with the code provisions included in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "Corporate Governance Code") save for the deviation from Code Provision C.2.7 as set forth under the Corporate Governance Code, details of which are explained in the Corporate Governance Report in this annual report. Further information of the corporate governance practice of the Company has been set out in the Corporate Governance Report in this annual report of the Company for the year ended 31 December 2025.

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Directors have been granted by the shareholders of the Company at the annual general meeting of the Company held on 9 May 2025 (the "2025 AGM") the general mandate to repurchase up to 108,375,546 shares, being 10% of the total number of the issued shares of the Company as at the date of the 2025 AGM, on the Stock Exchange. During the year ended 31 December 2025, the Company had repurchased a total of 948,000 ordinary shares of the Company of HK\$0.1 each in compliance with the Articles of Association, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Companies Act of the Cayman Islands and all applicable laws and regulations to which the Company is subject to. During the year ended 31 December 2025, the aggregate consideration of HK\$3,039,620 was paid for the share repurchase. The Company confirms that the shares repurchase has not resulted in the number of the shares held by the public falling below the relevant minimum percentage prescribed by the Listing Rules.

## Report of the Board of Directors

The table below set out the number of shares repurchased and the respective cancellation dates during the year ended 31 December 2025 and before the date of this annual report:

<b>The number of shares repurchased</b>	<b>Cancellation dates</b>	<b>Disclosure dates of the respective next day disclosure return</b>
869,000	21 January 2025	21 January 2025
106,000	9 April 2025	10 April 2025
223,000	26 May 2025	26 May 2025
251,000	9 July 2025	9 July 2025
53,000	24 July 2025	24 July 2025
166,000	24 October 2025	24 October 2025
108,000	5 January 2026	5 January 2026

There are no treasury Shares held by the Company as at 31 December 2025 and the date of this annual report.

There were 114,000 shares outstanding (repurchased but not yet cancelled) as at 31 December 2025. Subsequently in January 2026, the Company had repurchased a total of 56,000 shares in the aggregate consideration of HK\$144,970. There were 62,000 shares repurchased but not yet cancelled as at the date of this annual report. Details of the repurchases on the Stock Exchange during the year ended 31 December 2025 under review are as follows:

<b>Month of shares repurchase</b>	<b>Total number of shares repurchased</b>	<b>Highest price paid per share (HK\$)</b>	<b>Lowest price paid per share (HK\$)</b>	<b>Aggregate consideration (HK\$)</b>
January 2025	35,000	3.96	3.67	132,430
March 2025	61,000	3.50	3.37	208,810
April 2025	167,000	3.46	3.30	564,390
May 2025	221,000	3.39	3.12	718,470
June 2025	119,000	3.31	3.12	382,420
July 2025	65,000	3.24	3.15	207,630
August 2025	34,000	3.20	3.00	104,490
September 2025	102,000	3.10	2.96	308,330
October 2025	43,000	3.10	2.95	130,010
November 2025	60,000	3.10	2.65	171,580
December 2025	41,000	2.75	2.67	111,060

## Report of the Board of Directors

The Board considers that the current trading price of the shares does not reflect their intrinsic value. The Board believes that the share repurchases reflected the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for its Shareholders. The Board also believes that the Company's stable financial position will enable it to conduct the share repurchases while maintaining a solid financial position for the continuation of the Company's business and growth in the current financial year.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury Shares) during the year ended 31 December 2025.

### DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Group to an entity.

### EVENTS AFTER THE REPORTING PERIOD

#### **Renewal of Continuing Connected Transactions which are subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement**

##### ***Renewed Lu Yu Master Purchase Agreement with Lu Yu***

Reference is made to the announcement of the Company dated 24 March 2026 in respect of the renewal of the continuing connected transactions under the 2026 Renewed Lu Yu Master Purchase Agreement (defined as below) in relation to the purchases of tea ware from Lu Yu.

The Company has been purchasing tea ware from Lu Yu as part of the ordinary and usual course of business of the Group. As Lu Yu is wholly-owned by Tensin Investment Corporation Limited, which is beneficially owned as to 83.75% by Ms. Zhou Nan-nan, the spouse of Mr. Lee Chia Ling (a substantial shareholder of the Company and a Director), 10% by Mr. Tsai Shan Jen, the cousin of Mr. Lee Chia Ling (a substantial shareholder of the Company and a Director), and 6.25% by Mr. Lee Rie-Ho (a substantial shareholder of the Company and a Director), respectively, therefore Lu Yu is an associate of a core connected person of the Company and the purchase of tea ware by the Group from Lu Yu contemplated under the 2026 Renewed Lu Yu Master Purchase Agreement constitutes a continuing connected transaction for the Company.

The Company and Lu Yu have entered into the renewed Lu Yu master purchase agreement (the "2026 Renewed Lu Yu Master Purchase Agreement") on 24 March 2026, to renew the purchase of tea ware from Lu Yu for a further period of three years commencing on 1 January 2026 to 31 December 2028, subject to the renewed annual caps not exceeding RMB18,000,000, RMB19,000,000 and RMB20,000,000 for the three years ending 31 December 2028, respectively.

The renewed annual caps under the 2026 Renewed Lu Yu Master Purchase Agreement for the three years ending 31 December 2028 have been determined based on the projected approximately 10% increase in the market demand of tea ware with reference to the market rates for similar tea ware, which the Group purchased from independent third parties. In arriving at the renewed annual caps, the Directors have considered (1) the historical transaction amounts for the supply of tea ware by Lu Yu; (2) the market recognition and acceptance of the Lu Yu brand; (3) the actual sales of Lu Yu tea ware for the two years ended 31 December 2024 and 31 December 2025; and (4) the expected future growth of the tea ware business.

## Report of the Board of Directors

The historical transaction amounts that the Group paid/payable to Lu Yu for the purchase of tea ware for the two months ended 28 February 2026 were RMB724,840.

### ***Renewed Samoa Master Processing Agreement with Samoa Group***

Reference is made to the announcement of the Company dated 24 March 2026 in respect of the renewal of the continuing connected transactions under the 2026 Renewed Samoa Master Processing Agreement (defined as below) in relation to the provision of processing services to the Group to enhance the quality of blended and aged tea leaves.

The processing services provided by Samoa Group to the Group involve reprocessing the blended and aged tea leaves so as to enhance their quality. As the Group has placed the quality guarantee period on the packaging of the tea leaves, the Group and the third-party retailers are able to identify the nearly aged tea leaves which require processing. Such aged tea leaves refer to the Group's tea leaves which have nearly reached the end of their quality guarantee period of one or two years depending on the kind of tea leaves. Although the aged tea leaves are still good for consumption, the intensity of the tea scent and quality of the tea leaves have been lost and will require further roasting/processing to enhance their quality.

As Samoa Company is directly wholly-owned by Mr. Lee Chia Ling, a substantial shareholder of the Company and a Director, therefore Samoa Company is an associate of a core connected person of the Company and the procurement of the processing services of the tea leaves by the Group from Samoa Group contemplated under the 2026 Renewed Samoa Master Processing Agreement constitutes a continuing connected transaction for the Company.

The Company and Samoa Company have entered into the renewed Samoa master processing agreement (the "2026 Renewed Samoa Master Processing Agreement") on 24 March 2026 to renew the provision of tea leaves processing services by Samoa Group for a further period of three years commencing on 1 January 2026 to 31 December 2028, subject to the renewed annual caps not exceeding RMB1,200,000, RMB1,320,000 and RMB1,452,000 for the three years ending 31 December 2028, respectively.

The renewed annual caps under the 2026 Renewed Samoa Master Processing Agreement have been determined based on (1) the processing fee of RMB23.5 per kilogram with reference to the market price charged by independent third parties for provision of similar services; (2) the estimated aged tea leaves in the amount of 50,000 kilograms to be identified by the Group and returned from the third-party retailers in 2026; and (3) the projected 10% increase of the estimated aged tea leaves required processing. In arriving at the renewed annual caps, the Directors have considered (1) the tea leaves processed by Samoa Company are of good quality and are suitable for use; (2) the processing fee of RMB23.5 per kilogram, which was agreed between the Group and Samoa Group after arm's length negotiation and based on the market price charged by independent third parties for provision of similar services; and (3) the annual historical amounts of the aged tea leaves that required processing in the previous year and the expected future growth of the aged tea leaves required processing.

The historical transaction amounts that the Group paid/payable to Samoa Group for provision of processing services by Samoa Group for the two months ended 28 February 2026 were nil.

### ***Renewed Mingfeng Leasing Framework Agreement with Mingfeng***

Reference is made to the announcement of the Company dated 24 March 2026 in respect of the continuing connected transactions in relation to the leasing of properties from Mingfeng.

## Report of the Board of Directors

The Group has been leasing properties from Mingfeng as part of the ordinary and usual course of business. As Mingfeng is indirectly wholly-owned by Mr. Tsai Shan Jen, who is the nephew of Mr. Lee Rie-Ho and the cousin of each of Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, the Directors, therefore Mingfeng is an associate of the core connected persons of the Company, the entering into of the 2026 Renewed Mingfeng Leasing Framework Agreement (as defined below) and the transactions contemplated thereunder constitute continuing connected transactions for the Company.

The Company has entered into the Mingfeng leasing framework agreement (the "2026 Renewed Mingfeng Leasing Framework Agreement") with Mingfeng on 24 March 2026 to lease the properties from Mingfeng for a period of three years commencing on 1 January 2026 to 31 December 2028, subject to the renewed annual caps for rental amounts not exceeding RMB2,500,000, RMB2,550,000 and RMB2,601,000 for the three years ending 31 December 2028, respectively.

In determining the renewed annual caps for rental amounts under the 2026 Renewed Mingfeng Leasing Framework Agreement for the three years ending 31 December 2028, the Board has taken into account the following major factors, including but not limited to: (i) the historical figures of rental payment for the three years ended 31 December 2025; (ii) the expected renewals of existing leases, location, leasing area, building standards, place, business usage and the increasing trend of the market rate of rentals for such premises; and (iii) the expected slight increase in rental of premises under renewed and additional leases for the three years ending 31 December 2028. Pursuant to HKFRS 16, the lease of properties by the Company as lessee under the 2026 Renewed Mingfeng Leasing Framework Agreement will be recognised as right-of-use assets, the annual caps on the total value of right-of-use assets relating to the leases to be entered into by the Company in each year under the 2026 Renewed Mingfeng Leasing Framework Agreement for the three years ending 31 December 2028 are RMB6,800,000, RMB7,000,000 and RMB7,000,000, respectively.

The historical transaction amounts that the Group paid/payable to Mingfeng for the leasing of properties for the two months ended 28 February 2026 were RMB389,496, and the recorded total value of right-of-use assets relating to the leases for the two months ended 28 February 2026 were RMB6,490,692.

For information on the connected transactions conducted during the year ended 31 December 2025, please refer to the section headed "Connected Transaction" above.

Save as disclosed above, the Group has no significant events after 31 December 2025 and subsequent to the date of this report.

### FIVE YEAR FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past five years is set out on page 6 of this annual report.

### PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights in the Articles of Association or the Companies Act of Cayman Islands. It is stipulated that any new Shares shall be offered according to the respective shareholding of the existing shareholders when new Shares are issued by the Company.

## Report of the Board of Directors

### TAX RELIEF AND EXEMPTION

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

### ADEQUATE PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum percentage of public float of not less than 25% of the Company's issued Shares as required under the Listing Rules throughout the year ended 31 December 2025.

### AUDITOR

The Company appointed PricewaterhouseCoopers as the auditor of the Company for the year ended 31 December 2025. The Company will submit a resolution in the forthcoming AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company. There was no change in the auditor of the Company in any of the preceding three years.

For and on behalf of the Board of Directors

**LEE Rie-Ho**

*Chairman*

Hong Kong, 16 March 2026

## Independent Auditor's Report



### To the Shareholders of Tenfu (Cayman) Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

### Opinion

#### What we have audited

The consolidated financial statements of Tenfu (Cayman) Holdings Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 83 to 162, comprise:

- the consolidated balance sheet as at 31 December 2025;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

#### Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Key Audit Matters

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

The key audit matter identified in our audit is related to revenue recognition.

#### Key Audit Matter

#### How our audit addressed the Key Audit Matter

##### Revenue Recognition

Refer to Note 5 to the consolidated financial statements.

Revenue of the Group for the year ended 31 December 2025 is RMB1,327 million. The Group's major revenue are from retail and wholesale sales.

For retail, the Group has numerous self-operated retail outlets located throughout Mainland China. Sales of goods are recognised when control of the goods has been transferred to the customers. Retail sales are mainly settled by credit/debit cards. We focused on this area due to the risks arising from the huge volume of revenue transactions generated from the sale of numerous kinds of products to a significant number of customers that take place in many different locations. A significant amount of audit effort was spent on this area to test the transactions.

For wholesale, the Group has numerous distributors' stores throughout Mainland China. Sales of goods are recognised when control of the goods has been transferred to the wholesalers, which usually happens when the products have been shipped to the specific location and the wholesalers accept the products, and there is no unfulfilled obligation that could affect the wholesalers' acceptance of the products. We focused on this area due to the risk of revenue being recognised inappropriately close to the year-end and the possibility of significant sales returns after the year-end.

We understood, evaluated and validated management's controls in respect of the Group's sales transactions. In addition, we tested the general IT control environment, related system generated reports and automated controls of the Group's systems.

We also conducted substantive testing of the different revenue streams separately:

For retail sales, our procedures performed included:

- a. test of details by selecting revenue transactions on a sample basis from retail outlets and examining the relevant supporting documents, such as the copy of receipts and credit/debit card slips;
- b. test of details specifically on the retail outlets on selected high-volume transaction days by examining the relevant supporting documents and reconciling the daily revenue recorded to bank slips; and
- c. cut-off test to assess whether revenue was recognised in the correct reporting periods.

For wholesale sales, our procedures performed included:

- a. test of revenue recorded, on a sample basis and covering different wholesalers, by examining the relevant supporting documents, including sales orders, delivery notes, goods receipt notes and reconciliation statements;
- b. performing confirmation procedures on selected wholesalers' receivable balances at the balance sheet date and respective transaction amounts during the year. The samples were selected by considering the amount, nature and characteristics of those wholesalers;
- c. test of post balance sheet date sales return, on a sample basis, by tracing to the relevant supporting documents, including sales orders, invoices, goods delivery notes and cash receipts, of the original sales and the sales return; and
- d. cut-off test to assess whether revenue was recognised in the correct reporting periods.

Based on our audit procedures, we found that the Group's revenue recognition in relation to sales of goods was supported by the evidence that we gathered.

## **Independent Auditor's Report**

### **Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors and the Audit Committee 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 HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

*(continued)*

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

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

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

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

## **Independent Auditor's Report**

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

*(continued)*

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

The engagement partner on the audit resulting in this independent auditor's report is TSANG, Man Kam, Peter (practising certificate number: P05527).

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 16 March 2026

## Consolidated Balance Sheet

As at 31 December 2025

		As at 31 December	
	Note	2025	2024
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>610,550</b>	669,973
Right-of-use assets	7	<b>380,705</b>	404,001
Investment properties	8	<b>61,029</b>	66,404
Intangible assets	9	<b>3,039</b>	3,449
Investments accounted for using the equity method	10	<b>8,421</b>	7,957
Deferred income tax assets	23	<b>46,160</b>	43,304
Prepayments – non-current portion	13(b)	<b>7,905</b>	7,905
Long-term time deposits	15	<b>50,000</b>	88,000
		<b>1,167,809</b>	1,290,993
<b>Current assets</b>			
Inventories	11	<b>884,042</b>	960,195
Trade and other receivables	13(a)	<b>177,390</b>	245,488
Prepayments	13(b),35(b)	<b>97,721</b>	88,281
Financial assets at fair value through profit or loss	14	<b>4,099</b>	3,490
Time deposits	15	<b>73,000</b>	18,000
Restricted cash	15	<b>728</b>	26,680
Cash and cash equivalents	15	<b>510,835</b>	340,492
		<b>1,747,815</b>	1,682,626
<b>Total assets</b>		<b>2,915,624</b>	2,973,619

## Consolidated Balance Sheet

As at 31 December 2025

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to the shareholders of the Company</b>			
Share capital	16	<b>89,039</b>	89,176
Treasury shares	16	<b>(295)</b>	(3,028)
Other reserves	17	<b>16,552</b>	10,778
Retained earnings	18	<b>1,679,698</b>	1,668,500
<b>Total equity</b>		<b>1,784,994</b>	1,765,426
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	<b>30,000</b>	–
Lease liabilities	7	<b>111,118</b>	120,800
Deferred income on government grants	22	<b>40,167</b>	42,336
Deferred income tax liabilities	23	<b>71,835</b>	65,271
Other payables		<b>6,000</b>	6,000
		<b>259,120</b>	234,407
<b>Current liabilities</b>			
Trade and other payables	19,35(b)	<b>265,114</b>	250,467
Current income tax liabilities		<b>46,553</b>	42,223
Borrowings	20	<b>465,640</b>	571,380
Contract liabilities	5,21	<b>49,834</b>	67,837
Lease liabilities	7	<b>44,369</b>	41,879
		<b>871,510</b>	973,786
<b>Total liabilities</b>		<b>1,130,630</b>	1,208,193
<b>Total equity and liabilities</b>		<b>2,915,624</b>	2,973,619

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 83 to 162 were approved by the Board of Directors on 16 March 2026 and the consolidated balance sheet was signed on its behalf by:

**Mr. LEE Chia Ling**  
*Director*

**Mr. LEE Kuo-Lin**  
*Director*

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	1,327,251	1,562,648
Cost of sales	24	(630,261)	(756,314)
<b>Gross profit</b>		<b>696,990</b>	806,334
Distribution costs	24	(298,925)	(343,147)
Administrative expenses	24	(252,224)	(280,535)
Net impairment (losses)/reversal on financial assets		(970)	1,399
Other income	25	37,701	35,761
Other losses – net	26	(1,906)	(426)
<b>Operating profit</b>		<b>180,666</b>	219,386
Finance income	28	5,203	4,830
Finance costs	28	(19,565)	(23,151)
Finance costs – net	28	(14,362)	(18,321)
Share of net profit of investments accounted for using the equity method	10	2,774	123
<b>Profit before income tax</b>		<b>169,078</b>	201,188
Income tax expense	29	(46,510)	(62,313)
<b>Profit for the year, all attributable to the shareholders of the Company</b>		<b>122,568</b>	138,875
Other comprehensive income for the year		–	–
<b>Total comprehensive income for the year, all attributable to the shareholders of the Company</b>		<b>122,568</b>	138,875
<b>Earnings per share for profit attributable to the shareholders of the Company</b>			
– Basic earnings per share	30	RMB0.11	RMB0.13
– Diluted earnings per share	30	RMB0.11	RMB0.13

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to the shareholders of the Company					
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Balance at 1 January 2024</b>	89,474	–	(9,112)	6,257	1,699,093	1,785,712
<b>Comprehensive income</b>						
Profit and total comprehensive income for the year	–	–	–	–	138,875	138,875
<b>Transactions with shareholders</b>						
Profit appropriation to statutory reserves (Note 17)	–	–	–	18,946	(18,946)	–
Repurchase of shares (Note 16)	–	–	(8,630)	–	–	(8,630)
Cancellation of shares (Note 16)	(298)	–	14,714	(14,425)	–	(9)
Dividends (Note 31)	–	–	–	–	(150,522)	(150,522)
<b>Total transactions with shareholders</b>	(298)	–	6,084	4,521	(169,468)	(159,161)
<b>Balance at 31 December 2024</b>	89,176	–	(3,028)	10,778	1,668,500	1,765,426
<b>Balance at 1 January 2025</b>	<b>89,176</b>	<b>–</b>	<b>(3,028)</b>	<b>10,778</b>	<b>1,668,500</b>	<b>1,765,426</b>
<b>Comprehensive income</b>						
Profit and total comprehensive income for the year	–	–	–	–	<b>122,568</b>	<b>122,568</b>
<b>Transactions with shareholders</b>						
Profit appropriation to statutory reserves (Note 17)	–	–	–	<b>11,181</b>	<b>(11,181)</b>	–
Repurchase of shares (Note 16)	–	–	<b>(2,804)</b>	–	–	<b>(2,804)</b>
Cancellation of shares (Note 16)	<b>(137)</b>	–	<b>5,537</b>	<b>(5,407)</b>	–	<b>(7)</b>
Dividends (Note 31)	–	–	–	–	<b>(100,189)</b>	<b>(100,189)</b>
<b>Total transactions with shareholders</b>	<b>(137)</b>	–	<b>2,733</b>	<b>5,774</b>	<b>(111,370)</b>	<b>(103,000)</b>
<b>Balance at 31 December 2025</b>	<b>89,039</b>	<b>–</b>	<b>(295)</b>	<b>16,552</b>	<b>1,679,698</b>	<b>1,784,994</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Cash Flow Statement

For the year ended 31 December 2025

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	33(a)	<b>468,877</b>	364,400
Interest paid		<b>(14,160)</b>	(16,449)
Income tax paid		<b>(38,471)</b>	(67,243)
Net cash inflow from operating activities		<b>416,246</b>	280,708
<b>Cash flows from investing activities</b>			
Acquisition of an associate		–	(25)
Purchase of property, plant and equipment		<b>(22,520)</b>	(77,079)
Purchase of intangible assets		–	(41)
Changes in investments in time deposits with maturity more than 3 months	15	<b>(17,000)</b>	(48,000)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	33(b)	<b>3,030</b>	2,893
Interest received		<b>4,774</b>	1,685
Dividends received from a joint venture	10(a)	<b>1,713</b>	7,436
Dividends received from an associate		–	2,305
Proceeds from disposal of a joint venture	10(a)	–	100,300
Asset-related government grants received	22	–	1,109
Net cash outflow from investing activities		<b>(30,003)</b>	(9,417)
<b>Cash flows from financing activities</b>			
Repurchase of shares of the Company		<b>(2,811)</b>	(8,639)
Proceeds from borrowings	33(c)	<b>986,739</b>	715,000
Repayments of borrowings	33(c)	<b>(1,062,479)</b>	(664,680)
Principal elements of lease payments	33(c)	<b>(60,835)</b>	(72,485)
Dividends paid to the shareholders of the Company	31	<b>(100,189)</b>	(150,522)
Changes in restricted cash	15	<b>25,952</b>	(24,880)
Net cash outflow from financing activities		<b>(213,623)</b>	(206,206)
<b>Net increase in cash and cash equivalents</b>			
Effect of foreign exchange rate changes		<b>(2,277)</b>	280
Cash and cash equivalents at beginning of the year		<b>340,492</b>	275,127
<b>Cash and cash equivalents at end of the year</b>	15	<b>510,835</b>	340,492

The above consolidated cash flow statement should be read in conjunction with the accompanying notes

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1 General information

Tenfu (Cayman) Holdings Company Limited (the “Company”) and its subsidiaries (together, the “Group”) are engaged in the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, sales of tea ware, catering management, beverage production and sales of pre-packaged food. The Group has manufacturing plants in Fujian Province, Sichuan Province, Guangxi Zhuang Autonomous Region, Guizhou Province and Zhejiang Province, the People’s Republic of China (the “PRC”) and sells mainly to customers located in the PRC.

The Company was incorporated in the Cayman Islands on 22 April 2010 as an exempted company with limited liability under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s ordinary shares have been listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 26 September 2011.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements set out on pages 83 to 162 have been approved for issue by the board of directors (the “Board”) of the Company on 16 March 2026.

## 2 Basis of preparation

This note provides a list of the accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

### Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) which are stated at fair value or revalued amount.

### New and amended standards adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period. The adoption of these new standards and amendments did not have material impact on the Group’s financial position or operating result and did not require retrospective adjustment.

**Effective for annual  
periods beginning  
on or after**

HKAS 21 (Amendments)

Lack of Exchangeability

1 January 2025

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 2 Basis of preparation *(continued)*

#### New standards and interpretations not yet adopted

The following new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except for HKFRS 18 which will mainly impact the presentation of the consolidated statement of comprehensive income.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKAS 21 (Amendments)	Amendments to translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Amendments to sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2 Basis of preparation *(continued)*

### **New standards and interpretations not yet adopted** *(continued)*

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for HKFRS 18 which will mainly impact the presentation of the consolidated statement of comprehensive income.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, although the adoption of HKFRS 18 will have no impact on the group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported, such as the rental income and fair value gains/losses.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles.

From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by treasury department under policies approved by the Board of Directors.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group mainly operates in Chinese Mainland with most of the revenue and expenditures transactions denominated and settled in RMB, where its foreign exchange risk is limited.

The Group's exposure to foreign exchange risk is mainly on its sales and purchase transactions (i.e., export or import of products) denominated in United States Dollar ("USD") and financing activities (i.e. issuances of ordinary shares, certain borrowings) denominated, in USD, Hong Kong Dollar ("HKD") and Japanese Yen ("JPY").

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk based on the assumption that USD, JPY and HKD had strengthened/weakened by 5% against RMB with all other variables held constant:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit after income tax increase/(decrease)		
– Strengthened 5%	5,272	3,112
– Weakened 5%	(5,272)	(3,112)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3 Financial risk management (continued)

### 3.1 Financial risk factors (continued)

#### (a) Market risk (continued)

##### (ii) Cash flow and fair value interest rate risk

The sensitivity analysis for interest rate risk is based on the assumption that average interest rates on bank borrowings which bear floating rate had been 10% higher/lower with all other variables held constant:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit after income tax increase/(decrease)		
– 10% higher	<b>(1,173)</b>	(1,321)
– 10% lower	<b>1,173</b>	1,321

#### (b) Credit risk

Credit risk arises from time deposits, restricted cash, cash and cash equivalents, trade and other receivables and financial assets at FVPL. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage the risk with respect to restricted cash, time deposits and cash and cash equivalents, they are placed with highly reputable financial institutions.

Most of the Group's sales are settled in cash or in bills by its customers. Credit sales are made to selected customers with good credit history with a credit term of 140 days. The Group performs credit assessment on customers before making credit sales to customers and credit risks in connection with trade receivables are monitored on an on-going basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3 Financial risk management *(continued)*

### 3.1 Financial risk factors *(continued)*

#### **(b) Credit risk *(continued)***

The Group enters into the financial products contracts with certain financial institution in Chinese Mainland. As at 31 December 2025 and 2024, these are reflected as financial assets at FVPL on the consolidated balance sheet. Management has exercised due care when make investment decision with focus only on low risk financial products with principal being guaranteed.

#### (i) Impairment of financial assets

##### Trade receivables

The Group has only one type of financial assets that are subject to the expected credit loss model: trade receivables for sales of products.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2025 or 1 January 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 3 Financial risk management *(continued)*

#### 3.1 Financial risk factors *(continued)*

##### **(b) Credit risk *(continued)***

##### (i) Impairment of financial assets *(continued)*

Trade receivables *(continued)*

On that basis, the loss allowance as at 31 December 2025 and 31 December 2024 was determined as follows for trade receivables:

<b>31 December 2025</b>	<b>Within one year RMB'000</b>	<b>More than 1 year RMB'000</b>	<b>More than 2 years RMB'000</b>	<b>Total RMB'000</b>
<b>Expected loss rate</b>	<b>0.17%</b>	<b>39.89%</b>	<b>100.0%</b>	
<b>Gross carrying amount – trade receivables</b>	<b>157,397</b>	<b>2,653</b>	<b>1,207</b>	<b>161,257</b>
<b>Loss allowance</b>	<b>(262)</b>	<b>(1,058)</b>	<b>(1,207)</b>	<b>(2,527)</b>

31 December 2024	Within one year RMB'000	More than 1 year RMB'000	More than 2 years RMB'000	Total RMB'000
Expected loss rate	0.16%	39.39%	100.0%	
Gross carrying amount – trade receivables	230,338	704	901	231,943
Loss allowance	(379)	(277)	(901)	(1,557)

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances at 1 January as follows:

	<b>Trade receivables 2025 RMB'000</b>	2024 RMB'000
Opening loss allowance at 1 January	<b>1,557</b>	2,956
Increase/(decrease) in loss allowance recognised in profit or loss	<b>970</b>	(1,399)
Closing loss allowance at 31 December	<b>2,527</b>	1,557

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3 Financial risk management *(continued)*

### 3.1 Financial risk factors *(continued)*

#### **(b) Credit risk *(continued)***

##### (i) Impairment of financial assets *(continued)*

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. As at 31 December 2025 and 2024, there was no increase in credit risk since initial recognition.

As at 31 December 2025 and 2024, other receivables within the Group mainly include interest receivables, dividend receivables and other deposits.

- Interest receivables arise from time deposits in state-owned banks and other medium or large sized listed banks institutions which are considered with low credit risk;
- Dividend receivables are considered as low credit risk which mainly arise from the associates of the Group, which are immaterial and normally collected on timely basis.

Historically, all other receivables were collected on timely basis. Management assesses and concludes that these receivables are considered to be low credit risk where they have a low risk of default and have a strong capacity to meet the contractual cash flow obligations in the near term. And thus, the identified impairment loss is immaterial.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by maintaining adequate amount of cash and cash equivalents.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2025	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
<b>Borrowings</b>	<b>465,640</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>495,640</b>
<b>Interest payments on borrowings (note)</b>	<b>5,708</b>	<b>672</b>	<b>-</b>	<b>-</b>	<b>6,380</b>
<b>Lease liabilities</b>	<b>45,475</b>	<b>42,358</b>	<b>44,385</b>	<b>30,737</b>	<b>162,955</b>
<b>Trade and other payables</b>	<b>213,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,042</b>
<b>Other payables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,000</b>	<b>6,000</b>
	<b>729,865</b>	<b>73,030</b>	<b>44,385</b>	<b>36,737</b>	<b>884,017</b>
As at 31 December 2024	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	571,380	-	-	-	571,380
Interest payments on borrowings (note)	9,995	-	-	-	9,995
Lease liabilities	42,803	42,992	48,741	35,558	170,094
Trade and other payables	192,038	-	-	-	192,038
Other payables	-	-	-	6,000	6,000
	816,216	42,992	48,741	41,558	949,507

Note: The interest payments on borrowings are calculated based on borrowings held as at 31 December 2025 and 2024 respectively (excluding the accrued interest payable balance already in trade and other payables) without taking into account future borrowings.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3 Financial risk management *(continued)*

### 3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) add lease liabilities less cash and cash equivalents.

During 2025, the Group's strategy is to maintain the gearing ratio below 50% (2024: below 50%). The gearing ratios at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Net debt (note 33(c))	140,292	393,567
Total equity	1,784,994	1,765,426
Net debt to equity ratio	8%	22%

### 3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2025 and 2024 by valuation method. The different levels have been defined as follows:

- Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 3 Financial risk management (continued)

#### 3.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2025 and 2024.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
FVPL (Note 14)		
– Level 1	289	399
– Level 3	3,810	3,091

During the year ended 31 December 2025, there are no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

Fair value measurements using significant unobservable inputs (Level 3).

The following table presents the changes in level 3 items for the periods ended 31 December 2025 and 31 December 2024:

	Wealth management product
<b>Opening balance as at 1 January 2024</b>	3,141
Losses recognised in other losses	(50)
<b>Closing balance 31 December 2024</b>	3,091
Gains recognised in other gains	719
<b>Closing balance as at 31 December 2025</b>	3,810

As at 31 December 2025 and 2024, the carrying amounts of financial assets at fair value through profit or loss approximated their fair values.

### 4 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4 Critical estimates and judgements *(continued)*

### 4.1 Critical accounting estimates

#### **(a) Net realisable value of inventories**

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to industry cycles. Management reassesses the estimates at each balance sheet date.

#### **(b) Impairment of trade and other receivables**

The management estimates the provision for impairment of trade and other receivables by assessing their recoverability. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and the impairment charge in the period in which such estimate is changed.

#### **(c) Useful lives of property, plant and equipment**

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

#### **(d) Current and deferred income taxes**

The Group is subject to income taxes in a few jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such difference will impact the recognition of deferred income tax assets and taxation in the period in which such estimate is changed.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5 Revenue and segment information

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a product perspective. The Board assesses the performance of the operating segments based on a measure of segment profit or loss.

The reportable operating segments derive their revenue primarily from the classification, packaging and sales of tea leaves, manufacture and sales of tea snacks, and sales of tea ware.

Others include revenue from restaurant, hotel, tourist, management services and catering management, beverage production and sales of pre-packaged food and liquor. These are not included within the reportable operating segments, as they are not presented separately in the reports provided to the Board.

No geographical segment information is presented as almost all the sales and operating profits of the Group are derived within the PRC and almost all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

During 2025 and 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The common administrative expenses, other gains or losses, other income, financing (including finance costs and interest income), share of results of investments accounted for using equity method and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, trade and other receivables, prepayments, as well as time deposits, cash and cash equivalents and restricted cash held by subsidiaries in Chinese Mainland. They exclude investment properties, deferred income tax assets and prepaid tax, as well as time deposits, cash and cash equivalents and restricted cash held by the Company and overseas subsidiaries.

Segment liabilities comprise operating liabilities. They exclude borrowings, deferred income tax liabilities, current income tax liabilities, dividends payable and other payables due to related parties and directors' and senior management's emoluments payable.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 5 Revenue and segment information *(continued)*

#### Revenue

Revenue of the Group consists of the following revenues for the years ended 31 December 2025 and 2024. All revenues are derived from external customers.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Sales of tea leaves	912,155	1,080,770
Sales of tea snacks	201,324	247,635
Sales of tea ware	163,572	179,471
Others	50,200	54,772
	<b>1,327,251</b>	1,562,648

#### Segment information

The segment results for the year ended 31 December 2025:

	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	912,155	201,324	163,572	50,200	1,327,251
Segment cost of goods sold	(428,538)	(94,358)	(84,395)	(22,970)	(630,261)
Segment results	122,035	22,881	23,613	(1,038)	167,491
Unallocated administrative expenses					(22,620)
Other income					37,701
Other losses – net					(1,906)
Finance costs – net					(14,362)
Share of net profit of investments accounted for using the equity method					2,774
Profit before income tax					169,078
Income tax expense					(46,510)
Profit for the year					122,568

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 5 Revenue and segment information *(continued)*

#### Segment information *(continued)*

Other segment items included in the 2025 consolidated statement of comprehensive income:

	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	All other segments RMB'000	Unallocated RMB'000	Total RMB'000
Depreciation of property, plant and equipment	43,761	13,230	6,573	3,904	9,887	77,355
Depreciation of investment properties	-	-	-	-	5,309	5,309
Depreciation and amortisation of right-of-use assets	50,713	10,231	8,148	1,227	-	70,319
Amortisation of intangible assets	24	3	3	-	379	409
Losses on disposal of property, plant and equipment, net	148	27	16	-	-	191

The segment assets and liabilities as at 31 December 2025 are as follows:

	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	All other segments RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	1,826,360	269,747	327,591	203,576	288,350	2,915,624
Segment liabilities	582,087	107,860	83,236	7,729	349,718	1,130,630

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 5 Revenue and segment information *(continued)*

#### Segment information *(continued)*

The segment results for the year ended 31 December 2024:

	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	1,080,770	247,635	179,471	54,772	1,562,648
Segment cost of goods sold	(517,939)	(118,002)	(93,557)	(26,816)	(756,314)
Segment results	155,308	30,671	26,931	(5,399)	207,511
Unallocated administrative expenses					(23,460)
Other income					35,761
Other losses – net					(426)
Finance costs – net					(18,321)
Share of net profit of investments accounted for using the equity method					123
Profit before income tax					201,188
Income tax expense					(62,313)
Profit for the year					138,875

Other segment items included in the 2024 consolidated statement of comprehensive income:

	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	All other segments RMB'000	Unallocated RMB'000	Total RMB'000
Depreciation of property, plant and equipment	44,741	13,900	7,451	4,236	9,885	80,213
Depreciation of investment properties	–	–	–	–	5,133	5,133
Depreciation and amortisation of right-of-use assets	53,928	12,256	8,721	1,252	–	76,157
Amortisation of intangible assets	133	21	29	7	851	1,041
Losses on disposal of property, plant and equipment, net	177	25	31	3	–	236

The segment assets and liabilities as at 31 December 2024 are as follows:

	Tea leaves RMB'000	Tea snacks RMB'000	Tea ware RMB'000	All other segments RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets	1,885,257	287,708	347,787	206,879	245,988	2,973,619
Segment liabilities	600,657	102,253	80,267	10,625	414,391	1,208,193

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 5 Revenue and segment information *(continued)*

#### Segment information *(continued)*

The Group has recognised following liabilities related to contracts with customers:

	<b>As at 31 December 2025 RMB'000</b>	As at 31 December 2024 RMB'000
Contract liabilities – advances	<b>39,764</b>	56,177
Contract liabilities – customer loyalty programme	<b>10,070</b>	11,660
Total contract liabilities	<b>49,834</b>	67,837

The following table shows how much of the revenue recognised for the year ended 31 December related to carried-forward contract liabilities that were satisfied in a prior year.

	<b>For the year ended 31 December 2025 RMB'000</b>	For the year ended 31 December 2024 RMB'000
Contract liabilities – advances	<b>56,177</b>	63,055
Contract liabilities – customer loyalty programme	<b>11,660</b>	12,551
	<b>67,837</b>	75,606

#### Accounting policies of revenue recognition

##### *Sales of goods – wholesale*

The Group processes/manufactures and sells a range of tea products in the wholesale market. Revenue from the sales of goods is recognised when control of the goods has been transferred to the wholesaler, which usually happens when the products have been shipped to the specific location and the wholesaler accepts the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products.

Customers have a right to return faulty products in the wholesale market. Sales are recorded based on the price specified in the sales contracts, net of returns at the time of sale. Accumulated experience is used to estimate and provide for the returns. No element of financing is deemed present as the sales are made with a credit term of 140 days, which is consistent with the market practice.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 5 Revenue and segment information *(continued)*

#### Accounting policies of revenue recognition *(continued)*

##### ***Sales of goods – retail***

The Group operates a chain of retail outlets for selling tea products. Sale of goods are recognised when control of the goods have been transferred to the customer once a group entity sells a product to a customer. Retail sales are usually settled in cash or through payment platforms such as Alipay or WeChat Pay.

It is the Group's policy to sell its products to the retail customer with a right to return. Accumulated experience is used to estimate and provide for such returns at the time of sale.

##### ***Sales from hotel accommodation, restaurant and tourist services***

Sales from hotel accommodation, restaurant, tourist and other ancillary services are recognised when the services are rendered.

##### ***Investment property rental income***

Rental income from operating leases is recognised as income on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction of rental income.

##### ***Customer loyalty programmes***

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to redeem the Group's products. The reward points are recognised as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the reward points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are redeemed. Unused reward points will expire after one year.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6 Property, plant and equipment

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Sculpture and exhibits RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2025</b>							
Cost	1,058,316	129,203	41,231	298,904	5,466	91,386	1,624,506
Accumulated depreciation	(574,540)	(98,129)	(30,892)	(248,209)	(2,763)	-	(954,533)
Net book amount	483,776	31,074	10,339	50,695	2,703	91,386	669,973
<b>Year ended 31 December 2025</b>							
Opening net book amount	483,776	31,074	10,339	50,695	2,703	91,386	669,973
Additions	3,475	6,062	626	8,127	-	2,796	21,086
Transfers	50,172	271	-	4,346	-	(54,789)	-
Disposals (Note 33(b))	(172)	(523)	(546)	(1,384)	-	(529)	(3,154)
Depreciation (Note 24)	(45,724)	(7,435)	(3,738)	(20,199)	(259)	-	(77,355)
Closing net book amount	491,527	29,449	6,681	41,585	2,444	38,864	610,550
<b>At 31 December 2025</b>							
Cost	1,110,170	131,202	39,163	304,350	5,207	38,864	1,628,956
Accumulated depreciation	(618,643)	(101,753)	(32,482)	(262,765)	(2,763)	-	(1,018,406)
Net book amount	491,527	29,449	6,681	41,585	2,444	38,864	610,550

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6 Property, plant and equipment (continued)

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Furniture, fittings and equipment RMB'000	Sculpture and exhibits RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2024</b>							
Cost	1,028,393	128,105	42,278	289,583	5,466	59,133	1,552,958
Accumulated depreciation	(528,421)	(96,067)	(29,085)	(228,133)	(2,504)	-	(884,210)
Net book amount	499,972	32,038	13,193	61,450	2,962	59,133	668,748
<b>Year ended 31 December 2024</b>							
Opening net book amount	499,972	32,038	13,193	61,450	2,962	59,133	668,748
Additions	4,013	3,608	1,700	14,325	-	57,901	81,547
Transfers	22,484	1,451	-	602	-	(24,537)	-
Transfer from investment properties (Note 8)	3,020	-	-	-	-	-	3,020
Disposals (Note 33(b))	(234)	(1,112)	(161)	(511)	-	(1,111)	(3,129)
Depreciation (Note 24)	(45,479)	(4,911)	(4,393)	(25,171)	(259)	-	(80,213)
Closing net book amount	483,776	31,074	10,339	50,695	2,703	91,386	669,973
<b>At 31 December 2024</b>							
Cost	1,058,316	129,203	41,231	298,904	5,466	91,386	1,624,506
Accumulated depreciation	(574,540)	(98,129)	(30,892)	(248,209)	(2,763)	-	(954,533)
Net book amount	483,776	31,074	10,339	50,695	2,703	91,386	669,973

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Distribution costs	<b>16,553</b>	21,167
Administrative expenses	<b>48,500</b>	46,525
Cost of sales	<b>12,302</b>	12,521
	<b>77,355</b>	80,213

As at the date of issuance of these consolidated financial statements, the certificate of certain property, plant and equipment with carrying amount of RMB8,456,000 (2024: RMB9,293,000) is under application process.

Construction work in progress as at 31 December 2025 mainly comprised manufacturing plant, and commercial unit being constructed.

During the year, the Group has capitalised borrowing costs amounting to RMB1,446,000 (2024: RMB1,295,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 3.06% per annum.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 7 Leases

#### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
<b>Right-of-use assets</b>		
– Land use rights	230,888	245,306
– Retail shops	149,817	158,695
	<b>380,705</b>	404,001
<b>Lease liabilities</b>		
– Current	44,369	41,879
– Non-current	111,118	120,800
	<b>155,487</b>	162,679

#### (ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2025			2024		
	Retail Shops RMB'000	Land use rights RMB'000	Total RMB'000	Retail Shops RMB'000	Land use rights RMB'000	Total RMB'000
<b>Depreciation and amortisation charge of right-of-use assets (Note 24)</b>						
Distribution costs	50,214	11,226	61,440	55,523	11,661	67,184
Administrative expenses	5,687	313	6,000	5,781	313	6,094
Cost of sales	–	2,879	2,879	–	2,879	2,879
	<b>55,901</b>	<b>14,418</b>	<b>70,319</b>	61,304	14,853	76,157
Interest expense (including in finance costs) (Note 28)			6,622			8,201
Expense relating to short-term leases (Note 24)			19,356			19,591
Total charges to the statement of comprehensive income			<b>96,297</b>			103,949

The total cash outflow for leases in 2025 was RMB60,835,000 (2024: RMB72,485,000).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 8 Investment properties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<b>At beginning of the year</b>		
Cost	111,838	116,193
Accumulated depreciation	(45,434)	(41,636)
Net book amount	66,404	74,557
Opening net book amount	66,404	74,557
Transfer to property, plant and equipment (Note 6)	–	(3,020)
Additions	–	–
Depreciation (Note 24)	(5,309)	(5,133)
Disposals (Note 33(b))	(66)	–
Closing net book amount	61,029	66,404
<b>At end of the year</b>		
Cost	111,463	111,838
Accumulated depreciation	(50,434)	(45,434)
Net book amount	61,029	66,404

Depreciation expenses of RMB5,309,000 (2024: RMB5,133,000) have been charged in 'administrative expenses' for the year ended 31 December 2025.

Amounts recognised in profit and loss for investment properties are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Rental income	6,908	9,051
Property management fees income	4,096	4,538
Direct operating expenses from properties that generated rental income	(5,631)	(5,414)
	5,373	8,175

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 8 Investment properties *(continued)*

The fair value of the investment properties is RMB75,070,000 (2024: RMB84,256,000) as at 31 December 2025, with carrying amount of RMB61,029,000 (2024: RMB66,404,000). At the end of each reporting period, the Group updates the assessment of the fair value of each investment property, taking into account the most recent independent valuations or market price. The Group determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Group considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 9 Intangible assets

	Goodwill RMB'000	Software RMB'000	Trademarks RMB'000	Total RMB'000
<b>At 1 January 2025</b>				
Cost	2,818	14,738	1,061	18,617
Accumulated amortisation	–	(14,253)	(915)	(15,168)
Net book amount	2,818	485	146	3,449
<b>Year ended 31 December 2025</b>				
Opening net book amount	2,818	485	146	3,449
Additions	–	–	–	–
Disposals	–	(1)	–	(1)
Amortisation charge (Note 24)	–	(364)	(45)	(409)
Closing net book amount	2,818	120	101	3,039
<b>At 31 December 2025</b>				
Cost	2,818	14,721	1,061	18,600
Accumulated amortisation	–	(14,601)	(960)	(15,561)
Net book amount	2,818	120	101	3,039
	Goodwill RMB'000	Software RMB'000	Trademarks RMB'000	Total RMB'000
<b>At 1 January 2024</b>				
Cost	2,818	14,697	1,061	18,576
Accumulated amortisation	–	(13,248)	(879)	(14,127)
Net book amount	2,818	1,449	182	4,449
<b>Year ended 31 December 2024</b>				
Opening net book amount	2,818	1,449	182	4,449
Additions	–	41	–	41
Amortisation charge (Note 24)	–	(1,005)	(36)	(1,041)
Closing net book amount	2,818	485	146	3,449
<b>At 31 December 2024</b>				
Cost	2,818	14,738	1,061	18,617
Accumulated amortisation	–	(14,253)	(915)	(15,168)
Net book amount	2,818	485	146	3,449

Amortisation expenses of RMB409,000 (2024: RMB1,041,000) have been charged in 'administrative expenses' for the year ended 31 December 2025.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 9 Intangible assets (continued)

#### Impairment tests for goodwill

As at 31 December 2025, the intangible assets include goodwill of RMB1,078,000 which arose from the acquisition of Anxi Tianfu Tea Co., Ltd.(Anxi Tianfu) during the year 2021, as well as goodwill of RMB1,740,000 which arose from the acquisition of Xiamen Tianqia Catering Management Co., Limited (“Tian Qia”) during the year 2013.

Management reviews the business performance based on type of business. Goodwill is monitored by the management at the operating segment level.

In the years ended 31 December 2025 and 31 December 2024, goodwill which arose from the acquisition of Anxi Tianfu is allocated to tea leaves segment, and goodwill which arose from the acquisition of Tian Qia is allocated to the business of catering management, beverage production and sales of pre-packaged food, which did not qualify as a reportable operating segment.

The following is a summary of goodwill allocation for each operating segment:

2025	Opening RMB'000	Addition RMB'000	Closing RMB'000
Tea leaves	1,078	–	1,078

The recoverable amount of a CGU is determined based on value-in-use calculations. Management believes that the tea leaves business requires continued investment in brand building as well as enlarging the sales network to achieve long term profit growth. These calculations use cash flow projections based on financial forecast approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the retail businesses in which the CGU operates.

Key assumptions used for value-in-use calculations in the year 2025 is as follows:

	Tea leaves RMB'000	Others RMB'000
– Gross margin	54%	36%
– Long term growth rate	3%	3%
– Discount rate	20%	20%

Management determined forecasted gross margins based on past performance and its expectations for market development. The long term growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the Group's business.

Based on management's assessment and up to 31 December 2025, no impairment charge was made on the goodwill.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Joint ventures	7,212	7,263
Associates	1,209	694
	<b>8,421</b>	7,957

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Joint ventures	1,662	(517)
Associates	1,112	640
	<b>2,774</b>	123

#### (a) Investments in joint ventures

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	7,263	120,162
Change to associates due to reduction in shareholdings	–	(4,646)
Share of profits/(losses)	1,662	(517)
Cash dividends declared	(1,713)	(7,436)
Disposal	–	(100,300)
At end of the year	<b>7,212</b>	7,263

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10 Investments accounted for using the equity method *(continued)*

#### (a) Investments in joint ventures *(continued)*

The particulars of the joint ventures of the Group at 31 December 2025 and 2024, all of which are unlisted, are set out as follows:

Company name	Country/place and date of incorporation	Registered capital	Issued and fully paid capital	Attributable equity interest to the Group as at 31 December		Principal activities
				2025	2024	
Zhangzhou Tenfu Oil Limited ("Fujian Petrol")	PRC, 28 March 2002	RMB3,000,000	RMB3,000,000	50%	50%	Lease of assets
Xiamen Daily Plus Food Beverage Management Co., Ltd. ("Xiamen Daily Plus") (i)	PRC, 21 January 2014	USD2,100,000	USD630,000	50%	50%	Catering management, beverage production and sales of pre-packaged food
Jiangxi Changtai Tianfu Tea Industry Co., Ltd. ("Jiangxi Changtai") (ii)	PRC, 1 August 2019	RMB200,000,000	RMB200,000,000	-	-	Sale of tea leaves, tea snacks and tea ware and provision of hotel, restaurant and related service

- (i) As at 31 December 2025 and 2024, the Group had paid the first capital injection of USD315,000 (equivalent to RMB1,935,000) to Xiamen Daily Plus, and the remaining balance of the capital commitment of USD735,000 (equivalent to RMB4,467,000) will be paid in due course.
- (ii) According to the agreement dated on 14 December 2023, Zhangpu Tian Fu Tea Garden Co., Ltd., a subsidiary of the Group and the other shareholder decided to liquidate Jiangxi Changtai Tianfu Tea Industry Co., Ltd. ("Jiangxi Changtai"). The liquidation procedures were completed in May 2024, then Jiangxi Changtai ceased to be the joint venture of the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10 Investments accounted for using the equity method *(continued)*

#### (a) Investments in joint ventures *(continued)*

The Group's share of the results of the joint ventures, and their aggregated assets and liabilities, are as follows:

RMB'000		Assets	Liabilities	Revenue	Profit	% interest held
<b>Jiangxi Changtai</b>	<b>2025</b>	–	–	–	–	–
	<b>2024</b>	–	–	–	(2,312)	–
<b>Fujian Petrol</b>	<b>2025</b>	5,116	(173)	2,422	1,625	50%
	<b>2024</b>	5,204	(172)	2,501	1,706	50%
<b>Xiamen Daily Plus</b>	<b>2025</b>	2,802	(533)	1,183	37	50%
	<b>2024</b>	2,552	(321)	2,092	89	50%

All of the above companies are private companies and there are no quoted market prices available for their shares.

#### (b) Investment in associates

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	<b>694</b>	343
Change to associates due to reduction in shareholdings	–	4,646
Investment in an associate	–	25
Share of profits	<b>1,112</b>	640
Cash dividends declared	<b>(597)</b>	(4,960)
At end of the year	<b>1,209</b>	694

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10 Investments accounted for using the equity method *(continued)*

#### (b) Investment in associates *(continued)*

The particulars of the associates of the Group at 31 December 2025 and 2024, which is unlisted, are set out as follows:

Company name	Country/place and date of incorporation	Registered capital	Issued and fully paid capital	Attributable equity interest to the Group as at 31 December		Principal activities
				2025	2024	
Xiamen Biwu Trading Co., Ltd. ("Xiamen Biwu") (i)(ii)	PRC, 7 April 2017	RMB1,000,000	RMB500,000	25%	25%	Sales of tea ware
Xiamen Tianfu Just.Tea Commerce and Trading Co., Ltd. ("Just.Tea") (i)(ii)	PRC, 22 January 2019	RMB1,000,000	RMB500,000	25%	25%	Sale of tea leaves, tea snacks and tea ware
Xiamen Tianyutian Trading Co., Ltd. ("Tianyutian") (iii)	PRC, 17 March 2020	RMB1,000,000	RMB1,000,000	25%	25%	Sales of tea ware
Xiamen Tianjingshun Enterprise management Co., Ltd. ("Tianjingshun") (iv)	PRC, 11 July 2024	RMB100,000	RMB100,000	25%	25%	Business management

- (i) On 12 October 2024, Fujian Tian Fu Sales Co., Ltd., a subsidiary of the Group entered into an agreement with Xiamen Getian Information Technology Consulting Co., Ltd. ("Getian") to transfer 25% of shareholdings of Xiamen Biwu and Just.Tea to Getian.
- (ii) As at 31 December 2025, the Group had fully paid the capital injection to Xiamen Biwu and Just.Tea.
- (iii) On 12 October 2024, Fujian Tian Fu Sales Co., Ltd., a subsidiary of the Group entered into an agreement to transfer 5% of shareholdings of Tianyutian to another shareholder.
- (iv) On 11 July 2024, Fujian Tian Fu Sales Co., Ltd., a subsidiary of the Group entered into an agreement with another shareholder to set up an associate to undertake such activities as business management with registered capital of RMB100,000. At the end of year 2025, paid capital of Tianjingshun reached to RMB100,000, of which Fujian Tian Fu Sales Co., Ltd. owned 25%.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10 Investments accounted for using the equity method *(continued)*

#### (b) Investment in associates *(continued)*

The Group's share of the results of the associates, and its aggregated assets and liabilities, are as follows:

RMB'000		Assets	Liabilities	Revenue	Profit	% interest held
<b>Xiamen Biwu</b>	<b>2025</b>	1,292	(1,288)	4,005	600	25%
	<b>2024</b>	1,678	(1,678)	4,660	(63)	25%
<b>Just.Tea</b>	<b>2025</b>	1,415	(582)	4,772	439	25%
	<b>2024</b>	1,344	(950)	4,174	721	25%
<b>Tianyutian</b>	<b>2025</b>	311	(23)	142	24	25%
	<b>2024</b>	303	(39)	157	(28)	25%
<b>Tianjingshun</b>	<b>2025</b>	90	(6)	121	49	25%
	<b>2024</b>	42	(6)	219	10	25%

All of the above companies are private companies and there are no quoted market prices available for their shares.

### 11 Inventories

#### Accounting policies of inventories

Raw materials and packaging materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the moving weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials and packaging materials	<b>292,856</b>	325,929
Work in progress	<b>237,726</b>	239,845
Finished goods	<b>353,460</b>	394,421
	<b>884,042</b>	960,195

The cost of inventories recognised as expenses and included in 'cost of sales' amounted to RMB 562,636,000 for the year ended 31 December 2025 (2024: RM687,061,000) (Note 24).

The Group did not have any losses on obsolete inventories or write-down of inventories for the year ended 31 December 2025 (2024: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 12 Financial instruments by category

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
<b>Financial assets</b>			
Financial assets at amortised cost			
Trade and other receivables	13	<b>177,390</b>	245,488
Cash and cash equivalents	15	<b>510,835</b>	340,492
Long-term time deposits	15	<b>50,000</b>	88,000
Time deposits	15	<b>73,000</b>	18,000
Restricted cash	15	<b>728</b>	26,680
Financial assets at FVPL	14	<b>4,099</b>	3,490
		<b>816,052</b>	722,150
<b>Financial liabilities</b>			
Liabilities at amortised cost			
Other payables		<b>6,000</b>	6,000
Trade and other payables	19	<b>265,114</b>	250,467
Borrowings	20	<b>495,640</b>	571,380
Lease liabilities	7	<b>155,487</b>	162,679
		<b>922,241</b>	990,526

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

### 13 Trade and other receivables and prepayments

#### (a) Trade and other receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables from third parties	<b>154,035</b>	222,395
Trade receivables from related parties (Note 35(b))	<b>7,222</b>	9,548
Total trade receivables	<b>161,257</b>	231,943
Less: provision for impairment	<b>(2,527)</b>	(1,557)
Trade receivables, net	<b>158,730</b>	230,386
Interest receivable on time deposits	<b>6,749</b>	4,043
Dividend receivable from investment in associates	<b>1,257</b>	2,655
Others	<b>10,654</b>	8,404
	<b>18,660</b>	15,102
Total of trade and other receivables	<b>177,390</b>	245,488

Most of the Group's sales are settled in cash or in bills by its customers. Credit sales are made to selected customers with good credit history with a credit term of 140 days.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 13 Trade and other receivables and prepayments *(continued)*

#### (a) Trade and other receivables *(continued)*

As at 31 December 2025 and 2024, the ageing analysis of the trade receivables of the Group based on invoice date is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Up to 140 days	143,699	224,427
141 days to 6 months	7,195	1,629
6 months to 1 year	6,503	4,282
1 year to 2 years	2,653	704
2 years to 3 years	1,207	901
	<b>161,257</b>	231,943

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	154,444	222,004
USD	6,813	9,939
	<b>161,257</b>	231,943

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 13 Trade and other receivables and prepayments *(continued)*

#### (b) Prepayments

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
<b>Non-current</b>		
Prepayments for property, plant and equipment	<b>7,905</b>	7,905
<b>Current</b>		
Prepayments for lease of property and lease deposits	<b>16,151</b>	22,143
Prepayments to related parties (Note 35(b))	<b>10,497</b>	12,034
Prepaid taxes	<b>19,088</b>	19,266
Prepayments for raw materials and packaging materials	<b>51,985</b>	34,838
	<b>97,721</b>	88,281
	<b>105,626</b>	96,186

The carrying amounts of trade and other receivables and prepayments approximate their fair value as at the balance sheet date.

### 14 Financial assets at fair value through profit or loss

	<b>As at 31 December</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
China listed equity securities	<b>289</b>	399
Wealth management product		
– with principal and interests non-guaranteed	<b>3,810</b>	3,091
	<b>4,099</b>	3,490

The financial assets at fair value through profit or loss represented securities and investment in money market fund at banks. Changes in fair values of financial assets at fair value through profit or loss are recorded in "other losses – net" (Note 26).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 15 Cash and cash equivalents, time deposits and restricted cash

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Cash at bank and on hand (i)	<b>634,563</b>	473,172
Less: Long-term time deposits, with maturity over one year	<b>(50,000)</b>	(88,000)
Time deposits	<b>(73,000)</b>	(18,000)
Restricted cash (ii)	<b>(728)</b>	(26,680)
Cash and cash equivalents	<b>510,835</b>	340,492

(i) The weighted average effective interest rate on cash placed with banks and deposits for the year ended 31 December 2025 was 1.35% (2024: 1.13%) per annum.

(ii) As at 31 December 2025, the Company pledged time deposits of RMB728,000 (2024: nil) as collateral for certain transactions agreed between the bank and the Company.

As at 31 December 2024, a subsidiary of the Group pledged time deposits of RMB21,680,000 as collateral for issue of letter of credit amounting to RMB48,800,000.

(iii) The carrying amount of cash at bank and on hand are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	<b>580,785</b>	415,130
USD	<b>26,363</b>	16,570
HKD	<b>26,997</b>	41,061
JPY	<b>418</b>	411
	<b>634,563</b>	473,172

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 16 Share capital and treasury shares

	Number of authorised shares (thousands)	Number of issued shares (thousands)	Ordinary shares (nominal value) RMB'000	Treasury shares (i) RMB'000	Total RMB'000
At 1 January 2024	8,000,000	1,088,377	89,474	(9,112)	80,362
Repurchase of shares	–	–	–	(8,630)	(8,630)
Cancellation of shares	–	(3,647)	(298)	14,714	14,416
At 31 December 2024	8,000,000	1,084,730	89,176	(3,028)	86,148
At 1 January 2025	<b>8,000,000</b>	<b>1,084,730</b>	<b>89,176</b>	<b>(3,028)</b>	<b>86,148</b>
Repurchase of shares	–	–	–	<b>(2,804)</b>	<b>(2,804)</b>
Cancellation of shares	–	<b>(1,668)</b>	<b>(137)</b>	<b>5,537</b>	<b>5,400</b>
At 31 December 2025	<b>8,000,000</b>	<b>1,083,062</b>	<b>89,039</b>	<b>(295)</b>	<b>88,744</b>

#### (i) Details of treasury shares

	Number of issued shares (thousands)
At 1 January 2024	2,034
Repurchase of shares	2,447
Cancellation of shares	(3,647)
At 31 December 2024	834
At 1 January 2025	<b>834</b>
Repurchase of shares	<b>948</b>
Cancellation of shares	<b>(1,668)</b>
At 31 December 2025	<b>114</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 16 Share capital and treasury shares (continued)

#### (i) Details of treasury shares (continued)

The Company repurchased 948,000 ordinary shares of its own through the Stock Exchange from 1 January 2025 to 31 December 2025. The total value of shares repurchased was approximately HKD3,053,000 and has been deducted from shareholders' equity. The payment made for the repurchase was RMB2,811,000 due to the directly attributable incremental costs for shares repurchased before the shares are cancelled.

As at 31 December 2025, the Company cancelled 1,668,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,084,730,460 to 1,083,062,460. The amount of share capital was deducted accordingly.

The Company repurchased 2,447,000 ordinary shares of its own through the Stock Exchange from 1 January 2024 to 31 December 2024. The total value of shares repurchased was approximately HKD9,370,000 and has been deducted from shareholders' equity. The payment made for the repurchase was RMB8,639,000 due to the directly attributable incremental costs for shares repurchased before the shares are cancelled.

As at 31 December 2024, the Company cancelled 3,647,000 shares. After the cancellation, the Company's ordinary shares in issue were reduced from 1,088,377,460 to 1,084,730,460. The amount of share capital was deducted accordingly.

### 17 Other reserves

	Merger reserve (i)	Capital reserve (ii)	Statutory reserves (iii)	Other (iv)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	278,811	231	342,056	(614,841)	6,257
Appropriation to statutory reserves (Note 18)	–	–	18,946	–	18,946
Cancellation of shares	–	–	–	(14,425)	(14,425)
At 31 December 2024	278,811	231	361,002	(629,266)	10,778
At 1 January 2025	<b>278,811</b>	<b>231</b>	<b>361,002</b>	<b>(629,266)</b>	<b>10,778</b>
Appropriation to statutory reserves (Note 18)	–	–	<b>11,181</b>	–	<b>11,181</b>
Cancellation of shares	–	–	–	<b>(5,407)</b>	<b>(5,407)</b>
At 31 December 2025	<b>278,811</b>	<b>231</b>	<b>372,183</b>	<b>(634,673)</b>	<b>16,552</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 17 Other reserves *(continued)*

- (i) Merger reserve comprises the differences between the cost of investments in subsidiaries and net assets of the subsidiaries acquired under common control.
- (ii) Capital reserve mainly comprises exchange differences relating to foreign currency capital injection.

#### (iii) Statutory reserves

The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. All statutory reserves are created for specific purposes. PRC companies are required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of their post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits in accordance with resolutions of the board of directors of the company.

#### (iv) Other

As at 31 December 2025, the Company cancelled 1,668,000 shares (2024: 3,647,000 shares) repurchased, resulted in a reduction to other reserve by RMB5,407,000 (2024: RMB14,425,000) including the expenses attributable to the cancellation.

### 18 Retained earnings

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At 1 January	1,668,500	1,699,093
Profit for the year	122,568	138,875
Dividends (Note 31)	(100,189)	(150,522)
Appropriation to statutory reserves (Note 17)	(11,181)	(18,946)
At 31 December	1,679,698	1,668,500
Representing:		
Proposed final dividend	90,807	80,270
Others	1,588,891	1,588,230
At 31 December	1,679,698	1,668,500

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 19 Trade and other payables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables – due to third parties	<b>68,584</b>	69,017
Trade payables – due to related parties (Note 35(b))	<b>36,152</b>	15,026
Total trade payables	<b>104,736</b>	84,043
Payables for property, plant and equipment	<b>1,628</b>	4,508
Other taxes payable	<b>21,427</b>	23,782
Employee benefit payables	<b>30,645</b>	34,647
Others	<b>106,678</b>	103,487
	<b>265,114</b>	250,467

As at 31 December 2025 and 2024, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Up to 6 months	<b>93,596</b>	83,728
6 months to 1 year	<b>10,858</b>	32
1 year to 2 years	<b>25</b>	45
Over 2 years	<b>257</b>	238
	<b>104,736</b>	84,043

The carrying amounts of trade and other payables approximate their fair value as at the balance sheet date.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 20 Borrowings

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Long-term bank borrowings		
– Guaranteed and unsecured	30,000	59,760
Less: Long-term borrowings to be settled within one year	–	(59,760)
Total guaranteed and unsecured (i)	30,000	–
Short-term bank borrowings		
– Guaranteed and unsecured (ii)	465,640	486,620
Add: Long-term borrowings to be settled within one year	–	59,760
Total guaranteed and unsecured	465,640	546,380
– Unguaranteed and unsecured	–	25,000
Total short-term bank borrowings	465,640	571,380
Total borrowings	495,640	571,380

- (i) As at 31 December 2025, long-term bank borrowings of RMB30,000,000 were guaranteed by Mr. LEE Rie-Ho, Mr. LEE Chia Ling, Mr. LEE Kuo-Lin, all of them are directors of the Company, and the subsidiaries of the Company, either separately or jointly (Note 35(c)). The borrowing bears interest at the rates quoted by People's Bank of China from time to time and requires one time repayment at 2027.
- (ii) As at 31 December 2025, short-term bank borrowings of RMB465,640,000 (2024: RMB546,380,000) were guaranteed by Mr. LEE Rie-Ho, Mr. LEE Chia Ling, Mr. LEE Kuo-Lin, all of them are directors of the Company, a relative of Mr. LEE Rie-Ho and the subsidiaries of the Company, either separately or jointly (Note 35(c)).

The exposure of the Group's borrowings to interest rate changes and the contractual pricing dates as at the end of the year is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	465,640	571,380
1 year to 5 years	30,000	–
	495,640	571,380

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 20 Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
RMB	432,499	571,380
JPY	9,993	–
USD	53,148	–
	<b>495,640</b>	571,380

The Group's weighted average effective interest rates on borrowings at the balance sheet date were as follows:

	As at 31 December	
	2025	2024
Long-term bank borrowings	2.24%	–
Short-term bank borrowings	2.38%	2.76%

The fair value of long-term and short-term bank borrowings of the Group approximate their carrying amounts as at the balance sheet date.

### 21 Contract liabilities

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Advance receipts from customers	39,764	56,177
Deferred revenue: customer loyalty programme	10,070	11,660
	<b>49,834</b>	67,837

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to redeem products of the Group in the future. Accordingly certain portion of the revenue from sale transaction is required to be deferred. Revenue from the reward points is recognised when the points are redeemed. Unused reward points will expire within one year.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 22 Deferred income on government grants

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At beginning of the year	42,336	42,882
Granted during the year	–	1,109
Amortised as income (Note 25)	(2,169)	(1,655)
At end of the year	40,167	42,336

These represent government grants received from certain municipal governments of Chinese Mainland as an encouragement for the Group's construction of properties. Such government grants are being recognised as income on a straight line basis over the expected lives of the related properties.

### 23 Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes are related to the same tax authority. As at the balance sheet date, the analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax assets		
– to be recovered after more than 12 months	39,298	32,906
– to be recovered within 12 months	30,743	32,527
	70,041	65,433
Set-off of deferred tax liabilities pursuant to set-off provisions	(23,881)	(22,129)
	46,160	43,304
Deferred income tax liabilities		
– to be settled after more than 12 months	(2,594)	(3,223)
– to be settled within 12 months	(93,122)	(84,177)
	(95,716)	(87,400)
Set-off of deferred tax liabilities pursuant to set-off provisions	23,881	22,129
	(71,835)	(65,271)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 23 Deferred income tax assets and liabilities (continued)

The gross movement on the deferred income tax assets is as follows:

	Temporary differences in respect of accruals RMB'000	Tax losses RMB'000	Unrealised profit on inventories RMB'000	Customer loyalty programme RMB'000	Government grant RMB'000	Provision for impairment RMB'000	Lease Liabilities RMB'000	Total RMB'000
At 1 January 2024	1,029	2,322	31,308	3,138	7,240	326	22,733	68,096
(Charged)/credited to the consolidated statement of comprehensive income (Note 29)	(255)	1,307	(3,657)	(223)	(282)	(204)	651	(2,663)
At 31 December 2024	774	3,629	27,651	2,915	6,958	122	23,384	65,433
At 1 January 2025	<b>774</b>	<b>3,629</b>	<b>27,651</b>	<b>2,915</b>	<b>6,958</b>	<b>122</b>	<b>23,384</b>	<b>65,433</b>
(Charged)/credited to the consolidated statement of comprehensive income (Note 29)	(232)	5,688	(2,480)	(398)	181	34	1,815	4,608
At 31 December 2025	<b>542</b>	<b>9,317</b>	<b>25,171</b>	<b>2,517</b>	<b>7,139</b>	<b>156</b>	<b>25,199</b>	<b>70,041</b>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2025, the Group did not recognise deferred income tax assets of RMB12,156,000 (2024: RMB14,056,000) in respect of tax losses amounting to RMB98,136,000 (2024: RMB95,029,000) that can be carried forward to offset against future taxable income due to uncertainty of realisation. As at 31 December 2025, losses amounting to RMB5,769,000 (2024: RMB12,829,000), RMB21,022,000 (2024: RMB5,769,000), RMB14,444,000 (2024: RMB21,022,000), RMB23,669,000 (2024: RMB14,444,000), and RMB16,346,000 will expire in 2026, 2027, 2028, 2029 and 2030 respectively.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 23 Deferred income tax assets and liabilities (continued)

The gross movement on the deferred income tax liabilities is as follows:

	<b>Withholding tax on unremitted earnings of certain subsidiaries</b>	<b>Fair value gains</b>	<b>Property, plant and equipment</b>	<b>Right of use assets</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	(60,993)	(4,482)	(4,013)	(20,760)	(90,248)
Remittance of dividend (Charged)/credited to the consolidated statement of comprehensive income (Note 29)	12,500 (9,213)	– 629	– 301	– (1,369)	12,500 (9,652)
At 31 December 2024	(57,706)	(3,853)	(3,712)	(22,129)	(87,400)
At 1 January 2025	<b>(57,706)</b>	<b>(3,853)</b>	<b>(3,712)</b>	<b>(22,129)</b>	<b>(87,400)</b>
Remittance of dividend (Charged)/credited to the consolidated statement of comprehensive income (Note 29)	– <b>(8,019)</b>	– <b>629</b>	– <b>826</b>	– <b>(1,752)</b>	– <b>(8,316)</b>
At 31 December 2025	<b>(65,725)</b>	<b>(3,224)</b>	<b>(2,886)</b>	<b>(23,881)</b>	<b>(95,716)</b>

As at 31 December 2025, deferred income tax liabilities of RMB66,123,000 (2024: RMB65,232,000) have not been recognised for the PRC withholding tax as the corresponding unremitted earnings amounted to RMB986,976,000 as at 31 December 2025 (2024: RMB969,157,000) which are intended to be reinvested.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 24 Expenses by nature

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of inventories (Note 11)	<b>562,636</b>	687,061
Employee benefit expenses – including directors' emoluments (Note 27)	<b>279,760</b>	319,601
Depreciation of property, plant and equipment (Note 6)	<b>77,355</b>	80,213
Depreciation and amortisation of right-of-use assets (Note 7)	<b>70,319</b>	76,157
Depreciation of investment properties (Note 8)	<b>5,309</b>	5,133
Amortisation of intangible assets (Note 9)	<b>409</b>	1,041
Concession fees	<b>35,081</b>	37,978
Transportation expenses	<b>24,615</b>	30,045
Lease expenses (Note 7)	<b>19,356</b>	19,591
Free trial expenses	<b>8,507</b>	10,915
Auditor's remuneration		
– Audit services	<b>1,800</b>	2,000
– Non-audit services	<b>1,555</b>	1,722
Other expenses	<b>94,708</b>	108,539
Total cost of sales, distribution costs and administrative expenses	<b>1,181,410</b>	1,379,996

### 25 Other income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Government grants	<b>6,033</b>	13,651
Income from investment properties (Note 8)	<b>11,004</b>	13,589
Amortisation of deferred income on government grants (Note 22)	<b>2,169</b>	1,655
Service fee from distributors	<b>8,908</b>	–
Others	<b>9,587</b>	6,866
	<b>37,701</b>	35,761

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 26 Other losses – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment, net (Note 33(b))	(191)	(236)
Net foreign exchange losses	(2,324)	(356)
Net fair value gains on financial assets at fair value through profit or loss	609	166
	(1,906)	(426)

### 27 Employee benefit expenses

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Wages and salaries	229,653	264,997
Pension cost – defined contribution plans (a)	24,692	24,414
Other benefits (b)	25,415	30,190
	279,760	319,601

#### (a) Pension cost – defined contribution plans

Pursuant to the relevant labour laws, rules and regulations in the PRC, the Group participates in defined contribution retirement benefit scheme (the “Retirement Benefit Scheme”) organised by the relevant local government authorities in the PRC whereby the Group is required to make contributions to the Retirement Benefit Scheme at a certain rate of the standard wages determined by the relevant authorities in the PRC during the year. Contributions to the Retirement Benefit Scheme vest immediately.

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

During the year ended 31 December 2025, there was no forfeited contribution under the MPF Scheme and Retirement Benefit Scheme which may be used by the Group to reduce the existing level of contributions and the contribution payable in the future years. Accordingly, there was no forfeited contribution was utilised during the year.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 27 Employee benefit expenses (continued)

#### (b) Other benefits

In addition, the Group's employees in Chinese Mainland participate in state-sponsored employee social security plans, including medical, housing and other welfare benefits. The Group has no further obligation beyond the contributions.

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 include four (2024: four) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining one (2024: one) individual for the year ended 31 December 2025 is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries and social security costs	1,027	932

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands (in HK dollar)		
HK \$1,000,001 – HK\$1,500,000	1	1

### 28 Finance costs – net

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits and time deposits	7,480	4,550
– Net foreign exchange (losses)/gains	(2,277)	280
Total finance income (Note 33(a))	5,203	4,830
Finance costs		
– Interest expenses on bank borrowings	(14,389)	(16,245)
– Less: amounts capitalised in qualifying assets	1,446	1,295
– Interest expenses for lease liabilities	(6,622)	(8,201)
Total finance costs (Note 33(a))	(19,565)	(23,151)
Net finance costs	(14,362)	(18,321)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 29 Income tax expense

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	<b>42,802</b>	49,998
Deferred income tax (Note 23)	<b>3,708</b>	12,315
Income tax expense	<b>46,510</b>	62,313

#### (i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

#### (ii) Hong Kong profits tax

Hong Kong profits tax has not been provided for subsidiaries incorporated or operated in Hong Kong as these subsidiaries did not have estimated assessable profit for the year.

#### (iii) PRC corporate income tax (“CIT”)

The applicable corporate income tax rate for Chinese Mainland subsidiaries is 25% except for subsidiaries which are qualified as small and micro enterprises and would be entitled to enjoy a beneficial tax rate of 5%.

#### (iv) PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, including those incorporated in Hong Kong.

Such withholding tax is recorded under deferred income tax. For the year ended 31 December 2025, Tenfu (Hong Kong) Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the year ended 31 December 2024: 5%), on its estimate of deferred income tax. Ten Rui (Hong Kong) Sales Holdings Co., Ltd., a subsidiary of the Company, applied 5% withholding tax rate (the year ended 31 December 2024: 5%), on its estimate of deferred income tax.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 29 Income tax expense *(continued)*

#### (iv) PRC withholding income tax *(continued)*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	<b>169,078</b>	201,188
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	<b>36,134</b>	52,204
Tax effects of:		
Expenses not deductible for tax purposes	<b>1,154</b>	532
Joint ventures' and associate's results reported net of tax	<b>(694)</b>	(31)
Tax losses for which no deferred income tax asset was recognised	<b>1,897</b>	2,516
Utilisation of previously unrecognised tax losses	–	(2,121)
Withholding tax on the expected distributable profits of the subsidiaries in Chinese Mainland (Note 23)	<b>8,019</b>	9,213
Tax charges	<b>46,510</b>	62,313

The Group has operations mainly in Chinese Mainland, Hong Kong, Cayman Islands and British Virgin Islands. It is within the scope of the OECD Pillar Two model rules, and it applies the HKAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Pillar Two model rules in Hong Kong came into effect from 1 January 2025. As of the reporting date, there is no public announcement in jurisdictions including Chinese Mainland, Cayman Islands and British Virgin Islands.

The Group has performed an assessment of the potential exposure of the Group with respect to Pillar Two Global Anti-Base Erosion Proposal ("GloBE") Rules. The assessment is based on the most recently available financial information and financial performance. The Group has estimated that the potential exposure for the annual reporting period ended 31 December 2025 is immaterial.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 30 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2025	2024
Profit attributable to the shareholders of the Company (RMB'000)	<b>122,568</b>	138,875
Weighted average number of ordinary shares in issue ('000)	<b>1,083,062</b>	1,085,960
Basic earnings per share (RMB)	<b>0.11</b>	0.13

Diluted earnings per share for the year ended 31 December 2025 and 2024 were the same as the basic earnings per share as there were no dilutive instruments during the periods.

### 31 Dividends

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interim dividend declared	<b>19,504</b>	29,326
Proposed final dividend	<b>90,807</b>	80,270
	<b>110,311</b>	109,596

At a meeting held on 16 March 2026, the Board proposed a final dividend for 2025 of HKD 102,478,000 (equivalent to RMB90,807,000) (2024: HKD 86,778,000 (equivalent to RMB80,270,000)), representing HKD 9 cents (equivalent to RMB8 cents) (2024: HKD 8 cents (equivalent to RMB7 cents)) per share, to be appropriated from retained earnings.

The proposed final dividend for 2025 is to be approved by the shareholders at the forthcoming Annual General Meeting. The proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2026.

The interim dividend for 2025 of HKD 2 cents (equivalent to RMB1.8 cents) (2024: HKD 3 cents (equivalent to RMB2.7 cents)) per share was declared by the Board on 18 August 2025. This interim dividend, amounting to HKD21,671,000 (equivalent to RMB19,504,000) (2024: HKD32,584,000 (equivalent to RMB29,326,000)), has been reflected as an appropriation of retained earnings for the year ended 31 December 2025.

The dividends paid in 2025 amounted to RMB100,189,000 (2024: RMB150,522,000).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 32 Subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2025 and 2024 are as follows:

Company name	Place of incorporation/ operation and date of incorporation	Legal status	Registered capital	Issued and fully paid capital	Effective interest held as at 31 December		Principal activities
					2025	2024	
<b>Directly owned</b>							
Subsidiaries – incorporated in British Virgin Islands (the "BVI")							
Tenfu Holdings Co., Ltd.	BVI, 2 July 2009	Limited liability company	USD1,100	USD1,100	100%	100%	Investment holding
Ten Rui (BVI) Holdings Co., Ltd.	BVI, 19 August 2009	Limited liability company	USD1,100	USD1,100	100%	100%	Investment holding
<b>Indirectly owned</b>							
Subsidiaries – established in Chinese Mainland							
Minhou Tianyuan Tea Products Co., Ltd.	PRC, 23 October 1993	Domestic enterprise	RMB22,386,000	RMB22,386,000	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware
Yantai Tenfu Tea Co., Ltd.	PRC, 27 August 1996	Foreign investment enterprise	RMB 9,844,100	RMB 9,844,100	100%	100%	Sale of tea leaves, tea snacks and tea ware
Zhangzhou Tianfu Tea Industry Co., Ltd.	PRC, 24 December 1998	Foreign investment enterprise	RMB181,317,305	RMB181,317,305	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware
Jinan Tenfu Tea Co., Ltd.	PRC, 8 June 1999	Domestic enterprise	RMB19,406,410	RMB19,406,410	100%	100%	Sale of tea leaves, tea snacks and tea ware
Zhangpu Tian Fu Tea Garden Co., Ltd.	PRC, 17 November 1999	Foreign investment enterprise	USD65,140,000	USD65,140,000	100%	100%	Sale of tea leaves, tea snacks and tea ware and provision of hotel, restaurant and related service
Beijing Tenfu Tea Co., Ltd.	PRC, 25 January 2002	Domestic enterprise	RMB31,825,065	RMB31,825,065	100%	100%	Sale of tea leaves, tea snacks and tea ware
Jiajiang Tenfu Tea Garden Co., Ltd.	PRC, 17 October 2002	Foreign investment enterprise	RMB70,133,901	RMB70,133,901	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware
Anxi Tianfu Tea Industry Co., Ltd.	PRC, 19 August 2005	Domestic enterprises	RMB18,741,542	RMB18,741,542	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves and tea snacks

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 32 Subsidiaries (continued)

Particulars of the subsidiaries of the Group as at 31 December 2025 and 2024 are as follows: (continued)

Company name	Place of incorporation/ operation and date of incorporation	Legal status	Registered capital	Issued and fully paid capital	Effective interest held as at 31 December		Principal activities
					2025	2024	
<b>Indirectly owned (continued)</b>							
Subsidiaries – established in Chinese Mainland (continued)							
Xiamen Apex Trading Co., Ltd.	PRC, 29 May 2006	Foreign investment enterprise	RMB26,992,250	RMB26,992,250	100%	100%	Sale of tea leaves and tea snacks
Zhejiang Tianfu Tea Industry Co., Ltd.	PRC, 16 August 2006	Foreign investment enterprise	RMB38,168,400	RMB38,168,400	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware
Xiamen Tianyu Commerce and Trading Co., Ltd.	PRC, 15 December 2007	Foreign investment enterprise	RMB1,840,000	RMB1,840,000	100%	100%	Sale of tea leaves, tea snacks and tea ware (including on internet)
Fujian Tian Fu Sales Co., Ltd.	PRC, 4 July 2008	Foreign investment enterprise	USD72,500,000	USD72,500,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Sichuan Tenfu Tea Sales Co., Ltd.	PRC, 10 February 2009	Foreign investment enterprise	RMB6,451,275	RMB6,451,275	100%	100%	Sale of tea leaves, tea snacks and tea ware
Tianjin Tenfu sales Co., Ltd.	PRC, 25 March 2009	Foreign investment enterprise	RMB 25,386,012	RMB 25,386,012	100%	100%	Sale of tea leaves, tea snacks and tea ware
Xin Jiang Tian Fu Tea Sales Co., Ltd.	PRC, 14 April 2009	Foreign investment enterprise	RMB6,413,700	RMB6,413,700	100%	100%	Sale of tea leaves, tea snacks and tea ware
Shan Xi Tian Fu Tea Sales Co., Ltd.	PRC, 29 April 2009	Domestic enterprise	RMB6,701,625	RMB6,701,625	100%	100%	Sale of tea leaves, tea snacks and tea ware
Fu Zhou Tian Fu Tea Sales Co., Ltd.	PRC, 30 April 2009	Foreign investment enterprise	RMB19,676,473	RMB19,676,473	100%	100%	Sale of tea leaves, tea snacks and tea ware
Jiang Xi Tian Fu Tea Sales Co., Ltd.	PRC, 7 May 2009	Foreign investment enterprise	RMB13,096,000	RMB13,096,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Shaan Xi Tian Fu Tea Sales Co., Ltd.	PRC, 18 May 2009	Foreign investment enterprise	RMB19,611,070	RMB19,611,070	100%	100%	Sale of tea leaves, tea snacks and tea ware
Hebei Tenfu Tea Sales Co., Ltd.	PRC, 9 June 2009	Foreign investment enterprise	RMB6,513,420	RMB6,513,420	100%	100%	Sale of tea leaves, tea snacks and tea ware
Guang Dong Tian Fu Tea Sales Co., Ltd.	PRC, 10 June 2009	Foreign investment enterprise	RMB19,660,950	RMB19,660,950	100%	100%	Sale of tea leaves, tea snacks and tea ware
Jilin Province Tian Fu Tea Sales Co., Ltd.	PRC, 12 June 2009	Domestic enterprise	RMB16,512,025	RMB16,512,025	100%	100%	Sale of tea leaves, tea snacks and tea ware
Nanjing Tian Fu Tea Sales Co., Ltd.	PRC, 22 June 2009	Domestic enterprise	RMB19,863,610	RMB19,863,610	100%	100%	Sale of tea leaves, tea snacks and tea ware
Guangxi Tenfu Tea Sales Co., Ltd.	PRC, 26 June 2009	Foreign investment enterprise	RMB6,452,940	RMB6,452,940	100%	100%	Sale of tea leaves, tea snacks and tea ware

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 32 Subsidiaries (continued)

Particulars of the subsidiaries of the Group as at 31 December 2025 and 2024 are as follows: (continued)

Company name	Place of incorporation/ operation and date of incorporation	Legal status	Registered capital	Issued and fully paid capital	Effective interest held as at 31 December		Principal activities
					2025	2024	
<b>Indirectly owned (continued)</b>							
Subsidiaries – established in Chinese Mainland (continued)							
Hu Bei Tian Fu Tea Sales Co., Ltd.	PRC, 10 July 2009	Foreign investment enterprise	RMB6,519,390	RMB6,519,390	100%	100%	Sale of tea leaves, tea snacks and tea ware
Hunan Tenfu Tea Sales Co., Ltd.	PRC, 26 August 2009	Domestic enterprise	RMB6,502,260	RMB6,502,260	100%	100%	Sale of tea leaves, tea snacks and tea ware
An Hui Tian Fu Tea Sales Co., Ltd.	PRC, 10 September 2009	Domestic enterprise	RMB6,829,460	RMB6,829,460	100%	100%	Sale of tea leaves, tea snacks and tea ware
Guangxi Guigang Tianfu Tea Co., Ltd.	PRC, 29 December 2009	Domestic enterprises	RMB44,695,000	RMB44,695,000	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves and tea snacks
Suzhou Tenfu Tea Co., Ltd.	PRC, 9 August 2010	Foreign investment enterprise	RMB12,922,880	RMB12,922,880	100%	100%	Sale of tea leaves, tea snacks and tea ware
Hangzhou Tenfu Tea Co., Ltd.	PRC, 27 October 2010	Domestic enterprise	RMB3,322,300	RMB3,322,300	100%	100%	Sale of tea leaves, tea snacks and tea ware
Shanghai Tenfu Tea Co., Ltd.	PRC, 22 November 2010	Foreign investment enterprise	RMB12,759,780	RMB12,759,780	100%	100%	Sale of tea leaves, tea snacks and tea ware
Henan Tenfu Tea Co., Ltd.	PRC, 9 May 2012	Foreign investment enterprise	RMB12,412,400	RMB12,412,400	100%	100%	Sale of tea leaves, tea snacks and tea ware
Gansu Tenfu Tea Co., Ltd.	PRC, 29 October 2012	Foreign investment enterprise	RMB3,102,445	RMB3,102,445	100%	100%	Sale of tea leaves, tea snacks and tea ware
Heilongjiang Tenfu Tea Co., Ltd.	PRC, 12 December 2012	Domestic enterprise	RMB12,337,360	RMB12,337,360	100%	100%	Sale of tea leaves, tea snacks and tea ware
Chongqing Yubeiqu Tenfu Tea Co., Ltd.	PRC, 7 August 2013	Domestic enterprise	RMB1,000,000	RMB1,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Xuzhou Tenfu Tea Co., Ltd.	PRC, 7 August 2013	Domestic enterprise	RMB2,000,000	RMB2,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Pingtian Tenfu Tea Co., Ltd.	PRC, 1 August 2014	Domestic enterprise	RMB50,000,000	RMB50,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Guiding Tian Fu Tea Garden Co., Ltd.	PRC, 4 August 2015	Domestic enterprise	RMB80,000,000	RMB80,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware and provision of hotel, restaurant and related service
Zhangzhou Tianfu Business Hotel Co., Ltd.	PRC, 17 November 2016	Foreign investment enterprise	RMB10,000,000	RMB2,000,000	100%	100%	Hotel, restaurant and related service and sales of pre-packaged food

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 32 Subsidiaries (continued)

Particulars of the subsidiaries of the Group as at 31 December 2025 and 2024 are as follows: (continued)

Company name	Place of incorporation/ operation and date of incorporation	Legal status	Registered capital	Issued and fully paid capital	Effective interest held as at 31 December		Principal activities
					2025	2024	
<b>Indirectly owned (continued)</b>							
Subsidiaries – established in Chinese Mainland (continued)							
Hangzhou Yunqi Tianfu Tea Co., Ltd.	PRC, 22 August 2018	Domestic enterprise	RMB5,000,000	RMB5,000,000	100%	100%	Classification, packaging of tea leaves and sale of tea leaves.
Shanghai Tian Fu Tea Industry Co., Ltd.	PRC, 7 August 2019	Domestic enterprise	RMB5,000,000	RMB1,500,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Dalian Tenfu Tea Sales Co., Ltd.	PRC, 23 April 2020	Domestic enterprise	RMB5,000,000	RMB5,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Shenyang Tenfu Tea Sales Co., Ltd.	PRC, 12 April 2021	Domestic enterprise	RMB5,000,000	RMB5,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Hainan Tian Fu Tea Industry Co., Ltd.	PRC, 5 February 2021	Domestic enterprise	RMB10,000,000	RMB1,000,000	100%	100%	Sale of tea leaves, tea snacks and tea ware
Xiamen Tianfu Tianan Tea Industry Co., Ltd.	PRC, 13 May 2022	Domestic enterprise	RMB500,000	RMB500,000	100%	100%	Sale of tea leaves and tea snacks
Tianfu Tea (Xiamen) Trading Co., Ltd.	PRC, 13 May 2022	Foreign investment enterprise	RMB1,000,000	RMB1,000,000	100%	100%	Sale of tea leaves and tea snacks
Xiamen Luyu Tea Trading Co., Ltd.	PRC, 21 June 2022	Foreign investment enterprise	RMB500,000	RMB500,000	100%	100%	Sale of tea leaves and tea snacks
Zhangzhou Tenfu Tea Sales Co., Ltd.	PRC, 21 November 2022	Foreign investment enterprise	RMB10,000,000	RMB3,000,000	100%	100%	Sale of tea leaves and tea snacks
Ningde Tianfu Tea Industry Co., Ltd.	PRC, 20 March 2023	Domestic enterprise	RMB20,000,000	RMB20,000,000	100%	100%	Classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware
Subsidiaries – incorporated in Hong Kong							
Ten Rui (Hong Kong) Sales Holdings Co., Ltd.	Hong Kong, 7 March 2008	Limited liability company	USD1,000,000	USD1,000,000	100%	100%	Investment holding
Tenfu (Hong Kong) Holdings Co., Ltd.	Hong Kong, 17 August 2009	Limited liability company	USD1,000	USD1,000	100%	100%	Investment holding

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 33 Notes to the consolidated cash flow statement

#### (a) Reconciliation of profit before income tax to net cash generated from operations

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before income tax	<b>169,078</b>	201,188
Adjustments for:		
– Share of profit less losses of investments accounted for using the equity method (Note 10)	<b>(2,774)</b>	(123)
– Depreciation of property, plant and equipment (Note 6)	<b>77,355</b>	80,213
– Depreciation of investment properties (Note 8)	<b>5,309</b>	5,133
– Depreciation and amortisation of right-of-use assets (Note 7)	<b>70,319</b>	76,157
– Amortisation of intangible assets (Note 9)	<b>409</b>	1,041
– Amortisation of deferred income (Note 22)	<b>(2,169)</b>	(1,655)
– Losses on disposal of property, plant and equipment (Note 26)	<b>191</b>	236
– Finance income (Note 28)	<b>(5,203)</b>	(4,830)
– Finance costs (Note 28)	<b>19,565</b>	23,151
– Provision for/(reversal of) impairment	<b>970</b>	(1,399)
– Fair value gains on financial assets at fair value through profit or loss (Note 26)	<b>(609)</b>	(166)
Changes in working capital:		
– Inventories	<b>76,153</b>	55,764
– Trade and other receivables and prepayments	<b>60,986</b>	(16,586)
– Trade and other payables	<b>17,300</b>	(45,955)
– Contract liabilities	<b>(18,003)</b>	(7,769)
Cash generated from operations	<b>468,877</b>	364,400

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 33 Notes to the consolidated cash flow statement (continued)

#### (b) Proceeds from sale of property, plant and equipment, investment properties and intangible assets

In the consolidated cash flow statement, proceeds from property, plant and equipment, investment properties and intangible assets comprise:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net book amount		
– Property, plant and equipment (Note 6)	3,154	3,129
– Investment properties (Note 8)	66	–
– Intangible assets (Note 9)	1	–
Losses on disposal of property, plant and equipment, net (Note 26)	(191)	(236)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	3,030	2,893

#### (c) Net debt reconciliation

	31 December	31 December
	2025 RMB'000	2024 RMB'000
Net debt		
Cash and cash equivalents (Note 15)	510,835	340,492
Borrowings – repayable within one year (Note 20)	(465,640)	(571,380)
Borrowings – repayable after one year (Note 20)	(30,000)	–
Lease liabilities (Note 7)	(155,487)	(162,679)
Net debt	(140,292)	(393,567)

	Other assets		Liabilities from financing activities		
	Cash and cash equivalents RMB'000	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Leases RMB'000	Total RMB'000
Net debt as at 1 January 2024	275,127	(481,100)	(39,960)	(160,381)	(406,314)
Financing cash flows	65,085	(90,280)	39,960	72,485	87,250
Leases	–	–	–	(74,783)	(74,783)
Foreign exchange adjustments	280	–	–	–	280
Net debt as at 31 December 2024	340,492	(571,380)	–	(162,679)	(393,567)
Financing cash flows	172,620	105,740	(30,000)	60,835	309,195
Leases	–	–	–	(53,643)	(53,643)
Foreign exchange adjustments	(2,277)	–	–	–	(2,277)
Net debt as at 31 December 2025	510,835	(465,640)	(30,000)	(155,487)	(140,292)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 34 Commitments

#### (a) Equity investment commitments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Investment in joint ventures and associates (Note 10)	4,467	4,717

#### (b) Capital expenditure commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	33,277	32,075

#### (c) Operating lease commitments

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases (Note 7).

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
No later than 1 year	4,922	5,805

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 35 Related-party transactions

The Group is controlled by Mr. LEE Rie-Ho and Mr. LEE Chia Ling ("Controlling Shareholders"). The entities owned by the key management, their affiliates and the Group's joint ventures and associates are regarded as related parties. Tenfu Group (Samoa) Holdings Company Limited ("SAMOA") is wholly owned by Mr. LEE Chia Ling. SAMOA and its subsidiaries are regarded as related parties.

#### (a) Transactions with related parties

The following transactions are carried out by the Group with related parties:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
(i) Purchases of goods and services		
– Subsidiaries of SAMOA	<b>80,100</b>	81,118
– A company controlled by the Controlling Shareholders	<b>5,283</b>	11,474
– Associates	<b>11,480</b>	13,772
– Joint ventures	<b>1,048</b>	3,819
	<b>97,911</b>	110,183
(ii) Sales of goods		
– Subsidiaries of SAMOA	<b>2,440</b>	8,230
– Associates	<b>3,046</b>	3,393
	<b>5,486</b>	11,623
(iii) Rental expenses		
– The Controlling Shareholders and their affiliates	<b>2,918</b>	3,294
– A company controlled by an affiliate of the Controlling Shareholders	<b>2,156</b>	2,325
	<b>5,074</b>	5,619
(iv) Right-of-use assets		
– The Controlling Shareholders and their affiliates	<b>9,874</b>	9,874
– A company controlled by an affiliate of the Controlling Shareholders	<b>6,213</b>	6,375
	<b>16,087</b>	16,249
(v) Key management compensation	<b>7,020</b>	6,764
(vi) Service income		
– Associates	<b>1,488</b>	1,415

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 35 Related-party transactions *(continued)*

#### (b) Balances with related parties

The Group has the following balances with its related parties As at 31 December 2025 and 2024:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
(i) Trade receivables due from related parties (Note 13(a))		
– Subsidiaries of SAMOA	5,759	8,230
– Associates	1,463	1,318
	<b>7,222</b>	9,548
(ii) Prepayments to related parties (Note 13(b))		
– Subsidiaries of SAMOA	10,110	12,034
– Associates	387	–
	<b>10,497</b>	12,034
(iii) Trade payables due to related parties (Note 19)		
– Subsidiaries of SAMOA	35,816	14,654
– Associates	336	372
	<b>36,152</b>	15,026

The payables to related parties for the years ended 31 December 2025 and 2024 arise mainly from purchase transactions. The payables bear no interest and are repayable on demand.

#### (c) Borrowings guaranteed by related parties

The Group's bank borrowings of RMB495,640,000 (2024: RMB546,380,000) as at 31 December 2025 were guaranteed by Mr. LEE Rie-Ho, Mr. LEE Chia Ling and Mr. LEE Kuo-Lin, all of them are directors of the Company, a relative of Mr. LEE Rie-Ho and the subsidiaries of the Company, either separately or jointly (Note 20).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 36 Balance sheet and reserve movement of the Company

#### Balance sheet of the Company

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27	42
Investments in subsidiaries	860,388	860,388
	<b>860,415</b>	860,430
<b>Current assets</b>		
Trade and other receivables	1,896,339	1,766,339
Restricted cash	728	–
Cash and cash equivalents	83,485	40,833
	<b>1,980,552</b>	1,807,172
<b>Total assets</b>	<b>2,840,967</b>	2,667,602
<b>EQUITY</b>		
<b>Capital and reserves attributable to the shareholders of the Company</b>		
Share capital	89,039	89,176
Treasury shares	(295)	(3,028)
Other reserve (Note (a))	(634,673)	(629,266)
Retained earnings (Note (a))	96,974	86,078
<b>Total deficit</b>	<b>(448,955)</b>	(457,040)
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Payables due to subsidiaries	2,426,648	2,276,955
<b>Current liabilities</b>		
Other payables	810,126	847,687
Borrowings	53,148	–
	<b>863,274</b>	847,687
<b>Total liabilities</b>	<b>3,289,922</b>	3,124,642
<b>Total equity and liabilities</b>	<b>2,840,967</b>	2,667,602

The balance sheet of the Company was approved by the Board of Directors on 16 March 2026 and was signed on its behalf by:

**Mr. LEE Chia Ling**  
*Director*

**Mr. LEE Kuo-Lin**  
*Director*

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 36 Balance sheet and reserve movement of the Company (continued)

#### Balance sheet of the Company (continued)

Note (a) Reserve movement of the Company

	Other reserve RMB'000	Retained earnings RMB'000
At 1 January 2025	<b>(629,266)</b>	<b>86,078</b>
Profit for the year	–	<b>111,085</b>
Dividends	–	<b>(100,189)</b>
Cancellation of shares (Note 17(iv))	<b>(5,407)</b>	–
At 31 December 2025	<b>(634,673)</b>	<b>96,974</b>
At 1 January 2024	(614,841)	136,410
Profit for the year	–	100,190
Dividends	–	(150,522)
Cancellation of shares (Note 17(iv))	(14,425)	–
At 31 December 2024	(629,266)	86,078

### 37 Benefits and interests of directors

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

The remuneration of each director and the chief executive of the Company for the year ended 31 December 2025 is set out as follows:

Name	Fees RMB'000	Salaries and social security costs RMB'000	Share option expense RMB'000	Total RMB'000
Mr. LEE Rie-Ho	367	620	–	987
Mr. LEE Kuo-Lin	367	500	–	867
Mr. LEE Chia Ling (i)	367	644	–	1,011
Mr. Tseng Ming-Sung	367	–	–	367
Mr. Zhang Honghai	367	236	–	603
Dr. Fan Ren-Da, Anthony	367	330	–	697
Mr. Lo Wah Wai	367	–	–	367
Mr. LEE Kwan Hung, Eddie	367	–	–	367
Dr. Huang Wei	367	–	–	367
	<b>3,303</b>	<b>2,330</b>	–	<b>5,633</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 37 Benefits and interests of directors *(continued)*

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

The remuneration of each director and the chief executive of the Company for the year ended 31 December 2024 is set out as follows:

Name	Fees RMB'000	Salaries and social security costs RMB'000	Share option expense RMB'000	Total RMB'000
Mr. LEE Rie-Ho	329	620	–	949
Mr. LEE Kuo-Lin	329	500	–	829
Mr. LEE Chia Ling (i)	329	644	–	973
Mr. Tseng Ming-Sung	311	–	–	311
Mr. Zhang Honghai	329	338	–	667
Dr. Fan Ren-Da, Anthony	340	328	–	668
Mr. Lo Wah Wai	340	–	–	340
Mr. LEE Kwan Hung, Eddie	340	–	–	340
Dr. Huang Wei	340	–	–	340
	2,987	2,430	–	5,417

- (i) The chief executive of the Company is Mr. LEE Chia Ling, who is also one of the directors of the Company.

For the years ended 31 December 2025 and 2024, no directors received emoluments from the Group as inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or had agreed to waive any emoluments.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 37 Benefits and interests of directors *(continued)*

#### (b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year ended 31 December 2025.

#### (c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year ended 31 December 2025.

#### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by or entities connected with directors subsisted at the end of the year or at any time during the year ended 31 December 2025.

#### (e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 38 Subsequent Event

There is no material subsequent event undertaken by the Group after 31 December 2025.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies

#### 39.1 Principles of consolidation and equity accounting

##### *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 39.2).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

##### *Joint arrangements*

Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

##### *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.1 Principles of consolidation and equity accounting *(continued)*

##### *Equity method (continued)*

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### 39.2 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Impairment testing of the investments in subsidiaries is also required according to Note 39.9.

#### 39.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

#### 39.5 Foreign currency translation

##### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

##### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as profit or loss in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other losses – net'.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.5 Foreign currency translation *(continued)*

##### *Transactions and balances (continued)*

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

#### 39.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Starting from 1 January 2009, investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs that are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation of investment properties is calculated using the straight-line method to allocate their costs over their estimated useful lives of 20 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

#### 39.7 Property, plant and equipment

Construction-in-progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for operational use.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.7 Property, plant and equipment *(continued)*

Property, plant and equipment include buildings, machinery, vehicles, furniture, fittings and equipment, and sculpture and exhibits. All property, plant and equipment is stated at historical cost less depreciation and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged as expenses to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	20 years
– Machinery	10 years
– Vehicles	5-10 years
– Furniture, fittings and equipment	3-10 years
– Sculpture and exhibits	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 39.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other losses – net' in the consolidated statement of comprehensive income.

#### 39.8 Intangible assets

##### *Goodwill*

Goodwill is measured as described in note 39.2. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39 Summary of other potentially material accounting policies *(continued)*

### 39.8 Intangible assets *(continued)*

#### **Goodwill** *(continued)*

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

#### **Trademarks**

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### **Software**

Computer software is initially recognised and measured at costs incurred to acquire and bring them to use, amortised on a straight-line basis over their estimated useful lives, and recorded in amortisation within administrative expenses in the consolidated statement of comprehensive income.

### 39.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 39.10 Financial assets

#### **Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.10 Financial assets *(continued)*

##### **Classification** *(continued)*

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### **Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

- (i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.
- (ii) FVPL: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.10 Financial assets *(continued)*

##### **Impairment**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 13 for further details.

#### 39.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

#### 39.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. See Note 13 for further information about the Group's accounting for trade and other receivables and Note 39.10 for a description of the Group's impairment policies.

#### 39.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Time deposits with maturity more than three months and restricted cash are excluded from cash and cash equivalents.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued.

#### 39.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### 39.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as profit or loss in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

#### 39.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### ***Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### ***Deferred income tax***

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.19 Employee benefits

##### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

##### *Pension obligations*

The Group entities in Chinese Mainland participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in Chinese Mainland and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. The contributions to these plans are recognised as employee benefit expenses when incurred.

#### 39.20 Provisions

Provisions for legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.21 Lease

The Group leases various stores, warehouses and apartments. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments).

The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

After the initial application, each lease payment is allocated between principle and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability; and
- Any lease payments made at or before the commencement date.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

#### 39.22 Government grants

Government grants are recognised at their fair value, when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised as income in the consolidated statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39 Summary of other potentially material accounting policies *(continued)*

#### 39.22 Government grants *(continued)*

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised as income in the consolidated statement of comprehensive income on a straight line basis over the expected lives of the related assets.

Government grants that are not related to future costs nor purchase of property, plant and equipment are recognised directly as income in the consolidated statement of comprehensive income.

#### 39.23 Earnings per share

##### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

##### *(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### 39.24 Dividend income

Dividend income is recognised when the right to receive payment is established.

#### 39.25 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

#### 39.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.