



SMOORE INTERNATIONAL HOLDINGS LIMITED
思摩爾國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: **06969**

2025 Annual Report

A T O M I Z A T I O N M A K E S L I F E B E T T E R

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CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-Executive Director

Ms. Jiang Min

Independent Non-Executive Directors

Mr. Zhong Shan (*Lead Independent Non-executive Director*)
Mr. Yim Siu Wing, Simon
Dr. Wang Gao

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Environmental, Social and Governance Committee

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

Joint Company Secretaries

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

Authorized Representatives

Mr. Wang Guisheng
Ms. Cheng Choi Ha

Registered Office

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

Principal Place of Business in Hong Kong

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

Head Office in the PRC

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

CORPORATE INFORMATION

Legal Advisers

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

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

35/F, One Pacific Place
88 Queensway
Hong Kong

The Cayman Islands Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar

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

Principal Banks

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

Stock Short Name

Smooere Intl

Stock Code

06969

Company's Website

www.smooereholdings.com

Investor Relations Consultant

Tyche Advisory Limited

FINANCIAL HIGHLIGHTS

Key Financial Information

	For the year ended/as at 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Revenue	13,764,907	12,161,417	11,203,250	11,798,662	14,256,171
Gross profit	7,380,584	5,275,050	4,340,911	4,411,969	4,856,879
Gross profit margin	53.6%	43.4%	38.7%	37.4%	34.1%
Profit before tax	6,209,342	2,954,326	1,936,539	1,655,043	1,475,684
Profit for the year	5,286,967	2,510,316	1,645,090	1,303,255	1,061,599
Total comprehensive income for the year	5,286,991	2,494,934	1,566,470	1,416,913	946,022
Total comprehensive income for the year attributable to shareholders of the Company	5,286,991	2,494,934	1,566,470	1,416,913	948,241
Adjusted profit for the year*	5,560,768	2,889,617	1,941,548	1,509,230	1,529,590
Adjusted net profit margin	40.4%	23.8%	17.3%	12.8%	10.7%
Non-current assets	4,885,534	5,160,544	5,937,532	10,807,950	12,759,840
Current assets	17,985,772	19,198,773	19,570,752	16,846,428	15,777,938
Current liabilities	3,394,240	3,588,957	3,566,333	5,259,365	6,129,274
Net current assets	14,591,532	15,609,816	16,004,419	11,587,063	9,648,664
Total assets	22,871,306	24,359,317	25,508,284	27,654,378	28,537,778
Total assets less current liabilities	19,477,066	20,770,360	21,941,951	22,395,013	22,408,504
Equity attributable to shareholders of the Company	19,246,359	20,377,208	21,409,609	21,897,088	21,847,529
Non-controlling interests	—	—	—	7,623	28,251
Total equity/net assets	19,246,359	20,377,208	21,409,609	21,904,711	21,875,780
Cash and cash equivalents**	11,426,758	9,762,933	5,332,076	5,170,700	7,322,926

* The adjustments adopted for deriving the adjusted profit for the year:

	For the year ended/as at 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Profit for the year before adjustment	5,286,967	2,510,316	1,645,090	1,303,255	1,061,599
Add:					
Share-based payment expenses related to share option scheme and share award scheme	273,801	379,301	296,458	205,975	467,991
Adjusted profit for the year	5,560,768	2,889,617	1,941,548	1,509,230	1,529,590

To supplement the Group's financial results prepared in accordance with Hong Kong Financial Reporting Standards, the Group presents adjusted profit for the year as an additional financial measure and perspective. Management believes that, as share-based payment expenses are non-cash in nature, excluding these non-cash expenses from profit for the year can provide both the investors and management with a clearer view of the Group's underlying operating performance.

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

The Board proposed to declare a final dividend of HK20 cents per ordinary share for the year ended 31 December 2025.

FINANCIAL HIGHLIGHTS

Key Financial Ratios

	For the year ended/as at 31 December				2025
	2021	2022	2023	2024	
Gross profit margin (%)	53.6	43.4	38.7	37.4	34.1
Net profit margin (%)	38.4	20.6	14.7	11.0	7.4
Asset-liability ratio (%)	15.8	16.3	16.1	20.8	23.3
Current ratio (%)	529.9	534.9	548.8	320.3	257.4
Trade and bills receivables turnover days (Day)	61.3	70.7	68.3	61.5	56.1
Inventory turnover days (Day)	28.6	37.1	43.1	41.8	50.0
Trade and bills payables turnover days (Day)	43.7	52.4	64.4	65.2	59.3

Notes:

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Directors**”) (the “**Board**”) of Smoore International Holdings Limited (“**Smoore**” or the “**Company**”), I am pleased to present the annual report of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2025 (“**Review Period**”).

Business Review

In 2025, Smoore achieved record revenue, underpinned by its cutting-edge technology, enhanced operational efficiency, tailored customer strategies, and manufacturing excellence.

Our “second horizon”, the heat-not-burn (“**HNB**”) business, achieved scalable shipments to a strategic customer and enabled its launch of premium HNB products across major global markets including Japan, Poland, and Italy in 2025. Feedback from customers and end consumers was positive. In electronic vaping business, a clearer regulatory framework and more effective enforcement against non-compliant products opened new opportunities for compliant, capable, and agile participants, benefiting Smoore. Together, these two business drove our growth and record revenue performance during the Review Period.

The Group successfully supported a strategic customer in the multi-markets launch of its premium HNB products. In Japan, the largest HNB market by sales volume and user base, the products were rolled out nationwide since September 2025 and received positive consumer feedback, with fast ramp-up and superior taste performance despite fiercer competition. In Poland and Italy, where HNB penetration remains relatively low, the products have shown encouraging end-market growth since launch, underscoring its superior performance. The HNB business delivered revenue exceeding RMB1.2 billion during the Review Period, underpinning the Group’s record revenue.

The Group’s electronic vaping business delivered a robust growth during the Review Period, with revenue growth across both our Corporate Client Oriented (“**ToB**”) business and self-branded business. The Group benefited from the evolving regulation changes and global regulatory enforcement against non-compliant products. In major European markets, the implementation of bans on disposable electronic vaping products opened opportunities for players able to respond quickly to shifting market dynamics and launch compliant designs. The Group leveraged its regulatory foresight, manufacturing excellence and R&D leadership to enable customers’ faster roll-outs for compliant products in 2025. In the United States market, enforcement continued to intensify, with Congress appropriating no less than US\$200 million to the Food and Drug Administration (“**FDA**”) for actions related to non-compliant electronic vaping products. The Group’s ToB business in the U.S. market returned to growth trajectory in 2025. The Group’s self-branded business continued to strengthen its global leadership in open-system vaping, maintaining No. 1 worldwide and continuing to gain market share across key markets. Performance was driven by iterations to flagship products, expanded channel coverage and data-driven consumer insights, resulting in a record high for self-branded revenue in 2025.

Our business for special purpose atomization products continued its restructuring and launched new products during the Review Period. The business optimized its customer mix and product portfolio that aligned with market trends. In parallel, the business continued to enhance management and research and development (“**R&D**”) efficiency, reducing time-to-market and supporting faster commercialization of new products.

CHAIRMAN'S STATEMENT

Beyond our electronic vaping and HNB businesses, the emerging business, comprising inhalation therapy and beauty atomization, advanced as planned during the Review Period.

During the Review Period, the Group's subsidiary, Transpire Bio Inc. ("**Transpire**"), which focuses on inhalation therapy in the U.S., continued to advance the development of drug-device combination products for treating respiratory diseases, including asthma, chronic obstructive pulmonary disease ("**COPD**"), idiopathic pulmonary fibrosis ("**IPF**") and other therapeutics areas. Transpire has developed multiple proprietary inhalation technology platforms, including dry powder inhalers and soft-mist inhalers. The team has deep know-how of the development, production and regulatory requirements on inhalation drug-device combination in U.S. and European markets. All development programs progressed as planned, meeting key milestones on schedule. Transpire is confirmed to be the first filer for abbreviated new drug applications ("**ANDA**") for two complex generic products to the U.S. FDA. The co-development partnership with a third-party biopharmaceutical company also advanced on-track.

The beauty atomization business represents the Group's strategic expansion into diversified use cases. The Group continued to enhance management efficiency and optimise its business model. The beauty atomization business recorded year-on-year growth during the Review Period.

During the Review Period, the Group implemented a series of strategic initiatives and key projects to enhance management efficiency and unlock employee potential, including strengthened talent management, the decentralization of decision-making to empower business units, and refinements to the performance management system. These measures have begun to deliver measurable improvements and are expected to underpin sustainable growth in 2026. Continued execution of these priorities is expected to further elevate operational efficiency and management capabilities, establishing a robust foundation for long-term and sustainable development.

Outlook

The Group expects to achieve its planned milestones in 2026. The Group remains focused on disciplined execution and effective risk management to capture these opportunities and translate them into sustainable growth and long-term value creation.

The HNB industry remains at a low-penetration stage with considerable growth potential, and leading tobacco companies have positioned HNB as an important pillar of their long-term business development. The Group aims to be a reliable, strategic partner offering comprehensive solutions for HNB customers. Leveraging multiple technology platforms, the Group will continue to invest in R&D to develop differentiated, customer-specific solutions that meet key customers' needs. In parallel, the Group will continue supporting a strategic customer to expand its premium HNB products into more markets globally and will deepen cooperation by broadening the scope of product collaborations. The Group will accelerate the commercialization of its existing technology platforms. In collaboration with customers, we will focus on resolving user pain points such as reducing preheating times, enhancing taste performance, and improving flavor consistency. The objective is to work with our business partners to enhance the user experience, increase market size, and advance sustainable industry development.

CHAIRMAN'S STATEMENT

Market dynamics in the vaping industry have evolved gradually, manifested by clearer regulatory frameworks and stricter legal enforcement against non-compliant products across global major markets. Sales performance is increasingly driven by the Group's rigorous compliance, operational agility, and efficient management. The Group's ToB vaping business will prioritize high-potential and value-aligned customers which respond quickly to market changes and determine to invest in channel coverage and brand building to pursue sustainable growth. The Group will also continue to collaborate with existing customers to expand their market share. In parallel, the Group's self-branded vaping business will reinforce its leadership in core markets and actively expand into high-potential emerging markets to maintain growth momentum through 2026.

In 2026, the business of special purpose atomization products might benefit from anticipated U.S. rescheduling of its products to a less controlled category, supporting healthy and compliant market growth. The business will focus on optimizing its customer portfolio and deepening collaboration with business partners. And it will continue to upgrade its product mix to increase the revenue contribution from leading and trending products in line with market demand. Concurrently, the business will advance its technology platforms and improve commercialization efficiency, strengthening execution while maintaining rigorous compliance and quality standards.

Regarding inhalation therapy, Transpire is committed to providing high-quality inhaled drug-device combination products to patients around the world to address areas of significant unmet medical need. In 2026, the Group will keep investing in Transpire's in-house technology platforms and pipeline products, as well as keep advancing business development. At the same time, in terms of industry cooperation, the Group will continue to evaluate new co-development partnership or out-licensing opportunities to maximize the value of our technology and pipeline products.

In 2026, the Group will enhance management efficiency within the beauty atomization business. In 2026, apart from its ToC business, the Group will place greater emphasis on its ToB business and optimize promotional investments to improve returns. The Group will also closely monitor performance so as to capture growth opportunities and mitigate risk.

Sincere Appreciation

On behalf of the Board, I extend my sincere gratitude to our shareholders for their continued confidence, to our customers for their vision and feedback, to our employees for their dedication and professionalism, and to regulators for their guidance and oversight. We also thank our business partners for their collaboration and trust.

Last but not the least, I would like to express my gratitude to our shareholders for their unwavering support and confidence in the Group's vision and strategy. Your trust drives us to pursue excellence and deliver sustainable, long-term value. Looking ahead, we remain committed to working with all stakeholders to advance industry development and create greater value for our shareholders and society as a whole.

Chen Zhiping

Chairman of the Board

Smooore International Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business of the Group During the Review Period

The Group is a global leader in offering atomization technology solutions. During the Review Period, through our innovative and pioneering atomization technology solutions, we mainly operated two business segments: (1) Corporate Client Oriented Business (“**ToB Business**”) focuses on the research, design, and manufacturing of vaping products, heat-not-burn (“**HNB**”) products, special purpose atomization products and inhalation therapy products for leading global tobacco companies, independent vaping brands, and other corporate clients, and the provision of technological services relating to these products; (2) Self-Branded Business focuses on the research, design, manufacturing, and sales of self-branded electronic vaping products and beauty atomization products.

2025 was a pivotal year for the Group, highlighted by the successful development of our second horizon, the HNB business, and a continued growth in our vaping business. Together, these two business drove record-high revenue for the Group during the Review Period.

During the Review Period, the Group achieved revenue of approximately RMB14,256 million, representing a year-on-year increase of approximately 20.8%. The ToB business contributed approximately RMB11,344 million, representing a year-on-year increase of approximately 21.7%. The ToB business primarily includes sales of vaping products, HNB products, and special purpose atomization products. Our vaping business recorded growth during the Review Period, benefited from external enhanced legal enforcement against non-compliant products and strengthened internal ODM capabilities that enable agile customers to respond swiftly to market dynamics. The second horizon, our HNB business, also began to deliver results and generated revenue of exceeding RMB1.2 billion. The Group supported a strategic customer in launching premium HNB products across several global key markets, marking our first scalable HNB shipments and the successful commercialization of our decade-long investment in HNB technology. The self-branded business recorded revenue of approximately RMB2,912 million, representing a year-on-year increase of approximately 17.6%, primarily driven by our self-branded vaping business. During the Review Period, our proprietary vaping brand, VAPORESSO, delivered another year of growth, driven by flagship product iterations, expanded channel coverage, and continued market share gains.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, research and development (“**R&D**”) expenses were approximately RMB1,523 million, representing a year-on-year decrease of approximately 3.1%, reflecting enhanced R&D efficiency. The Group regards science and technology as core drivers of enterprise development and a key differentiator, while maintaining a disciplined focus on efficiency and accelerating the commercialization of its technology. Accordingly, the Group prioritized investment in key areas that are expected to deliver greater returns in the future.

During the Review Period, administrative expenses were approximately RMB1,286 million, representing a year-on-year increase of approximately 40.6%. The increase was primarily due to higher non-cash share-based payment expenses and legal and compliance service related expenses. In the fourth quarter of 2024, the Group granted share options and share awards under its share option and share award schemes, resulting in increased share-based payment expenses during the Review Period. The Group regards these grants as a strategic investment to enhance employee incentives, strengthen retention, and align interests with long-term performance.

During the Review Period, selling and distribution expenses were approximately RMB913 million, representing a year-on-year decrease of approximately 0.7%. The Group deepened engagement with end-users to enhance market insights and strengthened collaboration with distributors to expand channel coverage. In addition to product development and manufacturing, the Group provided partners with marketing, branding, and channel operations support. This integrated go-to-market model has begun to show early positive results.

The Group’s profit for the Review Period was approximately RMB1,062 million, reflecting a year-on-year decrease of approximately 18.5%. If the non-cash share-based payment expenses are added back, the adjusted profit for the year was approximately RMB1,530 million, reflecting an approximately 1.3% increase compared to the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

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

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

The following table supplements the related disclosures in the prospectus of the Company dated 29 June 2020, past interim and annual reports and illustrates major updates of material laws, regulations, executive orders and policies in relation to e-cigarette and the tobacco products of the electronic vaping device industry promulgated or proposed by relevant authorities in our major markets ("**Material Laws, Regulations, Executive Orders and Policies Updates**"):

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status
U.S. ⁽¹⁾	Premarket tobacco application (" PMTA ") filing requirements for electronic nicotine delivery system (" ENDS ") products, including devices, assemblies and/or components that deliver vaporized e-liquids when inhaled.	<p>As of 31 December 2025, the Food and Drug Administration ("FDA") has taken action on more than 99% of PMTAs submitted as of the deadline, being 9 September 2020. Among them, marketing denial orders ("MDOs") have been issued for more than 1 million non-tobacco and non-menthol-flavored and some menthol-flavored ENDS products. Many manufacturers have challenged these MDOs in court, and as of 31 December 2025, three federal appellate courts had cancelled certain MDOs for tobacco, non- tobacco and non-menthol-flavored ENDS products, while other appeals continue on the merits. In April 2025 the United States Supreme Court vacated one such decision cancelling MDOs for non-tobacco and non-menthol-flavored ENDS and remanded the case back to the lower court for further proceedings. In July 2025, FDA issued marketing orders for 2 new closed-system tobacco-flavored ENDS products and 2 new closed-system menthol-flavored ENDS products.</p> <p>As of the date of this report, the FDA had issued marketing authorization for 25 closed system tobacco-flavored ENDS products and 4 closed system menthol-flavored ENDS products produced by the Group for its clients.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status
United Kingdom	<p>The Environmental Protection (Single-use Vapes) (England) Regulations 2024 came into force on 1 June 2025. The Tobacco and Vapes Bill is still making its way through the UK Parliament. The Bill has passed all the stages in the House of Commons. The Bill completed the committee stage in the House of Lords (upper house) at the end of November 2025. The Bill is going through the Report Stage in the House of Lords. No date has been fixed for the next and final stage (third reading).</p>	<p>As of 1 June 2025, single-use (disposable) vapes are banned from sale. This ban extends to all retailers, including online and high street shops, and applies to all vapes, regardless of nicotine content. The Group has developed new products in compliance with the latest legal regulations. The bill establishes a broad regulatory framework for vaping products, it confers extensive and discretionary powers to regulate all aspects of vaping products, including product and advertising restrictions, market access requirements and labelling and packaging requirements.</p>
E.U.	<p>About Flavor Restrictions</p> <p>Countries with Flavor Restrictions: As of December 2025, ten countries — Finland, Estonia, Hungary, the Netherlands, Lithuania, Latvia, Denmark, Slovenia, Czech Republic and Ukraine — have established their own flavor restrictions, most of which allow only tobacco flavors or tobacco and menthol flavors. Countries Considering Flavor Restrictions: Spain, Germany, Ireland, France, Belgium and Croatia are discussing or planning to implement flavor restrictions in response to youth e-cigarette smoking or public health concerns.</p> <p>About the Ban on Disposable e-Cigarettes and other Tobacco products</p> <p>As of December 2025, several EU Member States have introduced bans on disposable e-cigarettes (Belgium, France), while others have adopted related restrictive measures (Italy: ban on online sales of nicotine-containing e-cigarettes; Poland: prohibition of sales to minors). Additional bans are under consideration through pending legislation (Ireland and Spain).</p> <p>About Packaging and Labeling</p> <p>As of December 2025, enhanced packaging and labelling requirements for e-cigarettes have been adopted in several European countries (Norway, Sweden, Italy, Poland, Greece, Portugal, Austria and the Czech Republic), mainly covering health warnings, branding limitations and ingredient and nicotine disclosures. Additional packaging and labelling measures have been proposed in Spain as part of a broader tobacco control reform.</p> <p>About the Battery Regulation</p> <p>No material regulatory changes were introduced during H2 2025. For reference, in February 2025 a corrigendum to Regulation (EU) 2023/1542 clarified conformity assessment procedures for batteries, and in March 2025 Commission Delegated Regulation (EU) 2025/606 established the methodology and documentation requirements for recycling efficiency and material recovery rates.</p>	<p>In countries with the ban, only tobacco or menthol-flavored products can be sold, and compliant tobacco-flavored products need to be developed. The Group has developed products in compliance with the latest regulations in the respective countries.</p> <p>The Group has developed new products in compliance with the latest regulations in the respective countries where disposable vaping products are banned.</p> <p>The Group has developed new products in compliance with the latest regulations of packing and labeling in the respective countries.</p> <p>All relevant batteries, including those used in their electronic cigarette products, shall comply with the new battery requirements. The Group has developed new solutions in compliance with the relevant amended regulations.</p>

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Sale Jurisdictions	Material Laws, Regulations, Executive Orders and Policies Updates	Relevant Products, Potential Impact and Compliance Status
Hong Kong, China	<p>In September 2025, the Legislative Council passed and enacted the Tobacco Control Legislation (Amendment) Ordinance 2025, initiating a new phase of tobacco control in Hong Kong by introducing measures such as a ban on the possession of Alternative Smoking Products (ASPs) in public places and imposing stricter punishment for relevant activities. These measures will be implemented progressively throughout 2025 and 2026.</p>	<p>With effect from 30 April 2022, the import, promotion, manufacture, sale and possession of alternative smoking products for commercial purposes have been prohibited. However, the further restriction in the newly enacted Ordinance will not affect the regulatory framework administered by the Customs and Excise Department (C&ED) which allows the trans-shipment of alternative smoking products by air, sea and land.</p> <p>Accordingly, electronic cigarette liquids containing any of these designated substances may not be imported or sold, and particular caution is required.</p>
Japan	<p>The Ministry of Health, Labor and Welfare promulgated ministerial ordinances on August 29, 2025 and October 29, 2025, respectively, designating three substances contained in so-called “dangerous drugs” as newly designated “Designated Substances.” These ordinances came into effect on September 8, 2025 and November 8, 2025, respectively. After the enforcement of this designation, the manufacture, import, sale, possession, use, and other handling of these substances, as well as products containing such substances, for purposes other than medical or similar uses, will be prohibited.</p>	
Mainland China	<p>In November 2025, China’s National E-cigarette Committee called for 2026 standard proposals in areas such as basic norms and manufacturing, emphasizing avoidance of duplication with existing standards.</p> <p>In December 2025, the State Council issued the Opinions on Whole-Chain Crackdown of Tobacco-Related Illegal Activities, strengthening e-cigarette supervision, cracking down on illegal production and “Addictive e-cigarettes,” and urging improved supervision, standardization, and real-time data sharing between customs and tobacco authorities.</p>	<p>The Group has set up a dedicated team to coordinate all related compliance matters to ensure the Group’s production and operating activities strictly comply with the prevailing regulations.</p>

Note:

(1) In U.S. market, only federal level laws, regulations, executive orders, and policies were summarized.

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

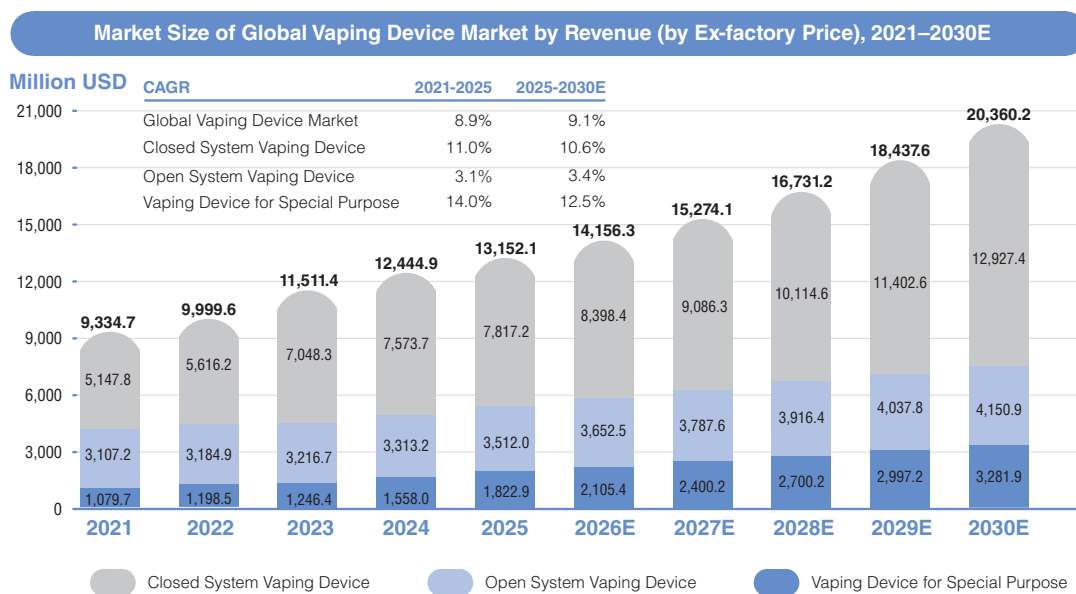
MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The Group is a global leader in offering atomization technology solutions. During the Review Period, the Group continued to focus on electronic vaping products, HNB products, special purpose atomization products, inhalation therapy and beauty atomization products. According to the independent market research report issued by industry consultant Frost & Sullivan (“Sullivan”) in March 2026 (the “Sullivan Report”), the global vaping device market size increased at a compound growth rate of approximately 8.9% at ex-factory prices from 2021 to 2025, and is expected to increase at an estimated compound growth rate of approximately 9.1% from 2025 to 2030.

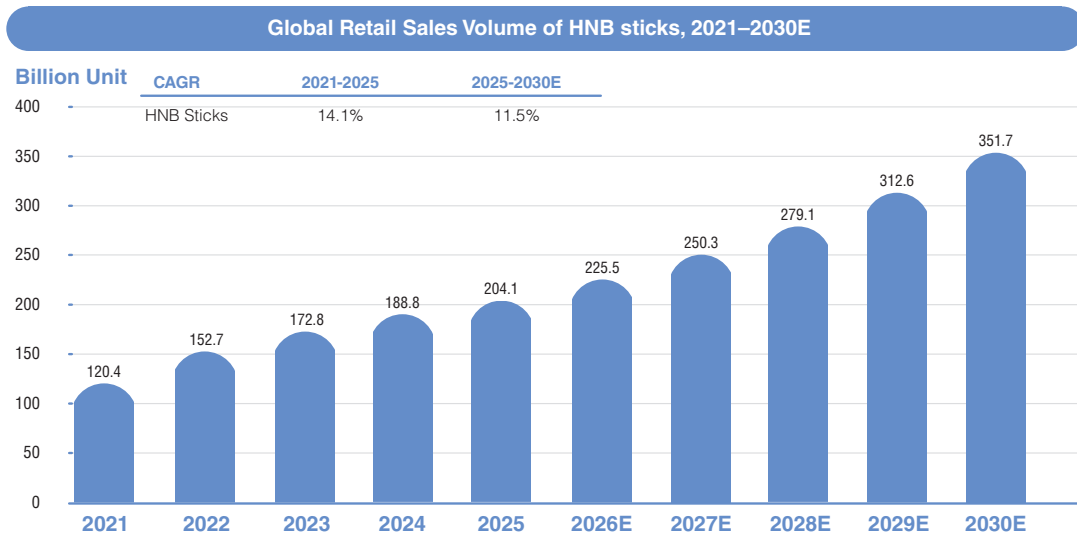
The global market size of closed system vaping devices has maintained a compound growth rate of approximately 11.0% at ex-factory price from 2021 to 2025, and is expected to grow at a compound growth rate of approximately 10.6% from 2025 to 2030. The global market size of open system vaping devices has maintained a compound growth rate of approximately 3.1% at ex-factory price from 2021 to 2025, and is expected to grow at a compound growth rate of approximately 3.4% from 2025 to 2030. According to the Sullivan Report, in 2025, the Group maintained its position as the world’s largest manufacturer of vaping devices and its market share was approximately 14.5% (2024: approximately 13.1%).

According to the Sullivan Report, global retail sales of HNB sticks reached approximately 204.1 billion units in 2025. Global retail sales grew at a compound annual growth rate of about 14.1% from 2021 to 2025 and are projected to expand at a compound growth rate of roughly 11.5% from 2025 to 2030.



*E=estimated

MANAGEMENT DISCUSSION AND ANALYSIS



Business Review

Sales and Marketing

In 2025, the Group generated record revenue and the majority of its revenue was from electronic vaping products, with supplemented contributions from mainly HNB products and special purpose atomization products.

During the Review Period, the Group achieved a revenue of approximately RMB14,256 million, representing a year-on-year growth of approximately 20.8%. Of this, the corporate client oriented (“**ToB**”) business generated revenue of approximately RMB11,344 million, marking a year-on-year growth of approximately 21.7%. This segment accounted for approximately 79.6% of the total revenue during the Review Period (2024: approximately 79.0%). Meanwhile, the self-branded business contributed approximately RMB2,912 million, representing an approximately 17.6% year-on-year increase during the Review Period. This segment accounted for approximately 20.4% of the Group’s total revenue during the Review Period (2024: approximately 21.0%).

During the Review Period, the Group’s ToB business mainly included sales of electronic vaping products, HNB products and special purpose atomization products and the technical services (primarily from our inhalation therapy business) to corporate customers. The year-on-year revenue increase was primarily driven by the growth of electronic vaping business and more contributions from the sales of HNB products. The ToB business showed varied performance across global regions during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, in Europe and other international markets the Group's ToB business primarily focused on sales of electronic vaping products and HNB products. Regulatory bans on disposable electronic vaping products in major European markets created significant opportunities for compliant participants able to respond swiftly. Leveraging its regulatory foresight, customer-centric product development, and strengthened R&D and manufacturing capabilities, the Group supported key customers in rapidly launching innovative and compliant product offerings to capture demand. These solutions enabled customers to enter new categories and markets, and received positive user feedback and drove strong order growth from those customers in 2025. Concurrently, the HNB business achieved planned milestones. The Group supported a strategic customer in the rollout of premium HNB products across several key markets. HNB business of the Group demonstrated continued growth and generated over RMB1.2 billion in revenue. Together, these developments led to the increase of the Group's ToB revenue in Europe and other international markets to approximately RMB7,060 million, representing a robust year-on-year growth of approximately 38.5%.

During the Review Period, in the U.S. market the Group's ToB business primarily comprised sales of electronic vaping products and special purpose atomization products. The Group's U.S. vaping customers are predominantly global tobacco companies, whose performance is closely linked to enforcement actions against non-compliant products. According to Nielsen Research, the Group's ODM customers collectively held over 40% share of the U.S. market in tracked channels, the strengthened regulatory enforcement against non-compliant products further revived their business performance in the U.S. market. During the Review Period, the special purpose atomization business was optimized across client mix, product portfolio, and organizational structure. Operational efficiency was enhanced through the integration of sales, product, and design functions. Although the revenue for this business declined year-on-year, management believes the initiatives undertaken in 2025 have laid a solid foundation in 2026. Including trans-shipped products through Hong Kong, the Group recorded revenue of approximately RMB4,072 million in the U.S. market, representing a year-on-year increase of approximately 2.1%.

In the Mainland China market, the Group's ToB business primarily focuses on the sale of electronic vaping products. During the Review Period, the business generated approximately RMB212 million in revenue, reflecting a year-on-year decline of approximately 10.9%.

The Group's self-branded business recorded revenue of approximately RMB2,912 million, representing an approximately 17.6% year-on-year increase during the Review Period. The self-branded business mainly included the sale of electronic vaping products and atomization beauty products. The self-branded electronic vaping products maintained its growth momentum during the Review Period.

During the Review Period, the Group's self-branded electronic vaping business in Europe and other markets generated revenue of approximately RMB2,342 million, representing a year-on-year increase of approximately 15.7%, driven by the strong performance of its VAPORESSO brand. VAPORESSO reinforced its market leadership through product innovation, extensive channel coverage, and data-driven user insights. The brand launched the XROS 5 and XROS 5 Mini, the iterations of its bestselling XROS series featuring advanced technology and refined design, which achieved strong market traction, contributed largely to segment revenue, and supported market share gains in key geographies. During the Review Period, VAPORESSO achieved meaningful progress, gaining market share in emerging markets through enhanced penetration of key channels. The Group continued to enhance marketing digitization, sales localization, and point of sale monitoring via its proprietary data platform, further strengthening VAPORESSO's position in major global markets. In the U.S. market, the Group's self-branded business recorded revenue of approximately RMB525 million during the Review Period, representing a year-on-year increase of approximately 23.8%.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, the Group's self-branded business in mainland China focused on the beauty atomization products under the brand MOYAL (“嵐至”). The portfolio comprised the MOYAL home use beauty device for retail consumers and the MOYAL professional device for beauty institutions. During the Review Period, revenue from self-branded business in mainland China was approximately RMB45.0 million, representing a year-on-year increase of approximately 65.8%.

Research and Development

The Group believes its leading technology is the key differentiator underpinning its competitive position. The Group's R&D system operates under a “three-generation-development-model”: the development generation concentrates on near-term product development with clear market demand and defined commercialization timelines; the reserve generation focuses on medium-term platform and modular innovations, developing reusable technology platforms, building core competencies and intellectual property, and bridging fundamental research with market-ready applications to underpin the next wave of differentiated products; and the research generation targets long-term frontier and fundamental research. Guided by this model, the Group further improved R&D efficiency, leveraging an optimized R&D management system and a strategy-led framework to accelerate commercialization and enhance returns on innovation.

During the Review Period, the Group prioritized R&D investments in HNB products and inhalation therapy. As certain projects approached commercialization, eligible development expenditures were capitalized in accordance with applicable accounting standards. As a result, R&D expenses for the Review Period were approximately RMB1,523 million, representing a year-on-year decline of approximately 3.1%.

In 2025, multiple R&D projects were successfully commercialized into market-ready products across different business, demonstrating the Group's ability to translate R&D outcomes into market-oriented solutions. Concurrently, the Group continued to invest in prioritized areas expected to drive sustainable growth and long-term returns.

In the HNB business, the Group aims to be a comprehensive product solutions provider for customers by leveraging multiple proprietary technology platforms. A key milestone in 2025 was the successful support of a strategic customer in launching premium HNB products in Japan, Poland, and Italy, the major HNB markets. Co-developed with the customer, the products delivered superior flavor and faster ramp-up, received positive consumer feedback, and demonstrated market share gains across launched markets. In 2026, the Group will continue to support this strategic customer in expanding the products to more markets globally. Concurrently, the Group will accelerate the commercialization of additional technology platforms and support customers roll out products that address various user pain points. The Group remains committed to ongoing R&D initiatives in HNB products to enhance user experience, optimize flavor, and drive user base growth.

During the Review Period, regulatory changes and enforcement in electronic vaping reshaped product design requirements, creating opportunities for solutions that meet both compliance standards and consumer preferences. Leveraging deep understanding of policy trends and consumer insights, the Group advanced cutting-edge technologies in heating, flavor reproduction, and leak prevention, while materially improving R&D efficiency and shortening time-to-market. FEELM, the Group's flagship technology brand, introduced multi-category product solutions built on proprietary innovations, and supported multiple customers in launching compliant products, contributing to market share gains in key markets. The Group's proactive response to evolving market demand and regulation translated into strong order intake from customers. The Group's proprietary brand VAPORESSO iterated its most popular brand XROS, featuring fast charging, enhanced battery capacity, and an upgraded user interface. These products deliver a more consistent and stable vaping experience with richer aroma reproduction, refined flavors, and smoother performance. Following launch, the iterated XROS series achieved solid market traction, further reinforcing the VAPORESSO's leading position across key regions.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, the special purpose atomization products business continued to optimize its product portfolio in line with market trends, while advancing new solutions built on the upgraded technology platform. The business also shortened development cycles and reduced time-to-market, accelerating the commercialization of new products.

The Group's inhalation therapy subsidiary Transpire Bio Inc. ("**Transpire**") has established an inhalation centre of excellence near Miami, Florida, which has full capabilities of product development. In addition, Transpire has collaborated with world-leading contract development and manufacturing organizations ("**CDMO**") to establish manufacturing capabilities for drug-device combination products in the U.S. In December 2025, Transpire's own manufacturing facility in Weston, Florida has received the Establishment Inspection Report ("**EIR**") following a Pre-Approval Inspection ("**PAI**") by the US FDA, evidencing compliance with current good manufacturing practices ("**cGMP**"). Additionally, Transpire has maintained regular communication with US and European drug regulatory agencies to gather valuable feedback.

While maintaining its technological leadership, the Group continues to build up a global intellectual property protection system to continuously strengthen its intellectual property barriers against core technologies and to protect its own product brands and technology brands. During the Review Period, the Group filed 2,056 new patent applications worldwide, including 1,306 patents for invention. As of 31 December 2025, the Group had filed, accumulatively, a total of 11,309 patents worldwide, including 6,066 patents for invention.

During the Review Period, the Group's total research and development expenditure amounted to approximately RMB1,523 million, representing a decrease of approximately 3.1% as compared to last year and a decrease as a percentage of revenue from approximately 13.3% last year to approximately 10.7% in the Review Period.

The research and development expenditures by field were as below:

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	%	RMB'000	%	%
Research and development of electronic nicotine delivery system (including electronic vaping products and heat-not-burn products)	1,080,607	71.0	1,034,668	65.8	4.4
Research and development of inhalation therapy and beauty atomization products	308,144	20.2	392,180	24.9	(21.4)
Research and development of special purpose atomization products and solutions	134,589	8.8	145,465	9.3	(7.5)
Total	1,523,340	100.0	1,572,313	100.0	(3.1)

MANAGEMENT DISCUSSION AND ANALYSIS

Production, Operation and Management

During the Review Period, amid a shifting global regulatory landscape, the Group's manufacturing system demonstrated strong agility. Timely adjustments to manufacturing strategies enabled rapid responses to evolving market dynamics and consistently on-time delivery.

In 2025, the Group's manufacturing and operations team further strengthened demand-driven production planning and deployment. By optimizing the manufacturing footprint and reallocating resources across plants, the Group improved overall capacity utilization. During the Review Period, the Group defined its key performance indicators ("KPI") framework and implemented a structured tracking and benchmarking system. This system identifies best practices in quality control, cost optimization and on-time delivery, and facilitates their cross-plant dissemination and adoption. In parallel, the Group is systematically building a Group-wide operational knowledge repository and driving continuous improvement in operational efficiency.

During the Review Period, the Group's manufacturing and operations team supported major customers' HNB product upgrades, multi-market roll-outs and agile delivery requirements. Leveraging a rigorous quality management system and ongoing advances in automation and digitalisation, the Group enhanced production efficiency, product consistency and end-to-end traceability across the value chain, providing a robust operational foundation for the sustained growth of the HNB business.

The Group continued to uphold the principle that compliance is a core competitive advantage. Ongoing enhancements to our compliance framework and risk controls ensured uninterrupted production, strengthened operational resilience, and further consolidated our industry-leading position, underpinning sustainable growth.

Future Prospects and Strategies

Looking ahead to 2026, the Group will maintain atomization technology as its strategic core and deepen execution across HNB, electronic vaping, special purpose atomization products, inhalation therapy, and beauty atomization. Through these initiatives, the Group seeks to deliver integrated and innovative atomization solutions to customers and end users. The Group believes each of these business offers substantial market potential.

According to the Frost & Sullivan report dated March 2026 (the "**Sullivan Report**"), the global HNB market is expected to reach approximately US\$74.21 billion by 2030 on a retail-price basis, representing a projected CAGR of about 10% from 2025 to 2030. Global retail sales of HNB sticks were approximately 204.1 billion units in 2025 and are expected to increase to 351.7 billion units by 2030, implying a CAGR of about 11.5% from 2025 to 2030. HNB products deliver a cigarette-like experience by heating rather than burning tobacco. HNB is positioned by global tobacco companies as an important pillar within their harm-reduction strategies. Despite more than 55 million HNB users worldwide in 2025, unresolved user pain points continue to limit category penetration. Leveraging its technology platforms and accumulated know-how, the Group aims to provide comprehensive product solutions to customers. In 2026, the Group will deepen collaboration with its strategic customer by expanding the rollout of the premium products to more markets globally. In parallel, the Group will accelerate commercialization of its technology platforms to scale adoption and drive growth. The Group will continue to strengthen large-scale, high-efficiency manufacturing to serve diverse customer needs. Through these initiatives, the Group aims to be a trusted partner to customers to convert more tobacco users to HNB, gaining market share.

MANAGEMENT DISCUSSION AND ANALYSIS

According to the Sullivan Report, the global electronic vaping market is expected to reach approximately US\$97.14 billion by 2030 on a retail-price basis, representing a projected CAGR of about 8% from 2025 to 2030. Global regulatory frameworks are increasingly shaping product design and competition landscape, favoring compliant participants with strong policy foresight, robust R&D capabilities, and manufacturing excellence. The evolving regulatory environment is expected to drive industry consolidation, and to increase market share of leading compliant players. In 2026, the Group will further strengthen its compliance capabilities and collaborate with customers to introduce consumer-centric products aligned with long-term regulatory trends. The Group will expand its customer base, optimize operations and manufacturing for agile, cost-efficient production, and boost R&D efficiency to expedite commercialization and shorten time-to-market. The Group will also deepen partnerships with selected customers, extending beyond R&D and manufacturing to provide comprehensive support in marketing, brand promotion, and channel development.

According to Sullivan Report, the global market for special purpose atomization products will reach approximately USD3.28 billion in 2030 based on ex-factory prices, with a projected compound growth rate of approximately 12.5% from 2025 to 2030. In 2026, the Group will prioritize cultivating high-value customers and launching innovative products aligned with prevailing market trends. The Group will continue to invest in and upgrade its technology platforms, guided by market insights. In addition, the Group will optimize its organizational structure to integrate R&D, production, procurement, and sales, ensuring full support for frontline sales.

With the global rise in respiratory diseases, the inhalable drugs market is poised for significant growth. According to a 2023 report by Market Research Future, the global market for pulmonary drugs and drug delivery devices was valued at approximately USD56.01 billion in 2022 and is projected to reach around USD93.28 billion by 2030, reflecting a robust compound annual growth rate. Transpire is dedicated to developing complex generic drugs of leading asthma and COPD products used in the U.S. and Europe. This initiative aims to reduce costs while maintaining the same standards of safety and efficacy, making these treatments more accessible and affordable for a broader range of patients. In 2026, Transpire will steadily advance its development of drug-device combination products for the treatment of respiratory diseases in accordance with the established product development plan. Transpire will evaluate opportunities to cooperate with international pharmaceutical companies by leveraging its strong R&D and industrialization capabilities to maximize value of its technology platforms and pipeline products. Transpire will also continue to improve its R&D efficiency to ensure that the entire process of product development, marketing authorization application and commercialization is steadily advanced.

In beauty atomization, we are committed to providing users with a new skin care that is more effective and safer. According to Euromonitor, an international market research firm, the market size of skin care products in mainland China was approximately RMB278.5 billion in 2025 in terms of retail price, with a compound growth rate of approximately 2.4% from 2025 to 2029, and is expected to reach approximately RMB305.7 billion by 2029. These dynamics highlight attractive opportunities in skincare industry, supported by rising consumer demand for innovative, high-quality solutions. In 2026, the Group will focus on accelerating sales and increasing consumables repurchase across both home-use and professional products. We will closely monitor industry developments and operating performance to ensure disciplined capital deployment.

The Group remains committed to the principle that “science and technology are the primary productive forces” in its R&D initiatives. In 2026, the Group will further enhance R&D efficiency and accelerate technology commercialization. R&D in HNB products will remain a priority, with a focus on strengthening barriers to entry and advancing market deployment. The Group expects to expand its provision of total solutions to HNB customers to address existing user pain points. In the electronic vaping business, it will collaborate with ODM partners to roll out regulatory-compliant product solutions and capture emerging market opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

As the Group expands globally, understanding local user preferences and market dynamics remains a strategic priority. The Group continues to invest in localized operations, channel expansion and market intelligence. In 2026, it will maintain focus on these areas to drive revenue growth, supported by rigorous sales performance monitoring and disciplined capital allocation to enhance returns on investment. The Group will also deepen partnerships with selected customers by providing integrated, one-stop solutions spanning R&D, manufacturing, branding, marketing and promotion, enabling partners to navigate rapidly evolving market conditions and achieve sustainable, long-term growth.

In manufacturing and operations, the Group will priorities cost optimization, automation, compliance and sustainability. It will implement performance-linked incentives to drive cost reduction and efficiency gains. In parallel, the Group will advance automation capabilities, optimize capacity planning and allocation, and expand its global footprint to reinforce manufacturing leadership. The Group will strengthen comprehensive compliance governance to ensure uninterrupted production and support resilient, sustainable growth. The Group will also refine product design and manufacturing processes to reduce waste and hazardous substances, delivering more environmentally friendly products, and enhance energy management to lower consumption and reduce carbon emissions, supporting its ESG commitments.

In 2026, the Group will continue to advance key initiatives launched in 2025, including optimizing decentralization and empowerment across business units, strengthening talent development and management, and refining employee incentive mechanisms. Compliance remains a core competency; the Group will reinforce end-to-end compliance management to ensure uninterrupted operations, expand its portfolio of compliant product solutions for customers, and support sustained development. These measures are expected to provide a robust foundation for a sustainable, successful long-term enterprise. Building on this, the Group remains committed to delivering superior value to customers and consumers through product innovation and technology leadership, while maintaining disciplined execution to drive sustainable growth and deliver greater returns to Shareholders.

Financial Review

During the Review Period, the total revenue of the Group was approximately RMB14,256,171,000 (2024: approximately RMB11,798,662,000), representing an increase of approximately 20.8% as compared to last year. During the Review Period, the gross profit of the Group was approximately RMB4,856,879,000 (2024: approximately RMB4,411,969,000), representing an increase of approximately 10.1% as compared to last year. During the Review Period, the gross profit margin of the Group was approximately 34.1% (2024: approximately 37.4%). During the Review Period, the total profit before tax of the Group was approximately RMB1,475,684,000 (2024: approximately RMB1,655,043,000), representing a decrease of approximately 10.8% as compared to last year. During the Review Period, the profit for the year of the Group was approximately RMB1,061,599,000 (2024: approximately RMB1,303,255,000), representing a decrease of approximately 18.5% as compared to last year. During the Review Period, the total comprehensive income for the year of the Group was approximately RMB946,022,000 (2024: approximately RMB1,416,913,000), representing a decrease of approximately 33.2% as compared to last year.

The decrease of profit for the year was mainly due to the increase in revenue and gross profit was insufficient to offset increased expenses, primarily attributable to: (i) the Group's share-based payment expenses during the Review Period increased significantly as compared to last year; (ii) the Group's legal and compliance service related expenses which, compared to last year, having increased significantly; and (iii) the Group's intensified efforts in the market development of its self-branded products during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Excluding the share-based payment expenses, the Group's adjusted profit for the Review Period was approximately RMB1,529,590,000 (2024: approximately RMB1,509,230,000), representing an increase of approximately 1.3% as compared to last year.

1. Revenue — Categorized by Business Types

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	%	RMB'000	%	
Self-branded business	2,911,738	20.4	2,475,033	21.0	17.6
Corporate client oriented business	11,344,433	79.6	9,323,629	79.0	21.7
Total	14,256,171	100.0	11,798,662	100.0	20.8

(1) Self-branded business

The Group's self-branded business mainly included the sales of electronic vaping products and beauty atomization products. During the Review Period, revenue from sales of self-branded business amounted to approximately RMB2,911,738,000 (2024: approximately RMB2,475,033,000), representing an increase of approximately 17.6% as compared to last year, and its percentage of revenue decreased from approximately 21.0% last year to approximately 20.4% during the Review Period. Among which:

- (i) Revenue from Europe and other countries and regions market amounted to approximately RMB2,341,671,000 (2024: approximately RMB2,023,744,000), representing an increase of approximately 15.7% as compared to last year, and a decrease in percentage of total revenue from approximately 17.2% last year to approximately 16.4% for the Review Period, all derived from sales of electronic vaping products;
- (ii) Revenue from the U.S. market amounted to approximately RMB525,309,000 (2024: approximately RMB424,289,000), representing an increase of approximately 23.8% as compared to last year, and a slight increase in percentage of total revenue from approximately 3.6% last year to approximately 3.7% for the Review Period, all derived from sales of electronic vaping products; and
- (iii) Revenue from the China market amounted to approximately RMB44,758,000 (2024: approximately RMB27,000,000), representing an increase of approximately 65.8% as compared to last year, and a slight increase in percentage of total revenue from approximately 0.2% last year to approximately 0.3% for the Review Period, mainly derived from sales of beauty atomization product.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Corporate client oriented business

During the Review Period, revenue from corporate clients oriented business amounted to approximately RMB11,344,433,000 (2024: approximately RMB9,323,629,000), representing an increase of approximately 21.7% as compared to last year, and its percentage of revenue increased from approximately 79.0% last year to approximately 79.6% during the Review Period. Among which:

- (i) Revenue from Europe and other countries and regions markets amounted to approximately RMB7,059,875,000 (2024: approximately RMB5,096,708,000), representing an increase of approximately 38.5% as compared to last year, and also an increase in percentage of total revenue from approximately 43.2% last year to approximately 49.5% for the Review Period, mainly derived from sales of electronic vaping products, heat-not-burn products and provision of technical services;
- (ii) Revenue from the U.S. market amounted to approximately RMB4,071,885,000 (2024: approximately RMB3,988,170,000), representing an increase of approximately 2.1% as compared to last year, and a decrease in percentage of total revenue from approximately 33.8% last year to approximately 28.6% for the Review Period, mainly derived from sales of electronic vaping products, special purpose atomization products and provision of technical services; and
- (iii) Revenue from the China market amounted to approximately RMB212,673,000 (2024: approximately RMB238,751,000), representing a decrease of approximately 10.9% as compared to last year, and a decrease in percentage of total revenue from approximately 2.0% last year to approximately 1.5% for the Review Period, mainly derived from sales of electronic vaping products and provision of technical services.

MANAGEMENT DISCUSSION AND ANALYSIS

To our knowledge, the distribution of the Group's revenue from various regions is roughly as follows:

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	%	RMB'000	%	
Self-branded business	2,911,738	20.4	2,475,033	21.0	17.6
— Revenue from Europe and other countries and regions (electronic vaping products)	2,341,671	16.4	2,023,744	17.2	15.7
— Revenue from the U.S. (electronic vaping products)	525,309	3.7	424,289	3.6	23.8
— Revenue from China (beauty atomization products)	44,758	0.3	27,000	0.2	65.8
Corporate client oriented business	11,344,433	79.6	9,323,629	79.0	21.7
— Revenue from Europe and other countries and regions (electronic vaping products, and technical services)	5,773,374	40.5	4,873,140	41.3	18.5
— Revenue from Europe and other countries and regions (heat-not-burn products, and technical services)	1,286,501	9.0	223,568	1.9	475.4
— Revenue from U.S. (electronic vaping products, special purpose atomization products, and technical services)	4,071,885	28.6	3,988,170	33.8	2.1
— Revenue from China (electronic vaping products, and technical services)	212,673	1.5	238,751	2.0	(10.9)
Total	14,256,171	100.0	11,798,662	100.0	20.8

MANAGEMENT DISCUSSION AND ANALYSIS

2. Gross Profit and Cost of Revenue

During the Review Period, the gross profit of the Group amounted to approximately RMB4,856,879,000 (2024: approximately RMB4,411,969,000), representing an increase of approximately 10.1% as compared to last year, and the gross profit margin decreased from approximately 37.4% last year to approximately 34.1% for the Review Period. The decrease in gross profit margin was mainly due to the impact of changes in the product mix of the Group during the Review Period.

Cost of revenue as a percentage of revenue:

	For the year ended 31 December				
	2025		2024		Changes
	RMB'000	%	RMB'000	%	
Cost of raw materials	7,193,861	50.5	5,624,366	47.7	27.9
Labor cost	1,071,329	7.5	773,765	6.6	38.5
Overhead	1,056,922	7.4	925,507	7.8	14.2
Tax and surcharge	77,180	0.5	63,055	0.5	22.4
Total	9,399,292	65.9	7,386,693	62.6	27.2

During the Review Period, the Group's cost of raw materials as a percentage of revenue increased from approximately 47.7% for last year to approximately 50.5% for the Review Period, and the Group's labor cost as a percentage of revenue increased from approximately 6.6% for last year to approximately 7.5% for the Review Period, which were primarily attributable to changes in the revenue mix of product portfolio, with a higher proportion of revenue derived from comparatively lower-margin products during the Review Period.

3. Distribution and Selling Expenses

The Group's distribution and selling expenses decreased by approximately 0.7% from approximately RMB919,552,000 last year to approximately RMB913,311,000 during the Review Period. The distribution and selling expenses as a percentage of revenue decreased from approximately 7.8% last year to approximately 6.4% for the Review Period. In particular:

- (1) Staff salaries and benefits increased by approximately 10.0% from approximately RMB359,586,000 last year to approximately RMB395,457,000 during the Review Period, and its percentage of revenue decreased from approximately 3.0% last year to approximately 2.8% during the Review Period. The increase in staff salaries and benefits was mainly attributable to the Group's increased marketing investment in its self-branded business during the Review Period, which resulted in an increase in the remuneration of marketing staff.
- (2) Market development expenses increased by approximately 16.0% from approximately RMB214,586,000 last year to approximately RMB248,891,000 during the Review Period, and its percentage of revenue slightly decreased from approximately 1.8% last year to approximately 1.7% during the Review Period. The increase in market development costs was mainly attributable to the Group's increased promotion efforts for self-branded products during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

- (3) Travelling expenses increased by approximately 9.6% from approximately RMB38,677,000 last year to approximately RMB42,396,000 for the Review Period, and its percentage of revenue kept nearly unchanged from last year, both at approximately 0.3%. The increase in travelling expenses was mainly driven by a growth in business travel for international market promotion during the Review Period.
- (4) Other expenses decreased by approximately 26.1% from approximately RMB306,703,000 last year to approximately RMB226,567,000 during the Review Period, and its percentage of revenue decreased from approximately 2.6% last year to approximately 1.6% in the Review Period. The decrease in other expenses was primarily due to a decrease in the Group's provisions for product related expenses during the Review Period in view of expected product changes related to regulatory and compliance requirements.

4. Administrative Expenses

The administrative expenses of the Group increased by approximately 40.6% from approximately RMB914,109,000 last year to approximately RMB1,285,684,000 during the Review Period. The administrative expenses as a percentage of revenue increased from approximately 7.7% last year to approximately 9.0% for the Review Period. The increase in administrative expenses was mainly attributable to the increase in shared-based payment expenses and legal and compliance service related expenses incurred by the Group during the Review Period. In particular:

- (1) Staff salaries and benefits increased by approximately 44.4% from approximately RMB542,788,000 last year to approximately RMB783,911,000 for the Review Period, and its percentage of revenue increased from approximately 4.6% last year to approximately 5.4% for the Review Period. The increase in staff salaries and benefits was mainly attributable to the increase in shared-based payment expenses incurred by the Group during the Review Period.
- (2) Professional service fees increased by approximately 139.4% from approximately RMB111,182,000 last year to approximately RMB266,123,000 for the Review Period, and its percentage of revenue increased from approximately 0.9% last year to approximately 1.9% for the Review Period. The increase in professional service fees was mainly attribute to the increase in the Group's legal and compliance service related expenses compared to last year.
- (3) Depreciation and amortization expenses decreased by approximately 9.7% from approximately RMB104,231,000 last year to approximately RMB94,131,000 during the Review Period, and its percentage of revenue decreased from approximately 0.9% last year to approximately 0.7% during the Review Period.

MANAGEMENT DISCUSSION AND ANALYSIS

5. Research and Development Expenses

The Group's R&D expenses decreased by approximately 3.1% from approximately RMB1,572,313,000 last year to approximately RMB1,523,340,000 during the Review Period. R&D expenses as a percentage of revenue decreased from approximately 13.3% last year to approximately 10.7% during the Review Period. The decrease in R&D expenses was primarily due to the Group's enhanced R&D efficiency and capitalization of qualifying development costs during the Review Period. The amount of capitalized R&D expenses during the Review Period was approximately RMB308,624,000 (2024: approximately RMB129,425,000), primarily from the inhalation therapy business. The R&D expenses of electronic nicotine delivery system (including electronic vaping and heat-not-burn products) increased by approximately 4.4% compared with last year, the R&D expenses of inhalation therapy and beauty atomization products decreased by approximately 21.4% compared with last year, and the R&D expenses of special purpose atomization products and solutions decreased by approximately 7.5% compared with last year. In particular:

- (1) Staff salaries and benefits increased by approximately 3.8% from approximately RMB932,937,000 last year to approximately RMB968,254,000 during the Review Period, and its percentage of revenue decreased from approximately 7.9% last year to approximately 6.8% during the Review Period. The increase in staff salaries and benefits was mainly due to the increase in the remuneration of R&D personnel in the electronic vaping products and the heat-not-burn products field during the Review Period.
- (2) Development costs decreased by approximately 15.4% from approximately RMB418,830,000 last year to approximately RMB354,398,000 during the Review Period, and its percentage of revenue decreased from approximately 3.5% last year to approximately 2.5% during the Review Period. The decrease in development costs was mainly attributable to a decline in expenses related to electronic vaping products, driven by sustained improvements in R&D efficiency, and the Group's capitalization of qualifying development costs during the Review Period.
- (3) Depreciation and amortization expenses decreased by approximately 22.3% from approximately RMB117,303,000 last year to approximately RMB91,193,000 during the Review Period, and its percentage of revenue decreased from approximately 1.0% last year to approximately 0.6% during the Review Period.

6. Other Income and Expenses

During the Review Period, the Group's total other income amounted to approximately RMB556,627,000, representing a decrease of approximately 22.9% as compared to approximately RMB721,775,000 last year, as set out below:

	For the year ended 31 December		
	2025 RMB'000	2024 RMB'000	Changes %
Interest income from bank deposits	419,605	609,769	(31.2)
Interest income from investment notes at amortized cost	211,814	36,501	480.3
Government grants	38,056	65,474	(41.9)
Compensation income from customers	14,239	9,305	53.0
Interest income from rental deposits	1,604	1,292	24.1
Litigation settlement and related expenses	(176,348)	—	N/A
Others	47,657	(566)	N/A
Total	556,627	721,775	(22.9)

MANAGEMENT DISCUSSION AND ANALYSIS

7. Other Gains and Losses

During the Review Period, the Group's total other losses amounted to approximately RMB157,829,000, representing an increase of approximately 982.2% as compared to approximately RMB14,584,000 last year, as set out below:

	For the year ended 31 December		
	2025 RMB'000	2024 RMB'000	Changes %
Net foreign exchange (loss) gain	(150,853)	26,217	N/A
Gain arising on forward foreign exchange contracts/swap contracts	1,718	1,036	65.8
Loss on disposal/write off of property, plant and equipment and intangible assets	(58,222)	(59,157)	(1.6)
Gain arising on short-term bank deposits with variable interest rate	26,790	7,463	259.0
Gain arising on debt instrument	21,454	—	N/A
Gain on early termination of leases	1,284	3,194	(59.8)
Others	—	6,663	N/A
Total	(157,829)	(14,584)	982.2

8. Finance Costs

During the Review Period, the finance costs of the Group amounted to approximately RMB26,454,000 (2024: approximately RMB37,863,000), representing a decrease of approximately 30.1% as compared to last year. The finance costs of the Group were mainly derived from the interest expenses on lease liabilities and the interest expenses on discount of bill receivables.

9. Income Tax Expense

During the Review Period, the Group's income tax expense amounted to approximately RMB414,085,000 (2024: approximately RMB351,788,000), representing an increase of approximately 17.7% as compared to last year. The increase in income tax was mainly due to the increased tax provisions related to the Group's international business expansion.

10. Profit for the Year and Total Comprehensive Income for the Year

During the Review Period, the profit for the year of the Group was approximately RMB1,061,599,000 (2024: approximately RMB1,303,255,000), representing a decrease of approximately 18.5% as compared to last year. During the Review Period, the Group's total comprehensive income for the year was approximately RMB946,022,000 (2024: approximately RMB1,416,913,000), representing a decrease of approximately 33.2% as compared to last year. The decrease was primarily due to the increase in revenue and gross profit was insufficient to offset increased expenses and unfavourable foreign exchange differences arising from the translation of financial statements from a different presentation of currency to RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

11. Liquidity and Financial Resources

As at 31 December 2025, the net current assets of the Group were approximately RMB9,648,664,000 (31 December 2024: approximately RMB11,587,063,000). As at 31 December 2025, the Group's cash and cash equivalents were approximately RMB7,322,926,000 (31 December 2024: approximately RMB5,170,700,000), which mainly consisted of approximately RMB2,829,450,000 denominated in RMB, approximately RMB4,324,697,000 denominated in USD and approximately RMB162,304,000 denominated in HKD (31 December 2024: mainly consisted of approximately RMB3,779,750,000 denominated in RMB, approximately RMB1,226,397,000 denominated in USD and approximately RMB160,507,000 denominated in HKD). As at 31 December 2025, the current ratio of the Group was approximately 257.4% (31 December 2024: approximately 320.3%).

For the year ended 31 December 2025, the turnover days of trade and bills receivables were approximately 56.1 days (2024: approximately 61.5 days). The decrease in turnover days was mainly due to the revenue growth and improved collection efficiency. For the year ended 31 December 2025, the turnover days of inventory were approximately 50.0 days (2024: approximately 41.8 days). The increase in turnover days was primarily driven by inventory increase in response to revenue growth. For the year ended 31 December 2025, the turnover days of trade and bills payables was approximately 59.3 days (2024: approximately 65.2 days). The decrease in turnover days was mainly due to a temporary decrease in credit terms to certain suppliers to secure the costs of key material resources.

As at 31 December 2025, the current ratio was approximately 257.4%, compared to approximately 320.3% as at 31 December 2024. The decrease was due to a decrease in current assets and an increase in current liabilities. The decrease in current assets was mainly due to a decrease in short-term bank deposits with maturity over three months, and the increase in current liabilities was mainly due to an increase in trade and bills payables and short-term borrowings resulting from discounted bills.

Treasury Management Policy

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

Borrowings

As at 31 December 2025, the Group did not have any bank or other financial institutions borrowings (31 December 2024: nil). As at 31 December 2025, the utilized portion of the Group's secured banking facilities was mainly for issuing and discounting bills and for opening letters of credit.

Gearing Ratio

As at 31 December 2025, the gearing ratio of the Group, calculated as the total debt divided by the total equity, was approximately 30.5% (31 December 2024: approximately 26.2%).

12. Charge on Assets

At 31 December 2025, the Group did not have any charge on assets (31 December 2024: bank guarantee deposits of approximately RMB590.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS

13. Exposure to Foreign Exchange Risk

For the year ended 31 December 2025, the Group recorded foreign exchange loss of approximately RMB150,853,000 (2024: foreign exchange gain of approximately RMB26,217,000). Meanwhile, the Group recorded gain arising on forward foreign exchange contracts and swap contracts of approximately RMB1,718,000 during the Review Period (2024: approximately RMB1,036,000).

The functional currency of the Company is RMB. The Group's revenue are mainly settled in USD and RMB. During the Review Period, approximately 60% of the Group's revenue was settled in USD and approximately 40% was settled in RMB. Meanwhile, materials, labors and various expenditures paid by the Group were approximately 70% settled in RMB. The foreign exchange risk of the Group mainly refers to the risks of foreign exchange gain or loss arising from the net amount of monetary funds denominated in USD, trade receivables denominated in USD deducted by trade payables denominated in USD ("**U.S. Dollars Exposure**") as a result of changes in the exchange rate between USD and RMB.

Sensitivity Analysis

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

Based on the amounts of assets and liabilities of the Group denominated in USD as of 31 December 2025, if the exchange rate of USD against RMB rises by 10%, the Group's total comprehensive income will increase by approximately RMB1,171,357,000 (31 December 2024: increase by approximately RMB874,306,000). Alternatively, if the exchange rate of USD against RMB drops by 10%, the Group's total comprehensive income for the year will decrease by approximately RMB1,171,357,000 (31 December 2024: decrease by approximately RMB874,306,000).

14. Employment, Training and Development

As of 31 December 2025, the Group has 19,937 and 3,193 employees in China (including Mainland China and Hong Kong, China) and other countries and regions respectively. The Group provides its employees with comprehensive and attractive remuneration, retirement schemes, share incentive schemes and benefit packages, and also grants discretionary bonuses to the Group's employees based on their performance. The Group is required to contribute to the Mainland China social security scheme. Each of the Group and its employees in Mainland China is required to make contributions to pension insurance, medical insurance and unemployment insurance at rates specified in the relevant Mainland China laws and regulations. The Group has adopted a provident fund scheme for its Hong Kong employees under the Mandatory Provident Fund Schemes Ordinance. The Group also pays corresponding pension insurance, pension scheme, medical insurance, etc. for its employees in accordance with the laws and regulations of other countries where it operates.

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

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Period, total staff costs (including management and administrative staff) accounted for approximately 26.6% (2024: approximately 26.3%) of the Group's revenue. The increase in total staff costs as a percentage of revenue was mainly attributable to the year-on-year increase in share-based payment expenses incurred by the Group during the Review Period.

15. Capital Expenditures

During the Review Period, the Group's total investment in property, plant and equipment and intangible assets amounted to approximately RMB1,303,559,000 (2024: approximately RMB817,052,000), which was mainly attributable to the recognition of (1) capital expenditure in relation to equipment, (2) R&D expenditure capitalized, and (3) capital expenditure in relation to the headquarter building.

16. Capital Commitments

As at 31 December 2025, the Group had contracted capital commitment for property, plant and equipment of approximately RMB455,770,000 (31 December 2024: approximately RMB707,750,000), which will be financed with proceeds from the Listing and net proceeds generated from operations.

17. Material Acquisitions and Disposal

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

18. Significant Investments

As at 31 December 2025, the Group did not have any significant investments (2024: nil).

19. Contingent Liabilities

As at 31 December 2025, save as disclosed in Note 32 Contingent Liabilities to the consolidated financial statements, the Board has assessed that there are no other pending legal proceedings which would have a material impact on the Group's operating position, financial position or cash flows.

20. Future Plans for Material Investments or Capital Expenditures

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

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

CONTINUING CONNECTED TRANSACTIONS

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

During the year ended 31 December 2025, the Group conducted certain transactions with the above-mentioned connected persons in the ordinary course of business, which constitute connected transaction or continuing connected transactions of the Company based on the Listing Rules.

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

(1) Procurement Transactions

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

In view of the expiry of the Procurement Framework Agreement, the Company renewed the continuing connected transactions by entering into a procurement framework agreement (“**New Procurement Framework Agreement**”) with EVE Energy on 20 November 2025, pursuant to which EVE Energy shall manufacture battery products for the Group. The New Procurement Framework Agreement would expire on 31 December 2028 unless renewed otherwise.

Pricing Policy

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

Caps of Transactions

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

Under the new Procurement Framework Agreement, the annual caps for each of the years ended 31 December 2026, 2027 and 2028 is RMB580,000,000.

CONTINUING CONNECTED TRANSACTIONS

Transaction Amounts during the Review Period

During the Review Period, the transaction amount of procurement of battery products which constitutes a connected transaction was approximately RMB387,963,000, representing 4.8% of the total procurement amount of the Group.

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

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

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

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

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

Confirmation from the Company's Auditor

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

The Company's auditor has confirmed in its letter that nothing has come to its attention that causes it to believe that such Continuing Connected Transactions: (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) have exceeded the annual cap for the year ended 31 December 2025 as set by the Company.

CORPORATE GOVERNANCE REPORT

A. Corporate Governance Practices

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

For the year ended 31 December 2025, the Company had applied the principles and complied with all code provisions (except C.2.1 of the Corporate Governance Code (“**CG Code**”)) and, where applicable, the recommended best practices of the CG Code as set out in Appendix C1 to the Listing Rules. In respect of code provision C.2.1 of the CG Code, the positions of the chairman of the Board and the chief executive officer are held by the same individual, namely, Mr. Chen Zhiping. The Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present, and will not impair the balance of power between the Board and the Company’s management, which is mainly in view of the following considerations:

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

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

B. Board

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

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

(1) Composition of the Board

As of 31 December 2025, the Board comprises the following Directors:

Executive Directors

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

Mr. Xiong Shaoming

Mr. Wang Guisheng

Ms. Wang Xin

Non-executive Director

Ms. Jiang Min

Independent Non-executive Directors

Mr. Zhong Shan (*Lead Independent Non-executive Director*)

Mr. Yim Siu Wing, Simon

Dr. Wang Gao

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

CORPORATE GOVERNANCE REPORT

(2) Independent Non-executive Directors

For the year ended 31 December 2025, the Board has met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting, or related financial management expertise. To provide transparency to the investment community and in compliance with the Listing Rules and the CG Code, the independent non-executive Directors of the Company are clearly identified in all corporate communications containing the names of the Directors. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

(3) Responsibilities and Delegation

The Board is responsible for the leadership and supervision of the Company's affairs and acting in the best interests of the Company and the shareholders. The Board, directly and indirectly through its committees, provides directions to manage (by laying down strategies and overseeing their implementation) and monitor the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have full and timely access to all the data of the Company, and may upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for fulfilling their duties to the Company. The Directors need to disclose to the Company details of other offices held by them.

The Board reserves for its discretion on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial data, appointment of directors and other significant operational matters of the Company. The Board has delegated responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company to the chief executive officer and management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid personnel.

CORPORATE GOVERNANCE REPORT

(4) Chairman of the Board and Chief Executive Officer

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

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

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

(5) Appointment and Re-election of Directors

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

CORPORATE GOVERNANCE REPORT

(6) Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that the contribution to the Board remains relevant. Every newly appointed Director will receive relevant induction training on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional trainings to develop and refresh their knowledge and skills pursuant to provision C.1.4 of the CG Code, in order to ensure that the contribution to the Board remains relevant. Internally training for Directors will be arranged and reading material on relevant topics will be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses, and the expenses of which will be paid by the Company. During the Review Period, Directors' participation in continuous professional training is as follows:

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

Notes:

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

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

CORPORATE GOVERNANCE REPORT

(7) Attendance Record of Directors

For the year ended 31 December 2025, the Company has held 4 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meetings, 1 Nomination Committee meeting, 1 Environmental, Social and Governance Committee meeting, 1 meeting between Chairman and independent non-executive Directors and 2 General Meeting. The attendance of the respective Directors at the meetings above is set out below (whether in person or by means of electronic communication):

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set forth in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors and relevant employees’ securities transactions. Having made specific enquiry of all the Directors and relevant employees, they all confirmed that they have complied strictly with the provisions of the Model Code for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

(9) Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced and diverse profile.

In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company will continue to take steps to promote gender diversity at all levels, in particular the Board and senior management levels to enhance the Board's effectiveness and decision-making process.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Company will regularly review the gender diversity of the senior workforce and identify suitable candidates in accordance with the business development of the Group. The Company will also take into account gender diversity in staff recruitment at mid to senior management levels to develop a pipeline of potential successors to the Board.

As of 31 December 2025, the composition of the Board included one female executive director and one female non-executive director. At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

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

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2025:

	Female	Male
Board	25% (2)	75% (6)
Senior Management	0% (0)	100% (2)
Other employees	50.85% (11,759)	49.15% (11,365)
Overall workforce (including 1 non-executive Director and 3 independent non-executive Directors)	50.84% (11,761)	49.16% (11,373)

CORPORATE GOVERNANCE REPORT

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

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

(10) Director Nomination Policy

The Board has delegated its responsibilities to the Nomination Committee for identification and selection of candidates to stand for election as Directors. The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the Company and satisfies the business requirements of the Company.

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

- Diversity in aspects including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how;
- Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to a reasonable number;
- Qualifications, including skills, accomplishments and experience in the relevant industries that the Company's business is involved in;
- Independence;
- Reputation and integrity;
- Potential contributions that can be made to the Board by individual(s); and
- Commitment to enhance and maximize shareholders' value.

CORPORATE GOVERNANCE REPORT

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

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

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

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

(11) Director Remuneration Policy

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

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

CORPORATE GOVERNANCE REPORT

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

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

(12) Board Independence Evaluation Mechanism

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

(13) Whistleblowing Policy

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

(14) Anti-Corruption Policy

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

(15) Board Corporate Governance Functions

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

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the required standard of dealings of securities transactions, as well as the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

C. Board Committees

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

(1) Audit Committee

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

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

The Audit Committee has reviewed the results of the year and the accounting principles and practices adopted by the Group in conjunction with the management of the Company and the external auditors, and discussed matters such as auditing, risk management, internal control and financial statements (including reviewing the financial statements for the six months ended 30 June 2025 and the year ended 31 December 2025). For the year ended 31 December 2025, the Audit Committee held 2 meetings with the external auditors to discuss the Company's performance, audit procedures and accounting matters.

(2) Nomination Committee

The Nomination Committee consists of two executive Directors, namely Mr. Chen Zhiping and Ms. Wang Xin, and three independent non-executive Directors, namely Mr. Zhong Shan, Dr. Wang Gao and Mr. Yim Siu Wing, Simon. Mr. Chen Zhiping is the Chairman of the Nomination Committee.

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

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

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

CORPORATE GOVERNANCE REPORT

(3) Remuneration Committee

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

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management and on the establishment of a formal and transparent process for approving such remuneration policy, and to review and approve matters related to share schemes. The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors and senior management. No Director will take part in any discussion on his or her own remuneration. For the year ended 31 December 2025, the Remuneration Committee of the Company has reviewed the remuneration policy and structure of the Company and made recommendation to the Board on the remuneration packages of executive Directors and senior management, and has reviewed and approved the issues relating to the share schemes under Chapter 17 of the Listing Rules, including but not limited to, the grant of share options and award shares to the Directors, senior management and employees of the Group. In addition, the Remuneration Committee also reviewed the proposed amendments to the Share Option Scheme and the Share Award Scheme.

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

Pursuant to provision E.1.5 of the CG Code, the annual remuneration range (including share-based compensation) of senior management, for the year ended 31 December 2025 is set out below. Details of the Directors' remuneration for the year ended 31 December 2025 are set out in Note 10 to the consolidated financial statements in this annual report.

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

Note:

(1) Senior management as of 31 December 2025.

(4) Environmental, Social and Governance Committee

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

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

CORPORATE GOVERNANCE REPORT

D. Risk Management and Internal Controls

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

The overall risk management process of the Company is integrated in the day-to-day operations of the Group and the management is entrusted with duties to analyze, identify, monitor, evaluate and respond to risks associated with the business activities and operations (including ESG) of the Group. The management will evaluate risk levels acceptable for the Company, set up contingency plans and formulate contingency plans to minimize impact of unpredictable events and report its findings to the Audit Committee and the Board. The Audit Committee and the Board ultimately determine the nature and extent of significant risk that the Company is willing to take in achieving its business objectives and direct the Group's risk management strategies. For the year ended 31 December 2025, the Board has received confirmation from management in relation to the effectiveness of the Group's risk management and internal control system.

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

The Board is responsible for managing and, through the Audit Committee, reviewing the effectiveness of the risk management and internal control system of the Group on an annual basis. For the year ended 31 December 2025, such review covered controls over financial reporting, operations and compliance, as well as risk management. The Board considered that the system of internal controls in operation in the Group has been in place and functioning effectively.

CORPORATE GOVERNANCE REPORT

Assisted by the Audit Committee, the Board assessed the effectiveness of the risk management and internal control systems of the Group by reviewing the investigation results of management report and internal audits, and considered that the risk management and internal control systems of the Company for the year ended 31 December 2025 were effective and adequate in material respects.

The Company has adopted a policy on disclosure of information and communication with outsiders which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to external enquiries. Control procedures have been implemented to ensure that the inside information of the Company is to be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations. All Directors and employees are bound by the policy to safeguard confidential information.

E. Directors' Responsibilities in Respect of the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 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 regulatory requirements. The senior management has provided to the Board necessary explanation and information to enable the Board to make an informed assessment of the financial information and position of the Company, which are put forward to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The statement of the Auditor about their reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2025 is set out in the section headed "Independent Auditor's Report" in this annual report.

F. Auditor's Remuneration

The Group's independent external auditor is Deloitte Touche Tohmatsu. The Audit Committee is responsible for the appointment of the external auditors and reviewing the non-audit functions performed by the external auditors for the Group. In particular, the Audit Committee will, prior to the execution of contract with the external auditors and the commencement of their duties, consider whether the non-audit functions will result in any potential material conflict of interest. The related remuneration for the audit services provided by Deloitte Touche Tohmatsu to the Group for the year ended 31 December 2025 amounted to RMB3,030,000, and related remuneration for the non-audit services provided by the Auditor consisted of interim review of financial statements of RMB650,000, and tax and other consulting services of RMB3,639,932.

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

CORPORATE GOVERNANCE REPORT

G. Joint Company Secretaries

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

H. Communications with Shareholders and Investors

The Board believes that effective communication with shareholders is of great importance in enhancing investor relation. The annual report and interim report offer comprehensive operation and financial performance information to shareholders while the general meeting provides a forum for shareholders to express their opinions directly to the Board. The Board welcomes comments from shareholders and encourages them to attend general meetings to raise concerns with the Board or management directly. The Board members and appropriate senior management personnel of the Company will respond issues raised by shareholders at the meeting. To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings. For the year ended 31 December 2025, the Company held one AGM on 23 May 2025 and one extraordinary general meeting on 18 February 2025.

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

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

Address: Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: IR@smooreholdings.com

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

CORPORATE GOVERNANCE REPORT

I. Constitutional Documents

There was no significant change in the constitutional documents of the Company for the year ended 31 December 2025.

J. Shareholder's Rights

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

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

DIRECTORS' REPORT

The Board of the Company is pleased to present the Directors' report for the year ended 31 December 2025 to the shareholders.

Principal Business

The Group is a global leader in offering atomization technology solutions. During the Review Period, through our innovative and pioneering atomization technology solutions, we mainly operated two business segments: (1) Corporate Client Oriented Business (“**ToB Business**”) focuses on the research, design, and manufacturing of vaping products, heat-not-burn (“**HNB**”) products, special purpose atomization products and inhalation therapy products for leading global tobacco companies, independent vaping brands, and other corporate clients, and the provision of technological services relating to these products; (2) Self-Branded Business focuses on the research, design, manufacturing, and sales of self-branded electronic vaping products and beauty atomization products.

Business Review

A business review of the Group for the year ended 31 December 2025 and its future development are set out in the Chairman's Statement and Management Discussion and Analysis of this annual report.

Major Customers and Suppliers

For the year ended 31 December 2025, the Group's revenue to its top five customers accounted for approximately 52.0% of its total revenue (2024: approximately 55.0%), and the revenue to its largest customer accounted for approximately 37.3% of its total revenue (2024: approximately 40.1%). The Group's procurement amount from its top five suppliers accounted for approximately 23.0% of its total procurement amount (2024: approximately 21.8%), and the procurement amount from its largest supplier accounted for approximately 5.7% of its total procurement amount (2024: approximately 8.2%). The Group aims to maintain long-term cooperative relationship with reputable customers and suppliers.

Ms. Jiang Min, the Company's non-executive Director, is a director, secretary of the board, vice president and CFO of EVE Energy, which is one of our top five suppliers for the year ended 31 December 2025 and is also a substantial shareholder of the Company. Except for Ms. Jiang Min, none of the Directors, or any of their close associates (as defined under the Listing Rules), or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital), had any interest in any of the five largest customers or suppliers of the Group for the year ended 31 December 2025.

Financial Highlights

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

Bank Loans and Borrowings

For the year ended 31 December 2025, the Group had no borrowings from banks or other financial institutions. As at 31 December 2025, the utilized portion of the Group's secured banking facilities was mainly for issuing and discounting bills and for opening letters of credit.

Reserves

As at 31 December 2025, the Company's distributable reserves amounted to RMB6,117.0 million. Changes in the Company's reserves for the year ended 31 December 2025 are set out in Note 36 to the consolidated financial statements.

Donations

For the year ended 31 December 2025, the Group made charitable donations of approximately RMB12.0 million (2024: RMB1.4 million).

Property, Plant and Equipment

For the year ended 31 December 2025, details of the changes in the Group's property, plant and equipment are set out in Note 13 to the consolidated financial statements.

Share Capital and Shares in Issue

For the year ended 31 December 2025, details of the changes in the Company's share capital and details of the shares in issue are set out in Note 27 to the consolidated financial statements.

Equity-linked Arrangements

Save for the share schemes of the Company disclosed in the section headed "Share Schemes" below, no equity-linked agreement was entered into by the Company during the year ended 31 December 2025 or subsisted as at 31 December 2025.

Final Dividend

The Board recommends the payment of a final dividend of HK20 cents per ordinary share for the year ended 31 December 2025 to shareholders which shall be subject to approval by shareholders at the forthcoming AGM. The Company expects that the dividend will be paid on or around 18 June 2026, and the ex-dividend date is 29 May 2026.

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

During the Review period, there was no arrangement under which a shareholder has waived or agreed to waive any dividends.

DIRECTORS' REPORT

Annual General Meeting

The AGM of the Company will be held on 22 May 2026, notice of which will be published on the websites of the Company and the Stock Exchange as soon as practicable in accordance with the requirements of the Company's articles of association and Listing Rules.

Closure of Register of Members and Record Dates

For determining the entitlement to attend and vote at the AGM, the record date will be 22 May 2026 and the Register of Members of the Company will be closed from 19 May 2026 to 22 May 2026, both days inclusive, during which no transfer of shares will be registered. In order to determine the shareholders who are entitled to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 18 May 2026.

For determining the entitlement for final dividend (subject to shareholders' approval at the AGM), the record date will be 4 June 2026 and the Register of Members of the Company will be closed from Tuesday, 2 June 2026 to Thursday, 4 June 2026, both days inclusive, during which no transfer of Shares will be registered. In order to determine the shareholders who are entitled to the said final dividend which will be resolved and voted at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 1 June 2026.

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

During the year ended 31 December 2025, the Group did not purchase, sell or redeem any of its shares (including treasury shares). As at 31 December 2025, the Group did not hold any treasury shares.

Share Schemes

The number of shares may be issued regarding the share options and award shares granted during 2025 under all share schemes of the Company as a percentage of the weighted average number of issued shares for relevant classes for this year is approximately 1.09%.

The share option scheme was conditionally approved and adopted by our shareholders on 15 June 2020 and was amended and approved by our shareholders on 18 February 2025 (the "**Share Option Scheme**"). The Share Option Scheme is subject to the provisions of Chapter 17 of the Listing Rules. The number of options available for grant under the Share Option Scheme as at the beginning of 2025 was 9,765,240, while the number of options available for grant under the Share Option Scheme as at the end of 2025 was 551,022,627. Assuming, for illustration purposes only, all outstanding awards granted under the amended share award scheme after 18 February 2025 (the date on which the shareholders approved the scheme mandate limit) are to be satisfied by allotment of new shares (including transfer of treasury shares), the number of options available for grant under the scheme mandate of the Share Option Scheme on 31 December 2025 was 547,193,627 shares.

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

(i) Purpose of the Share Option Scheme

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

(ii) Participants of Share Option Scheme

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

(iii) Maximum Number of Shares

The maximum number of shares which may be issued together with treasury shares which may be transferred upon exercise of all options and awards granted or to be granted under the Share Option Scheme and any other share schemes since 18 February 2025 must not in aggregate exceed 10% of the total number of shares in issue of the Company as of 18 February 2025 (when the shareholders approved the scheme mandate limit), being 618,117,627 shares, or such limit as the shareholders may refresh (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Scheme and any other share schemes of the Company will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed with the approval of the shareholders in general meeting. As at 10 April 2026, the latest practicable date for ascertaining the following information, the total number of outstanding options granted under the Share Option Scheme was 239,227,403 and the unutilised Scheme Mandate Limit was 547,193,627, hence the total number of shares that may be issued together with treasury shares that may be transferred under the Share Option Scheme was 786,421,030 shares, representing approximately 12.7% of the total number of shares in issue (excluding treasury shares) as at 10 April 2026, which was 6,195,173,711 shares.

(iv) Limit for Each Participant

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

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

DIRECTORS' REPORT

(v) Option Period

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

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

(vi) Payment on Acceptance of Offer and Exercise Price

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

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

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

(vii) Remaining Life of the Share Option Scheme

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

(viii) Details of the Movements

During the year ended 31 December 2025, the Company granted options for 61,000,000, 2,390,000, 2,190,000, 1,180,000, and 915,000 shares, aggregately 67,675,000 shares, to eligible participants under the Share Option Scheme on 18 February 2025, 7 May 2025, 17 July 2025, 15 October 2025 and 31 December 2025 respectively.

Specifically, regarding the 61,000,000 options granted on 18 February 2025 to Mr. Chen Zhiping, the chairman of the Board, executive Director and substantial shareholder of the Company, these were conditionally granted by the Board on 27 December 2024. The grant was subject to the following conditions: (1) the approval of the shareholders of the Company to amend the Share Option Scheme; (2) the approval of the shareholders of the Company to adopt a new scheme mandate limit; and (3) the approval of the independent shareholders of the Company for the conditional grant. Please refer to the announcement of the Company dated 27 December 2024 and the circular dated 8 January 2025 for more details. At the extraordinary general meeting of the Company held on 18 February 2025, the requisite approval were obtained from the shareholders and all conditions of the conditional grant to Mr. Chen Zhiping have been satisfied.

DIRECTORS' REPORT

(ix) Table of the Movements

For the year ended 31 December 2025, details of the movement of the options granted under the Share Option Scheme are as follows:

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 January 2025	Granted during the period (Note)	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 31 December 2025	
Chen Zhiping (Director)	2024/12/27 (Approved by shareholders on 18 February 2025)	18,300,000	2024/12/27-2025/12/26	2025/12/27-2034/12/26	10.10	11.26	3.46	NA	–	18,300,000	–	–	–	18,300,000	
		24,400,000	2024/12/27-2025/12/26	2025/12/27-2034/12/26	10.10	11.26	2.61	NA	–	18,300,000	–	–	–	18,300,000	
		24,400,000	2024/12/27-2025/12/26	2025/12/27-2034/12/26	10.10	11.26	2.03	NA	–	24,400,000	–	–	–	24,400,000	
Wang Guisheng (Director)	2022/11/09	66,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	66,500	–	–	–	–	66,500	
		66,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	66,500	–	–	–	–	66,500	
	2023/08/23	319,150	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	12.60	319,150	–	319,150	–	–	–	
		319,150	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	319,150	–	–	–	–	319,150	
		319,150	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	319,150	–	–	–	–	319,150	
	2024/10/24	319,150	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	319,150	–	–	–	–	–	319,150
		126,450	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	126,450	–	–	–	–	–	126,450
		126,450	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	126,450	–	–	–	–	–	126,450
		126,450	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	126,450	–	–	–	–	–	126,450
		126,450	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	126,450	–	–	–	–	–	126,450
		91,300	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	91,300	–	–	–	–	–	91,300
		182,600	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	182,600	–	–	–	–	–	182,600
		273,900	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	273,900	–	–	–	–	–	273,900
365,200	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	365,200	–	–	–	–	–	365,200		
Xiong Shaoming (Director)	2022/11/09	117,000	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	117,000	–	–	–	–	117,000	
		117,000	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	117,000	–	–	–	–	117,000	
	2023/08/23	172,825	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	172,825	–	–	–	–	172,825	
		172,825	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	172,825	–	–	–	–	172,825	
		172,825	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	172,825	–	–	–	–	172,825	
	2024/10/24	172,825	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	172,825	–	–	–	–	–	172,825
		88,625	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	88,625	–	–	–	–	88,625	
		88,625	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	88,625	–	–	–	–	88,625	
88,625		2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	88,625	–	–	–	–	88,625		
88,625	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	88,625	–	–	–	–	88,625			
Wang Xin (Director)	2022/11/09	7,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	7,500	–	–	–	–	7,500	
		7,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	7,500	–	–	–	–	7,500	
	2023/08/23	87,650	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	87,650	–	–	–	–	87,650	
		87,650	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	87,650	–	–	–	–	87,650	
		87,650	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	87,650	–	–	–	–	87,650	
	2024/10/24	87,650	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	87,650	–	–	–	–	–	87,650
		58,725	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	58,725	–	–	–	11,745	46,980	
		58,725	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	58,725	–	–	–	–	58,725	
		58,725	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	58,725	–	–	–	–	58,725	
		58,725	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	58,725	–	–	–	–	58,725	
		35,900	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	35,900	–	–	–	–	35,900	
		71,800	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	71,800	–	–	–	–	71,800	
	107,700	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	107,700	–	–	–	–	107,700		
143,600	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	143,600	–	–	–	–	143,600			
Li Xiaoping (Associate of Director)	2022/11/09	32,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	32,500	–	–	–	–	32,500	
		32,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	32,500	–	–	–	–	32,500	
	2023/08/23	21,900	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	21,900	–	–	–	–	21,900	
		21,900	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	21,900	–	–	–	–	21,900	
		21,900	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	21,900	–	–	–	–	21,900	
	2024/10/24	21,900	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	21,900	–	–	–	–	–	21,900
		19,900	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	19,900	–	–	–	–	19,900	
		19,900	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	19,900	–	–	–	–	19,900	
		19,900	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	19,900	–	–	–	–	19,900	
		19,900	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	19,900	–	–	–	–	19,900	
		8,000	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	8,000	–	–	–	–	8,000	
		16,000	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	16,000	–	–	–	–	16,000	
		24,000	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	24,000	–	–	–	–	24,000	
32,000	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	32,000	–	–	–	–	32,000			

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Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 January 2025	Granted during the period (Note)	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 31 December 2025
Bu Zhiqiang (Associate of Director)	2022/11/09	15,500	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	NA	15,500	-	-	-	-	15,500
		15,500	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	NA	15,500	-	-	-	-	15,500
	2023/08/23	33,550	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	33,550	-	-	-	-	33,550
		33,550	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	33,550	-	-	-	-	33,550
		33,550	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	33,550	-	-	-	-	33,550
		33,550	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	33,550	-	-	-	-	33,550
		16,075	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	16,075	-	-	-	-	16,075
		16,075	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	16,075	-	-	-	-	16,075
	2024/10/24	16,075	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	16,075	-	-	-	-	16,075
		16,075	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	16,075	-	-	-	-	16,075
		5,000	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	5,000	-	-	-	-	5,000
		10,000	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	10,000	-	-	-	-	10,000
		15,000	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	15,000	-	-	-	-	15,000
		20,000	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	20,000	-	-	-	-	20,000
Yuan Xiang (Associate of Director)	2023/08/23	9,650	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	9,650	-	-	-	-	9,650
		9,650	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	9,650	-	-	-	9,650	
		9,650	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	9,650	-	-	-	9,650	
		9,650	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	9,650	-	-	-	9,650	
	2024/10/24	6,650	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	6,650	-	-	-	-	6,650
		6,650	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	6,650	-	-	-	-	6,650
		6,650	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	6,650	-	-	-	-	6,650
		6,650	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	6,650	-	-	-	-	6,650
Bu Weiqiang (Associate of Director)	2023/08/23	26,825	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	NA	26,825	-	-	-	-	26,825
		26,825	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	NA	26,825	-	-	-	-	26,825
		26,825	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	26,825	-	-	-	-	26,825
		26,825	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	26,825	-	-	-	-	26,825
		18,425	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	NA	18,425	-	-	-	3,685	14,740
		18,425	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	18,425	-	-	-	-	18,425
	2024/10/24	18,425	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	18,425	-	-	-	-	18,425
		18,425	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	18,425	-	-	-	-	18,425
		9,300	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	9,300	-	-	-	-	9,300
		18,600	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	18,600	-	-	-	-	18,600
		27,900	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	27,900	-	-	-	-	27,900
		37,200	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	37,200	-	-	-	-	37,200
Other employees (Not Directors)	2022/05/19	2,447,000	2022/05/19-2023/05/18	2023/05/19-2032/05/18	17.46	16.88	4.56	19.94	1,728,375	-	352,500	-	161,488	1,214,387
		2,993,750	2022/05/19-2024/05/18	2024/05/19-2032/05/18	17.46	16.88	5.19	20.03	2,060,625	-	380,733	-	179,062	1,500,830
		2,993,750	2022/05/19-2025/05/18	2025/05/19-2032/05/18	17.46	16.88	5.67	19.97	2,021,625	-	265,289	-	163,500	1,592,836
		2,993,750	2022/05/19-2026/05/18	2026/05/19-2032/05/18	17.46	16.88	6.04	NA	2,021,625	-	-	-	405,500	1,616,125
		546,750	2022/05/19-2027/05/18	2027/05/19-2032/05/18	17.46	16.88	6.33	NA	288,750	-	-	-	33,000	255,750
Other employees (Not Directors)	2022/07/21	629,500	2022/07/21-2023/07/20	2023/07/21-2032/07/20	20.60	20.80	5.51	NA	227,000	-	-	-	42,500	184,500
		629,500	2022/07/21-2024/07/20	2024/07/21-2032/07/20	20.60	20.80	6.32	NA	227,000	-	-	-	42,500	184,500
		629,500	2022/07/21-2025/07/20	2025/07/21-2032/07/20	20.60	20.80	6.94	NA	227,000	-	-	-	42,500	184,500
		629,500	2022/07/21-2026/07/20	2026/07/21-2032/07/20	20.60	20.80	7.44	NA	227,000	-	-	-	42,500	184,500
Other employees (Not Directors)	2022/11/09	8,760,200	2022/11/09-2023/05/08	2023/05/09-2032/11/08	11.78	11.11	2.77	17.72	5,067,300	-	1,074,500	-	-	3,992,800
		8,760,200	2022/11/09-2024/03/31	2024/04/01-2032/11/08	11.78	11.11	3.19	17.61	5,067,300	-	904,500	-	-	4,162,800
		6,223,600	2022/11/09-2025/03/31	2025/04/01-2032/11/08	11.78	11.11	3.56	17.24	2,780,400	-	469,641	-	-	2,310,759
		910,000	2022/11/09-2023/07/08	2023/07/09-2032/11/08	11.78	11.11	2.87	19.03	563,300	-	199,486	-	-	363,814
		910,000	2022/11/09-2024/07/08	2024/07/09-2032/11/08	11.78	11.11	3.31	18.84	563,300	-	123,436	-	-	439,864
		910,000	2022/11/09-2025/07/08	2025/07/09-2032/11/08	11.78	11.11	3.65	NA	563,400	-	-	-	-	563,400
		2,915,800	2022/11/09-2023/09/29	2023/09/30-2032/11/08	11.78	11.11	2.97	17.76	2,064,300	-	741,316	-	338,784	984,200
		2,915,800	2022/11/09-2024/09/29	2024/09/30-2032/11/08	11.78	11.11	3.39	17.57	2,001,300	-	616,547	-	285,000	1,099,753
		2,907,400	2022/11/09-2025/09/29	2025/09/30-2032/11/08	11.78	11.11	3.71	15.17	1,994,400	-	77,800	-	373,400	1,543,200
		1,103,500	2022/11/09-2024/01/03	2024/01/04-2032/11/08	11.78	11.11	3.10	16.98	723,400	-	180,000	-	53,300	490,100
		1,103,500	2022/11/09-2025/01/03	2025/01/04-2032/11/08	11.78	11.11	3.49	16.75	670,100	-	160,000	-	-	510,100
		1,103,000	2022/11/09-2026/01/03	2026/01/04-2032/11/08	11.78	11.11	3.79	NA	669,800	-	-	-	53,400	616,400
		Other employees (Not Directors)	2022/11/10	515,000	2022/11/10-2023/11/09	2023/11/10-2032/11/09	11.02	11.20	2.81	17.08	367,500	-	97,500	-
515,000	2022/11/10-2024/11/09			2024/11/10-2032/11/09	11.02	11.20	3.22	16.33	342,500	-	67,500	-	20,000	255,000
515,000	2022/11/10-2025/11/09			2025/11/10-2032/11/09	11.02	11.20	3.52	NA	332,500	-	-	-	40,000	292,500
515,000	2022/11/10-2026/11/09			2026/11/10-2032/11/09	11.02	11.20	3.75	NA	332,500	-	-	-	40,000	292,500

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Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 January 2025	Granted during the period (Note)	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 31 December 2025	
Other employees (Not Directors)	2022/12/28	482,500	2022/12/28-2023/12/27	2023/12/28-2032/12/27	12.78	12.96	3.57	19.51	222,500	–	85,000	–	110,000	27,500	
		482,500	2022/12/28-2024/12/27	2024/12/28-2032/12/27	12.78	12.96	4.09	19.75	222,500	–	80,000	–	110,000	32,500	
		482,500	2022/12/28-2025/12/27	2025/12/28-2032/12/27	12.78	12.96	4.47	NA	222,500	–	–	–	175,000	47,500	
		482,500	2022/12/28-2026/12/27	2026/12/28-2032/12/27	12.78	12.96	4.77	NA	222,500	–	–	–	175,000	47,500	
Other employees (Not Directors)	2023/04/19	865,000	2023/04/19-2024/04/18	2024/04/19-2033/04/18	9.95	9.71	3.03	18.36	310,000	–	205,000	–	305	104,695	
		865,000	2023/04/19-2025/04/18	2025/04/19-2033/04/18	9.95	9.71	3.54	18.37	310,000	–	204,695	–	–	105,305	
		865,000	2023/04/19-2026/04/18	2026/04/19-2033/04/18	9.95	9.71	3.91	NA	310,000	–	–	–	40,000	270,000	
		865,000	2023/04/19-2027/04/18	2027/04/19-2033/04/18	9.95	9.71	4.20	NA	310,000	–	–	–	40,000	270,000	
Other employees (Not Directors)	2023/07/20	735,000	2023/07/20-2024/07/19	2024/07/20-2033/07/19	7.88	8.16	2.57	20.69	170,000	–	80,000	–	–	90,000	
		735,000	2023/07/20-2025/07/19	2025/07/20-2033/07/19	7.88	8.16	2.99	NA	170,000	–	–	–	10,000	160,000	
		735,000	2023/07/20-2026/07/19	2026/07/20-2033/07/19	7.88	8.16	3.28	NA	170,000	–	–	–	10,000	160,000	
		735,000	2023/07/20-2027/07/19	2027/07/20-2033/07/19	7.88	8.16	3.51	NA	170,000	–	–	–	10,000	160,000	
Other employees (Not Directors)	2023/08/23	18,707,225	2023/08/23-2024/08/22	2024/08/23-2033/08/22	7.63	7.79	2.15	16.49	16,077,831	–	5,509,619	–	29,175	10,539,037	
		18,707,225	2023/08/23-2025/08/22	2025/08/23-2033/08/22	7.63	7.79	2.54	18.18	17,152,675	–	1,462,459	–	727,595	14,962,621	
		18,707,225	2023/08/23-2026/08/22	2026/08/23-2033/08/22	7.63	7.79	2.83	NA	17,152,675	–	–	–	1,068,950	16,083,725	
		18,707,225	2023/08/23-2027/08/22	2027/08/23-2033/08/22	7.63	7.79	3.06	NA	17,152,675	–	–	–	1,068,950	16,083,725	
Other employees (Not Directors)	2023/10/20	390,000	2023/10/20-2024/10/19	2024/10/20-2033/10/19	5.97	5.99	1.79	13.80	202,500	–	152,500	–	30,000	20,000	
		390,000	2023/10/20-2025/10/19	2025/10/20-2033/10/19	5.97	5.99	2.09	14.28	247,500	–	45,000	–	82,500	120,000	
		390,000	2023/10/20-2026/10/19	2026/10/20-2033/10/19	5.97	5.99	2.31	NA	247,500	–	–	–	82,500	165,000	
		390,000	2023/10/20-2027/10/19	2027/10/20-2033/10/19	5.97	5.99	2.48	NA	247,500	–	–	–	82,500	165,000	
Other employees (Not Directors)	2024/03/27	145,000	2024/03/27-2025/03/26	2025/03/27-2034/03/26	6.55	6.85	1.96	NA	125,000	–	–	–	10,000	115,000	
		145,000	2024/03/27-2026/03/26	2026/03/27-2034/03/26	6.55	6.85	2.31	NA	125,000	–	–	–	10,000	115,000	
		145,000	2024/03/27-2027/03/26	2027/03/27-2034/03/26	6.55	6.85	2.59	NA	125,000	–	–	–	10,000	115,000	
		145,000	2024/03/27-2028/03/26	2028/03/27-2034/03/26	6.55	6.85	2.82	NA	125,000	–	–	–	10,000	115,000	
Other employees (Not Directors)	2024/07/04	477,500	2024/07/04-2025/07/03	2025/07/04-2034/07/03	8.57	9.24	2.52	19.44	342,500	–	225,000	–	97,500	20,000	
		477,500	2024/07/04-2026/07/03	2026/07/04-2034/07/03	8.57	9.24	3.00	NA	342,500	–	–	–	172,500	170,000	
		477,500	2024/07/04-2027/07/03	2027/07/04-2034/07/03	8.57	9.24	3.38	NA	342,500	–	–	–	172,500	170,000	
		477,500	2024/07/04-2028/07/03	2028/07/04-2034/07/03	8.57	9.24	3.70	NA	342,500	–	–	–	172,500	170,000	
Other employees (Not Directors)	2024/10/24	355,000	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.30	12.93	355,000	–	29,215	–	265,000	60,785	
		355,000	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	355,000	–	–	–	265,000	90,000	
		355,000	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	355,000	–	–	–	265,000	90,000	
		355,000	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	355,000	–	–	–	265,000	90,000	
		12,643,325	2024/10/24-2025/10/23	2025/10/24-2034/10/23	11.26	11.16	3.39	12.99	12,540,550	–	317,739	–	1,345,816	10,876,995	
		12,643,325	2024/10/24-2026/10/23	2026/10/24-2034/10/23	11.26	11.16	4.04	NA	12,540,550	–	–	–	924,150	11,616,400	
		12,643,325	2024/10/24-2027/10/23	2027/10/24-2034/10/23	11.26	11.16	4.55	NA	12,540,550	–	–	–	924,150	11,616,400	
		12,643,325	2024/10/24-2028/10/23	2028/10/24-2034/10/23	11.26	11.16	4.97	NA	12,540,550	–	–	–	924,150	11,616,400	
		3,858,100	2024/10/24-2026/04/29	2026/04/30-2034/10/23	11.26	11.16	3.76	NA	3,858,100	–	–	–	250,700	3,607,400	
		7,716,200	2024/10/24-2027/04/29	2027/04/30-2034/10/23	11.26	11.16	4.33	NA	7,716,200	–	–	–	501,400	7,214,800	
		11,574,300	2024/10/24-2028/04/29	2028/04/30-2034/10/23	11.26	11.16	4.79	NA	11,574,300	–	–	–	752,100	10,822,200	
		15,432,400	2024/10/24-2029/04/29	2029/04/30-2034/10/23	11.26	11.16	5.17	NA	15,432,400	–	–	–	1,002,800	14,429,600	
		Other employees (Not Directors)	2024/12/27	415,000	2024/12/27-2025/12/26	2025/12/27-2034/12/26	10.10	11.26	3.63	NA	415,000	–	–	–	175,000
415,000	2024/12/27-2026/12/26			2026/12/27-2034/12/26	10.10	11.26	4.32	NA	415,000	–	–	–	175,000	240,000	
415,000	2024/12/27-2027/12/26			2027/12/27-2034/12/26	10.10	11.26	4.87	NA	415,000	–	–	–	175,000	240,000	
415,000	2024/12/27-2028/12/26			2028/12/27-2034/12/26	10.10	11.26	5.31	NA	415,000	–	–	–	175,000	240,000	
60,000	2024/12/27-2026/04/29			2026/04/30-2034/12/26	10.10	11.26	3.89	NA	60,000	–	–	–	–	60,000	
120,000	2024/12/27-2027/04/29			2027/04/30-2034/12/26	10.10	11.26	4.53	NA	120,000	–	–	–	–	120,000	
180,000	2024/12/27-2028/04/29			2028/04/30-2034/12/26	10.10	11.26	5.03	NA	180,000	–	–	–	–	180,000	
240,000	2024/12/27-2029/04/29			2029/04/30-2034/12/26	10.10	11.26	5.45	NA	240,000	–	–	–	–	240,000	
Other employees (Not Directors)	2025/05/07	347,500	2025/05/07-2026/05/06	2026/05/07-2035/05/06	13.86	13.52	4.24	NA	–	347,500	–	–	–	65,000	282,500
		347,500	2025/05/07-2027/05/06	2027/05/07-2035/05/06	13.86	13.52	4.98	NA	–	347,500	–	–	–	65,000	282,500
		347,500	2025/05/07-2028/05/06	2028/05/07-2035/05/06	13.86	13.52	5.63	NA	–	347,500	–	–	–	65,000	282,500
		347,500	2025/05/07-2029/05/06	2029/05/07-2035/05/06	13.86	13.52	6.12	NA	–	347,500	–	–	–	65,000	282,500
		100,000	2025/05/07-2026/05/06	2026/05/07-2035/05/06	13.86	13.52	4.24	NA	–	100,000	–	–	–	–	100,000
		200,000	2025/05/07-2027/04/29	2027/04/30-2035/05/06	13.86	13.52	4.98	NA	–	200,000	–	–	–	–	200,000
		300,000	2025/05/07-2028/04/29	2028/04/30-2035/05/06	13.86	13.52	5.58	NA	–	300,000	–	–	–	–	300,000
		400,000	2025/05/07-2029/04/29	2029/04/30-2035/05/06	13.86	13.52	6.08	NA	–	400,000	–	–	–	–	400,000
Other employees (Not Directors)	2025/07/17	372,500	2025/07/17-2026/07/16	2026/07/17-2035/07/16	20.95	21.05	6.64	NA	–	372,500	–	–	–	80,000	292,500
		372,500	2025/07/17-2027/07/16	2027/07/17-2035/07/16	20.95	21.05	7.82	NA	–	372,500	–	–	–	80,000	292,500
		372,500	2025/07/17-2028/07/16	2028/07/17-2035/07/16	20.95	21.05	8.88	NA	–	372,500	–	–	–	80,000	292,500
		372,500	2025/07/17-2029/07/16	2029/07/17-2035/07/16	20.95	21.05	9.68	NA	–	372,500	–	–	–	80,000	292,500
		70,000	2025/07/17-2026/07/16	2026/07/17-2035/07/16	20.95	21.05	6.64	NA	–	70,000	–	–	–	–	70,000
		140,000	2025/07/17-2027/04/29	2027/04/30-2035/07/16	20.95	21.05	7.61	NA	–	140,000	–	–	–	–	140,000
		210,000	2025/07/17-2028/04/29	2028/04/30-2035/07/16	20.95	21.05	8.61	NA	–	210,000	–	–	–	–	210,000
		280,000	2025/07/17-2029/04/29	2029/04/30-2035/07/16	20.95	21.05	9.45	NA	–	280,000	–	–	–	–	280,000

Grantee	Date of grant	Number of options	Vesting period	Exercisable period	Closing price immediately before the date of grant (HKD)	Exercise price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the exercise date (HKD)	Number of options at 1 January 2025	Granted during the period (Note)	Exercised during the period	Cancelled during the period	Lapsed during the period	Number of options at 31 December 2025
Other employees (Not Directors)	2025/10/15	295,000	2025/10/15-2026/10/14	2026/10/15-2035/10/14	15.14	15.72	4.67	NA	-	295,000	-	-	-	295,000
		295,000	2025/10/15-2027/10/14	2027/10/15-2035/10/14	15.14	15.72	5.42	NA	-	295,000	-	-	-	295,000
		295,000	2025/10/15-2028/10/14	2028/10/15-2035/10/14	15.14	15.72	6.03	NA	-	295,000	-	-	-	295,000
		295,000	2025/10/15-2029/10/14	2029/10/15-2035/10/14	15.14	15.72	6.49	NA	-	295,000	-	-	-	295,000
Other employees (Not Directors)	2025/12/31	172,500	2025/12/31-2026/12/30	2026/12/31-2035/12/30	11.90	12.24	3.46	NA	-	172,500	-	-	-	172,500
		172,500	2025/12/31-2027/12/30	2027/12/31-2035/12/30	11.90	12.24	4.00	NA	-	172,500	-	-	-	172,500
		172,500	2025/12/31-2028/12/30	2028/12/31-2035/12/30	11.90	12.24	4.45	NA	-	172,500	-	-	-	172,500
		172,500	2025/12/31-2029/12/30	2029/12/31-2035/12/30	11.90	12.24	4.76	NA	-	172,500	-	-	-	172,500
		45,000	2025/12/31-2027/04/29	2027/04/30-2035/12/30	11.90	12.24	3.69	NA	-	45,000	-	-	-	45,000
		67,500	2025/12/31-2028/04/29	2028/04/30-2035/12/30	11.90	12.24	4.18	NA	-	67,500	-	-	-	67,500
		90,000	2025/12/31-2029/04/29	2029/04/30-2035/12/30	11.90	12.24	4.55	NA	-	90,000	-	-	-	90,000
		22,500	2025/12/31-2030/04/29	2030/04/30-2035/12/30	11.90	12.24	4.84	NA	-	22,500	-	-	-	22,500
Total								204,714,956	67,675,000	14,426,125	-	15,829,605	242,134,226	

Note: For the 61,000,000 options granted to Mr. Chen Zhiping, the vesting of up to 30%, 60% and 100% of such options will only occur if the average market capitalisation of the Company for any 15 consecutive business days first reaches HK\$300,000,000,000, HK\$400,000,000,000 or HK\$500,000,000,000, respectively, during the period between 1 January 2025 and 31 December 2030.

For all other options granted during the period, they were based on the positions, job tenures and performance evaluation results of the grantees. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on the grantees' performance evaluation results, the grantees receive different levels of ratings which may affect the vesting period and the number of options to be vested of each individual grantee.

Share Award Scheme

The Company adopted a share award scheme (the "Share Award Scheme") on 2 September 2021. With effect from 1 January 2023, the Share Award Scheme is subject to the provisions of Chapter 17 of the Listing Rules. On 18 February 2025 (the "Amendment Date"), the Share Award Scheme was amended and approved by the shareholders of the Company. The number of awarded shares available for grant under the Share Award Scheme as at the beginning of 2025 was 205,345,815 shares, while the number of awarded shares available for grant under the Share Award Scheme as at the end of 2025 was 305,883,671 shares.

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

(i) Purpose

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

(ii) Management

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

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(iii) Eligible Participants

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

(iv) Remaining Life of the Scheme

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

(v) Payment on Acceptance of Offer

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

(vi) Vesting Period

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

(vii) Scheme Limit

The maximum number of shares that the Trustee may hold (whether directly or indirectly through the controlled enterprise of the Trustee) at any time during the life of the Share Award Scheme shall not exceed 2% of the total issued shares (excluding treasury shares) of the Company from time to time; and the maximum number of shares that may be granted under the Share Award Scheme (i) before the Amendment Date and (ii) on or after the Amendment Date, separately, shall not exceed 5% of the total issued shares (excluding treasury shares) from time to time, provided that the total number of awarded shares specified to be satisfied by subscription of new shares and purchase of treasury shares together with the number of shares which may be issued (and for this purpose including treasury shares which may be transferred) under any other share schemes of the Company that are funded by the issuance of new shares or transfer of treasury shares shall not exceed 10% of the shares in issue (excluding treasury shares) as at 18 February 2025, the date the Shareholders approve the scheme mandate limit. As at 10 April 2026, the latest practicable date for ascertaining the following information, given that no awards granted under the Share Award Scheme since the Amendment Date had vested, the total number of shares that may be issued together with treasury shares that may be transferred under the Share Award Scheme was 309,758,685 shares, representing approximately 5.00% of the total number of shares in issue (excluding treasury shares) as at 10 April 2026, which was 6,195,173,711 shares.

(viii) Limit for Each Participant

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

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

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

(ix) Details of Movement

For the year ended 31 December 2025, the Company granted 1,614,000, 1,200,000, 540,000 and 545,000 awarded shares to certain eligible participants in accordance with the terms of the Share Award Scheme on 7 May 2025, 17 July 2025, 15 October 2025 and 31 December 2025 respectively, for a total of 3,899,000 awarded shares.

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(x) Table of the Movements

For the year ended 31 December 2025, details of the movement of the awards granted under the Share Award Scheme are as follows:

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period (Note)	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 31 December 2025
Xiong Shaoming (Director)	2023/8/23	24,700	2025/8/23-2033/8/22	7.63	–	7.20	22.12	24,700	–	24,700	–	–	–
		24,700	2026/8/23-2033/8/22	7.63	–	7.20	NA	24,700	–	–	–	–	24,700
		24,700	2027/8/23-2033/8/22	7.63	–	7.20	NA	24,700	–	–	–	–	24,700
	2024/10/24	15,425	2025/10/24-2034/10/23	11.26	–	10.82	14.28	15,425	–	15,425	–	–	–
		15,425	2026/10/24-2034/10/23	11.26	–	10.82	NA	15,425	–	–	–	–	15,425
		15,425	2027/10/24-2034/10/23	11.26	–	10.82	NA	15,425	–	–	–	–	15,425
Wang Guisheng (Director)	2023/8/23	45,600	2025/8/23-2033/8/22	7.63	–	7.20	22.12	45,600	–	45,600	–	–	–
		45,600	2026/8/23-2033/8/22	7.63	–	7.20	NA	45,600	–	–	–	–	45,600
		45,600	2027/8/23-2033/8/22	7.63	–	7.20	NA	45,600	–	–	–	–	45,600
	2024/10/24	21,975	2025/10/24-2034/10/23	11.26	–	10.82	14.28	21,975	–	21,975	–	–	–
		21,975	2026/10/24-2034/10/23	11.26	–	10.82	NA	21,975	–	–	–	–	21,975
		21,975	2027/10/24-2034/10/23	11.26	–	10.82	NA	21,975	–	–	–	–	21,975
		21,975	2028/10/24-2034/10/23	11.26	–	10.82	NA	21,975	–	–	–	–	21,975
		91,300	2026/04/30-2034/10/23	11.26	–	10.82	NA	91,300	–	–	–	–	91,300
		182,600	2027/04/30-2034/10/23	11.26	–	10.82	NA	182,600	–	–	–	–	182,600
Wang Xin (Director)	2023/8/23	29,225	2025/8/23-2033/8/22	7.63	–	7.20	22.12	29,225	–	29,225	–	–	–
		29,225	2026/8/23-2033/8/22	7.63	–	7.20	NA	29,225	–	–	–	–	29,225
		29,225	2027/8/23-2033/8/22	7.63	–	7.20	NA	29,225	–	–	–	–	29,225
	2024/10/24	23,825	2025/10/24-2034/10/23	11.26	–	10.82	14.28	23,825	–	19,060	–	4,765	–
		23,825	2026/10/24-2034/10/23	11.26	–	10.82	NA	23,825	–	–	–	–	23,825
		23,825	2027/10/24-2034/10/23	11.26	–	10.82	NA	23,825	–	–	–	–	23,825
		23,825	2028/10/24-2034/10/23	11.26	–	10.82	NA	23,825	–	–	–	–	23,825
		35,800	2026/04/30-2034/10/23	11.26	–	10.82	NA	35,800	–	–	–	–	35,800
		71,600	2027/04/30-2034/10/23	11.26	–	10.82	NA	71,600	–	–	–	–	71,600
Bu Zhiqiang (Associate of Director)	2023/8/23	11,200	2025/8/23-2033/8/22	7.63	–	7.20	22.12	11,200	–	11,200	–	–	–
		11,200	2026/8/23-2033/8/22	7.63	–	7.20	NA	11,200	–	–	–	–	11,200
		11,200	2027/8/23-2033/8/22	7.63	–	7.20	NA	11,200	–	–	–	–	11,200
	2024/10/24	6,450	2025/10/24-2034/10/23	11.26	–	10.82	14.28	6,450	–	6,450	–	–	–
		6,450	2026/10/24-2034/10/23	11.26	–	10.82	NA	6,450	–	–	–	–	6,450
		6,450	2027/10/24-2034/10/23	11.26	–	10.82	NA	6,450	–	–	–	–	6,450
		6,450	2028/10/24-2034/10/23	11.26	–	10.82	NA	6,450	–	–	–	–	6,450
		5,000	2026/04/30-2034/10/23	11.26	–	10.82	NA	5,000	–	–	–	–	5,000
		10,000	2027/04/30-2034/10/23	11.26	–	10.82	NA	10,000	–	–	–	–	10,000
Li Xiaoping (Associate of Director)	2023/8/23	7,300	2025/8/23-2033/8/22	7.63	–	7.20	22.12	7,300	–	7,300	–	–	–
		7,300	2026/8/23-2033/8/22	7.63	–	7.20	NA	7,300	–	–	–	–	7,300
		7,300	2027/8/23-2033/8/22	7.63	–	7.20	NA	7,300	–	–	–	–	7,300
	2024/10/24	8,150	2025/10/24-2034/10/23	11.26	–	10.82	14.28	8,150	–	8,150	–	–	–
		8,150	2026/10/24-2034/10/23	11.26	–	10.82	NA	8,150	–	–	–	–	8,150
		8,150	2027/10/24-2034/10/23	11.26	–	10.82	NA	8,150	–	–	–	–	8,150
		8,150	2028/10/24-2034/10/23	11.26	–	10.82	NA	8,150	–	–	–	–	8,150
		8,000	2026/04/30-2034/10/23	11.26	–	10.82	NA	8,000	–	–	–	–	8,000
		16,000	2027/04/30-2034/10/23	11.26	–	10.82	NA	16,000	–	–	–	–	16,000
Yuan Xiang (Associate of Director)	2023/8/23	3,225	2025/8/23-2033/8/22	7.63	–	7.20	22.12	3,225	–	3,225	–	–	–
		3,225	2026/8/23-2033/8/22	7.63	–	7.20	NA	3,225	–	–	–	–	3,225
		3,225	2027/8/23-2033/8/22	7.63	–	7.20	NA	3,225	–	–	–	–	3,225
	2024/10/24	2,825	2025/10/24-2034/10/23	11.26	–	10.82	14.28	2,825	–	2,825	–	–	–
		2,825	2026/10/24-2034/10/23	11.26	–	10.82	NA	2,825	–	–	–	–	2,825
		2,825	2027/10/24-2034/10/23	11.26	–	10.82	NA	2,825	–	–	–	–	2,825
		2,825	2028/10/24-2034/10/23	11.26	–	10.82	NA	2,825	–	–	–	–	2,825
		2,825	2026/04/30-2034/10/23	11.26	–	10.82	NA	2,825	–	–	–	–	2,825
		2,825	2027/04/30-2034/10/23	11.26	–	10.82	NA	2,825	–	–	–	–	2,825

DIRECTORS' REPORT

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period (Note)	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 31 December 2025	
Bu Weigang (Associate of Director)	2023/8/23	8,925	2025/8/23-2033/8/22	7.63	–	7.20	22.12	8,925	–	8,925	–	–	–	
		8,925	2026/8/23-2033/8/22	7.63	–	7.20	NA	8,925	–	–	–	–	8,925	
		8,925	2027/8/23-2033/8/22	7.63	–	7.20	NA	8,925	–	–	–	–	8,925	
	2024/10/24	7,475	2025/10/24-2034/10/23	11.26	–	10.82	14.28	7,475	–	5,980	–	1,495	–	
		7,475	2026/10/24-2034/10/23	11.26	–	10.82	NA	7,475	–	–	–	–	7,475	
		7,475	2027/10/24-2034/10/23	11.26	–	10.82	NA	7,475	–	–	–	–	7,475	
		7,475	2028/10/24-2034/10/23	11.26	–	10.82	NA	7,475	–	–	–	–	7,475	
		9,200	2026/04/30-2034/10/23	11.26	–	10.82	NA	9,200	–	–	–	–	9,200	
		18,400	2027/04/30-2034/10/23	11.26	–	10.82	NA	18,400	–	–	–	–	18,400	
		27,600	2028/04/30-2034/10/23	11.26	–	10.82	NA	27,600	–	–	–	–	27,600	
		36,800	2029/04/30-2034/10/23	11.26	–	10.82	NA	36,800	–	–	–	–	36,800	
Other employees (Not Directors)	2021/12/24	570,000	2025/4/1-2031/12/23	39.40	–	39.35	13.26	97,500	–	97,500	–	–	–	
		90,000	2025/7/9-2031/12/23	39.40	–	39.35	19.14	70,000	–	70,000	–	–	–	
		570,575	2024/9/30-2031/12/23	39.40	–	39.35	NA	125,000	–	–	–	125,000	–	
		445,575	2025/9/30-2031/12/23	39.40	–	39.35	17.36	263,375	–	257,550	–	5,825	–	
Other employees (Not Directors)	2022/1/4	235,000	2025/1/4-2032/1/3	37.10	–	35.00	14.12	200,000	–	200,000	–	–	–	
		235,000	2026/1/4-2032/1/3	37.10	–	35.00	NA	200,000	–	–	–	–	200,000	
Other employees (Not Directors)	2022/4/19	1,588,500	2024/4/19-2032/4/18	18.46	–	17.18	NA	250	–	–	–	–	250	
		1,588,500	2025/4/19-2032/4/18	18.46	–	17.18	11.50	1,086,000	–	1,049,000	–	32,750	4,250	
		1,588,500	2026/4/19-2032/4/18	18.46	–	17.18	NA	1,086,000	–	–	–	146,250	939,750	
		614,250	2027/4/19-2032/4/18	18.46	–	17.18	NA	406,000	–	–	–	49,000	357,000	
Other employees (Not Directors)	2022/7/21	244,000	2025/7/21-2032/7/20	20.60	–	20.35	22.10	54,000	–	51,500	–	2,500	–	
		244,000	2026/7/21-2032/7/20	20.60	–	20.35	NA	54,000	–	–	–	7,500	46,500	
Other employees (Not Directors)	2022/11/10	171,000	2024/11/10-2032/11/09	11.02	–	10.70	NA	10,000	–	–	–	10,000	–	
		171,000	2025/11/10-2032/11/09	11.02	–	10.70	12.75	118,875	–	86,375	–	20,000	12,500	
		171,000	2026/11/10-2032/11/09	11.02	–	10.70	NA	118,875	–	–	–	20,000	98,875	
Other employees (Not Directors)	2022/12/28	199,625	2025/12/28-2032/12/27	12.78	–	12.96	NA	47,500	–	–	–	47,500	–	
		199,625	2026/12/28-2032/12/27	12.78	–	12.96	NA	47,500	–	–	–	47,500	–	
Other employees (Not Directors)	2023/4/19	433,000	2025/4/19-2033/4/18	9.95	–	9.62	11.50	159,250	–	159,250	–	–	–	
		433,000	2026/4/19-2033/4/18	9.95	–	9.62	NA	159,250	–	–	–	10,000	149,250	
		428,000	2027/4/19-2033/4/18	9.95	–	9.62	NA	159,250	–	–	–	10,000	149,250	
Other employees (Not Directors)	2023/7/20	479,250	2025/7/20-2033/7/19	7.88	–	8.16	22.10	50,000	–	50,000	–	–	–	
		479,250	2026/7/20-2033/7/19	7.88	–	8.16	NA	50,000	–	–	–	–	50,000	
		479,250	2027/7/20-2033/7/19	7.88	–	8.16	NA	50,000	–	–	–	–	50,000	
Other employees (Not Directors)	2023/8/23	6,144,675	2024/8/23-2033/8/22	7.63	–	7.20	NA	900	–	–	–	–	900	
		6,144,675	2025/8/23-2033/8/22	7.63	–	7.20	22.12	5,580,400	–	5,296,000	–	230,900	53,500	
		6,144,675	2026/8/23-2033/8/22	7.63	–	7.20	NA	5,580,400	–	–	–	384,425	5,195,975	
		6,144,675	2027/8/23-2033/8/22	7.63	–	7.20	NA	5,580,400	–	–	–	384,425	5,195,975	
Other employees (Not Directors)	2023/10/20	162,125	2025/10/20-2033/10/19	5.97	–	5.82	15.22	67,500	–	67,500	–	–	–	
		162,125	2026/10/20-2033/10/19	5.97	–	5.82	NA	67,500	–	–	–	–	67,500	
		162,125	2027/10/20-2033/10/19	5.97	–	5.82	NA	67,500	–	–	–	–	67,500	
Other employees (Not Directors)	2024/3/27	97,500	2025/3/27-2034/3/26	6.55	–	6.60	13.44	87,500	–	77,500	–	10,000	–	
		97,500	2026/3/27-2034/3/26	6.55	–	6.60	NA	87,500	–	–	–	10,000	77,500	
		97,500	2027/3/27-2034/3/26	6.55	–	6.60	NA	87,500	–	–	–	10,000	77,500	
		97,500	2028/3/27-2034/3/26	6.55	–	6.60	NA	87,500	–	–	–	10,000	77,500	
Other employees (Not Directors)	2024/7/4	180,000	2025/7/4-2034/7/3	8.57	–	8.68	17.26	165,000	–	125,000	–	40,000	–	
		180,000	2026/7/4-2034/7/3	8.57	–	8.68	NA	165,000	–	–	–	77,500	87,500	
		180,000	2027/7/4-2034/7/3	8.57	–	8.68	NA	165,000	–	–	–	77,500	87,500	
		180,000	2028/7/4-2034/7/3	8.57	–	8.68	NA	165,000	–	–	–	77,500	87,500	
Other employees (Not Directors)	2024/10/24	231,375	2025/10/24-2034/10/23	11.26	–	10.82	14.28	231,375	–	96,750	–	134,625	–	
		231,375	2026/10/24-2034/10/23	11.26	–	10.82	NA	231,375	–	–	–	147,125	84,250	
		231,375	2027/10/24-2034/10/23	11.26	–	10.82	NA	231,375	–	–	–	147,125	84,250	
		231,375	2028/10/24-2034/10/23	11.26	–	10.82	NA	231,375	–	–	–	147,125	84,250	
		5,159,450	2025/10/24-2034/10/23	11.26	–	10.82	14.28	5,116,650	–	4,597,505	–	519,145	–	
		5,159,450	2026/10/24-2034/10/23	11.26	–	10.82	NA	5,116,650	–	–	–	385,725	4,730,925	
		5,159,450	2027/10/24-2034/10/23	11.26	–	10.82	NA	5,116,650	–	–	–	385,725	4,730,925	
		5,159,450	2028/10/24-2034/10/23	11.26	–	10.82	NA	5,116,650	–	–	–	385,725	4,730,925	
		4,352,200	2026/04/30-2034/10/23	11.26	–	10.82	NA	4,352,200	–	–	–	–	303,800	4,048,400
		8,704,400	2027/04/30-2034/10/23	11.26	–	10.82	NA	8,704,400	–	–	–	–	607,600	8,096,800
		13,056,600	2028/04/30-2034/10/23	11.26	–	10.82	NA	13,056,600	–	–	–	–	911,400	12,145,200
		17,408,800	2029/04/30-2034/10/23	11.26	–	10.82	NA	17,408,800	–	–	–	–	1,215,200	16,193,600

DIRECTORS' REPORT

Grantee	Date of grant	Number of awards	Vesting period	Closing price immediately before the date of grant (HKD)	Purchase price (HKD)	Fair value as at the date of grant (HKD)	Weighted average closing price immediately before the vesting date (HKD)	Number of awards as at 1 January 2025	Granted during the period (Note)	Vested during the period	Cancelled during the period	Lapsed during the period	Number of awards as at 31 December 2025
Other employees (Not Directors)	2024/12/27	204,000	2025/12/27-2034/12/26	10.10	–	11.26	12.32	204,000	–	134,000	–	70,000	–
		204,000	2026/12/27-2034/12/26	10.10	–	11.26	NA	204,000	–	–	–	70,000	134,000
		204,000	2027/12/27-2034/12/26	10.10	–	11.26	NA	204,000	–	–	–	70,000	134,000
		204,000	2028/12/27-2034/12/26	10.10	–	11.26	NA	204,000	–	–	–	70,000	134,000
		60,000	2026/4/30-2034/12/26	10.10	–	11.26	NA	60,000	–	–	–	–	60,000
		120,000	2027/4/30-2034/12/26	10.10	–	11.26	NA	120,000	–	–	–	–	120,000
		180,000	2028/4/30-2034/12/26	10.10	–	11.26	NA	180,000	–	–	–	–	180,000
		240,000	2029/4/30-2034/12/26	10.10	–	11.26	NA	240,000	–	–	–	–	240,000
Other employees (Not Directors)	2025/5/7	125,500	2026/5/7-2035/5/6	13.86	–	13.52	NA	–	125,500	–	–	7,500	118,000
		125,500	2027/5/7-2035/5/6	13.86	–	13.52	NA	–	125,500	–	–	7,500	118,000
		125,500	2028/5/7-2035/5/6	13.86	–	13.52	NA	–	125,500	–	–	7,500	118,000
		125,500	2029/5/7-2035/5/6	13.86	–	13.52	NA	–	125,500	–	–	7,500	118,000
		100,000	2026/5/7-2035/5/6	13.86	–	13.52	NA	–	100,000	–	–	–	100,000
		200,000	2027/4/30-2035/5/6	13.86	–	13.52	NA	–	200,000	–	–	–	200,000
		300,000	2028/4/30-2035/5/6	13.86	–	13.52	NA	–	300,000	–	–	–	300,000
		400,000	2029/4/30-2035/5/6	13.86	–	13.52	NA	–	400,000	–	–	–	400,000
112,000	2026/5/7-2035/5/6	13.86	–	13.52	NA	–	112,000	–	–	–	112,000		
Other employees (Not Directors)	2025/7/17	162,500	2026/7/17-2035/7/16	20.95	–	21.05	NA	–	162,500	–	–	10,000	152,500
		162,500	2027/7/17-2035/7/16	20.95	–	21.05	NA	–	162,500	–	–	10,000	152,500
		162,500	2028/7/17-2035/7/16	20.95	–	21.05	NA	–	162,500	–	–	10,000	152,500
		162,500	2029/7/17-2035/7/16	20.95	–	21.05	NA	–	162,500	–	–	10,000	152,500
		55,000	2026/7/17-2035/7/16	20.95	–	21.05	NA	–	55,000	–	–	–	55,000
		110,000	2027/4/30-2035/7/16	20.95	–	21.05	NA	–	110,000	–	–	–	110,000
		165,000	2028/4/30-2035/7/16	20.95	–	21.05	NA	–	165,000	–	–	–	165,000
		220,000	2029/4/30-2035/7/16	20.95	–	21.05	NA	–	220,000	–	–	–	220,000
Other employees (Not Directors)	2025/10/15	135,000	2026/10/15-2035/10/14	15.14	–	15.57	NA	–	135,000	–	–	–	135,000
		135,000	2027/10/15-2035/10/14	15.14	–	15.57	NA	–	135,000	–	–	–	135,000
		135,000	2028/10/15-2035/10/14	15.14	–	15.57	NA	–	135,000	–	–	–	135,000
		135,000	2029/10/15-2035/10/14	15.14	–	15.57	NA	–	135,000	–	–	–	135,000
Other employees (Not Directors)	2025/12/31	80,000	2026/12/31-2035/12/30	11.90	–	11.91	NA	–	80,000	–	–	–	80,000
		80,000	2027/12/31-2035/12/30	11.90	–	11.91	NA	–	80,000	–	–	–	80,000
		80,000	2028/12/31-2035/12/30	11.90	–	11.91	NA	–	80,000	–	–	–	80,000
		80,000	2029/12/31-2035/12/30	11.90	–	11.91	NA	–	80,000	–	–	–	80,000
		45,000	2027/4/30-2035/12/30	11.90	–	11.91	NA	–	45,000	–	–	–	45,000
		67,500	2028/4/30-2035/12/30	11.90	–	11.91	NA	–	67,500	–	–	–	67,500
		90,000	2029/4/30-2035/12/30	11.90	–	11.91	NA	–	90,000	–	–	–	90,000
		22,500	2030/4/30-2035/12/30	11.90	–	11.91	NA	–	22,500	–	–	–	22,500
Total								91,125,350	3,899,000	12,625,470	–	7,492,655	74,906,225
Five highest paid employees in total								8,587,475	–	451,025	–	–	8,136,450
Directors in total								1,814,475	–	155,985	–	4,765	1,653,725
Other grantees in total								80,723,400	3,899,000	12,018,460	–	7,487,890	65,116,050

Note: All awards granted during the period were based on the positions, job tenures and performance evaluation results of the grantees. The Group has in place a performance evaluation mechanism for its employees to comprehensively evaluate their performance and contribution to the Group. Based on the grantees' performance evaluation results, the grantees receive different levels of ratings which may affect the vesting period and the number of award shares to be vested of each individual grantee.

Directors and Senior Management

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

Executive Directors:

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

Non-executive Director:

Ms. Jiang Min

Independent Non-executive Directors:

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

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

Biographical Details of Directors and Senior Management

Directors

- (1) **Mr. Chen Zhiping (陳志平)**, aged 50, is an executive Director, the chairman of the Board and the chief executive officer of the Group. Mr. Chen is principally responsible for the overall management and business operation of the Group, including coordinating Board affairs, formulating strategies and operational plans and making major business decisions. Mr. Chen has over 10 years of experience in the electronic vaping industry and is experienced in business management. Mr. Chen has been the key driver of our business strategies and achievements to date and continues to oversee the management of our operations and business.

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

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

DIRECTORS' REPORT

- (2) **Mr. Xiong Shaoming (熊少明)**, aged 55, is an executive Director and the vice president of the Group, and is primarily responsible for implementing the business objectives set by the Group and managing relevant daily operations of the Group.

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

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

- (3) **Mr. Wang Guisheng (王貴升)**, aged 56, is an executive Director, the chief financial officer and joint company secretary of the Group. Mr. Wang Guisheng joined the Group in April 2018. Mr. Wang Guisheng is primarily responsible for financial planning and management and company secretarial matters of the Group. Mr. Wang Guisheng has over 30 years of experience in financial management, accounting, taxation and business management, and in particular, Mr. Wang Guisheng has over 20 years of experience working as director and senior management for publicly listed companies on the Stock Exchange and other stock exchanges in the PRC.

In November 2010, Mr. Wang Guisheng joined Man Wah Holdings Limited (敏華控股有限公司), a company listed on the Stock Exchange (stock code: 01999), where he was appointed as chief financial officer in January 2011 and also appointed as an executive director in May 2011 until he resigned in March 2018. Currently, Mr. Wang Guisheng is an independent non-executive director of Xinyi Electric Storage Holdings Limited (信義儲電控股有限公司), formerly known as Xinyi Automobile Glass Hong Kong Enterprises Limited, a company listed on the Stock Exchange (stock code: 08328) since June 2016, and an independent non-executive director of Xuan Wu Cloud Technology Holdings Limited (玄武雲科技控股有限公司), a company listed on the Stock Exchange (stock code: 02392) since February 2026. In addition, Mr. Wang Guisheng was an independent director of Sunshine Global Circuits Co., Ltd. (深圳明陽電路科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300739), until 8 February 2022.

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

- (4) **Ms. Wang Xin (王鑫)**, aged 42, is an executive Director and the vice president of the Group, and also serves as the vice president and general manager of the Strategic Marketing Department of the business division of the self-branded open system vaping devices or advanced personal vaporizers ("APV") of the Group. Ms. Wang Xin joined the Group in February 2016. Ms. Wang Xin is primarily responsible for APV business marketing and also responsible for coordinating strategy implementation and managing international affairs. This includes facilitating entry into key global markets and fostering international cooperation, among other duties

DIRECTORS' REPORT

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

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

- (5) **Ms. Jiang Min (江敏)**, aged 44, was appointed as a non-executive Director of the Company on 28 December 2022.

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

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

- (6) **Mr. Zhong Shan (鍾山)**, aged 54, joined the Group in June 2020 as an independent non-executive Director. He is primarily responsible for providing independent advice and judgment to the Board.

Mr. Zhong has extensive experience in financial business management. Currently, Mr. Zhong is the executive director and chief financial officer of InnoScience (Suzhou) Technology Holding Co., Ltd. (英諾賽科(蘇州)科技股份有限公司), a company listed on the Stock Exchange (stock code: 02577) since December 2024 ("**InnoScience**"), primarily responsible for financial management, investment and financing. He was appointed as a director of InnoScience in July 2017, chief financial officer in September 2017 and executive director in May 2024.

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

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

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

DIRECTORS' REPORT

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

- (7) **Mr. Yim Siu Wing, Simon (閻小穎)**, aged 51, joined the Group in June 2020 as an independent non-executive Director who is primarily responsible for providing independent advice and judgment to the Board. Mr. Yim has approximately 20 years of experience in the financial industry. He has been serving as the chairman of the board of RaiseSun Group Holdings Limited (蕊申集團控股有限公司), formerly known as Winsome Group Holdings Limited (匯盛集團控股有限公司), since he founded it in May 2016. He worked at Nomura International (Hong Kong) Limited from August 2005 to May 2016 where his last position held was executive director. Before Mr. Yim Siu Wing, Simon started his career in financial industry in 2005, he worked in legal field at Baker & Mckenzie and Clifford Chance from September 1999 to January 2003 and February 2003 to July 2005, respectively. Mr. Yim has also been a member of the Chengdu Municipal Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議成都市委員會) since February 2009 and become a standing committee member since February 2013.

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

- (8) **Dr. Wang Gao (王高)**, aged 61, joined the Group in June 2023 as an independent non-executive Director who is primarily responsible for providing independent advice and judgment to the Board. Dr. Wang served as the senior consultant of The Information Resources Limited of the United States, the senior manager of Strategy and Analysis Department of Minute Maid Branch under the Coca-Cola Company in the United States, the associate professor and the deputy of the Marketing Department under School of Economics and Management of Tsinghua University, and has been serving as the professor of marketing and the associate dean in China Europe International Business School (中歐國際工商學院) since January 2009.

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

Dr. Wang has been an independent non-executive director of GOME Retail Holdings Limited (國美零售控股有限公司) (a company listed on the Stock Exchange, stock code: 00493) since June 2015; an independent director of Shanghai Phoenix Enterprise (Group) Co., Ltd. (上海鳳凰企業(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600679) since February 2022; an independent director of Kuaijishan Shaoxing Rice Wine Co., Ltd. (會稽山紹興酒股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601579) since February 2023; and an independent non-executive director of UJU Holding Limited (優矩控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 01948) since October 2024.

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

Senior Management

- (9) **Mr. Luo Chunhua (羅春華)**, aged 55, is the general manager of operation department of the Group. Mr. Luo joined the Group in November 2010 as the head of our R&D Department. Mr. Luo is primarily responsible for overseeing the business development of the Group. Mr. Luo has over 10 years of experience in management and research and development of electric appliance. Prior to joining the Group, Mr. Luo worked at various positions specializing in technology development. From July 1998 to February 2008, Mr. Luo was the vice manager at Dongguan VTech Electronic Communication Equipment Factory (東莞偉易達電子通訊設備廠) of Dongguan VTech Group (東莞偉易達集團). Since January 2008, Mr. Luo served as a manager responsible for management and professional technology for approximately three years at Guangzhou Mingmei Technology Co., Ltd. (廣州名美科技有限公司), previously known as Guangzhou Mingmei Electronics Co., Ltd. (廣州明美電子有限公司). Mr. Luo graduated from an undergraduate program at the school of radio engineering of Beijing Institute of Technology (北京理工大學), Beijing, in July 1992 and received a master's degree in engineering majoring in electronics and communication engineering from South China University of Technology (華南理工大學), Guangzhou, in January 2007 and received a master's degree in business administration from China Europe International Business School (中歐國際工商學院), in November 2017.
- (10) **Mr. Pan Weidong (潘衛東)**, aged 50, is the general manager of technology center of the Group since he joined us in April 2014. Mr. Pan Weidong is primarily responsible for overseeing the research and development of our products. Mr. Pan Weidong has over 10 years of experience in business operation and research and development. Prior to joining the Group, Mr. Pan Weidong served as a director of operation at Shenzhen Youhesheng Communication Technology Co. Ltd. (深圳優合勝通信技術有限公司) from March 2010 to March 2014. Mr. Pan Weidong graduated from an undergraduate program in thermal processing technology and equipment from Hubei University of Automotive Technology (湖北汽車工業學院), Shiyan, in June 1997 and received a master's degree in business administration from China Europe International Business School (中歐國際工商學院), in August 2017.

Joint Company Secretaries

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

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

DIRECTORS' REPORT

Service Contracts and Appointment Agreements of the Directors

a. Service Contracts of the Executive Directors

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

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

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

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

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

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

Change of Director Information

As of the date of this annual report, the total annual fixed salary of Mr. Chen Zhiping, an executive Director, is RMB3,524,400, the total annual fixed salary of Mr. Wang Guisheng, an executive Director, is RMB2,880,120 and the total annual fixed salary of Ms. Wang Xin, an executive Director, is RMB1,042,560. The annual fixed salaries have been covered by the Director's service contracts. In addition to the above annual fixed salaries, the above executive Directors will be entitled to receive additional management bonuses for each completed year of service, the amount of which shall be determined by the Board and the Remuneration Committee. When determining discretionary bonuses, the Board and the Remuneration Committee will consider the overall annual performance of the Group as well as the annual individual performance and completed service period of the above executive Directors.

Mr. Wang Guisheng has been appointed as an independent non-executive Director of Xuan Wu Cloud Technology Holdings Limited (玄武雲科技控股有限公司), a company listed on the Stock Exchange (stock code: 02392) since February 2026.

Each of Ms. Wang Xin, an executive Director, and Mr. Yim Siu Wing, Simon, an independent non-executive Director, was appointed as an additional member of the Nomination Committee of the Company with effect from 24 December 2025.

Mr. Zhong Shan, an Independent Non-executive Director, was appointed to assume the position of the lead independent non-executive Director with effect from 24 December 2025.

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

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which a Director or an entity connected with a Director was a party and in which the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2025 and on 31 December 2025.

Directors' Interests in Competing Business

For the year ended 31 December 2025, none of the Directors had any interest in any business which competes with the Company or any of its subsidiaries.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in this annual report, during the year ended 31 December 2025, neither the Company nor its holding company, subsidiaries or fellow subsidiaries was a party to any arrangement that would enable the Directors or any of their spouses or children under the age of 18 to obtain benefits through the acquisition of shares or debentures of the Company or any other corporation.

DIRECTORS' REPORT

Permitted Indemnity Provision

Pursuant to the Articles of Association of the Company and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his favor, or in which he is acquitted. The Company has taken out liability insurance for all Directors during the year ended 31 December 2025.

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

As at 31 December 2025, the interests and short positions of Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors or Chief executive	Notes	Nature of interest	Long/short position	Ordinary shares held	Approximate percentage of the total number of issued shares ^(Note 1)
Chen Zhiping	(2)	Interest in controlled corporation	Long position	2,073,708,600	33.48%
	(3)	Interest of concert party	Long position	280,201,400	4.52%
	(4)	Beneficial owner	Long position	61,000,000	0.98%
	(5)	Others	Long position	40,927,848	0.6607%
Xiong Shaoming	(6)	Interest in controlled corporation	Long position	319,692,100	5.16%
	(7)	Interest of concert party	Long position	1,997,635,600	32.25%
	(8)	Beneficial owner	Long position	1,437,148	0.0232%
	(9)	Others	Long position	137,073,000	2.21%
Wang Guisheng	(10)	Interest in controlled corporation	Long position	12,000,000	0.19%
	(11)	Beneficial owner	Long position	4,003,486	0.0646%
Wang Xin	(12)	Interest in controlled corporation	Long position	1,243,000	0.0201%
	(13)	Beneficial owner	Long position	1,570,047	0.0253%

DIRECTORS' REPORT

Notes:

- (1) The percentage is calculated based on the total number of shares of the Company in issue as at 31 December 2025, which was 6,194,253,421 shares.
- (2) Mr. Chen Zhiping holds all the issued shares of SMR & Alon Limited, which in turn directly holds 1,997,635,600 shares of the Company. In addition, Mr. Chen holds all the issued shares of CZPGJ Holding Limited, which in turn directly holds 76,073,000 shares of the Company. Accordingly, Mr. Chen is deemed to be interested in the 2,073,708,600 shares of the Company held by SMR & Alon Limited and CZPGJ Holding Limited.
- (3) By virtue of Section 317 of the SFO and the concert party agreement entered into between Mr. Chen Zhiping and Mr. Xiong Shaoming on 11 December 2019 (the "**Concert Party Agreement**"), Mr. Chen Zhiping is deemed to be interested in the 280,201,400 shares of the Company in which Mr. Xiong Shaoming has an interest.
- (4) These represent the 61,000,000 shares of the Company to be issued upon the exercise of share options conditionally granted to Mr. Chen Zhiping on 27 December 2024 under the Share Option Scheme. On 18 February 2025, the requisite shareholders' approval was obtained and all conditions to the grant of such options have been satisfied. Vesting of up to 30%, 60% and 100% of these options will only occur if the average market capitalisation of the Company for any 15 consecutive business days first reaches HK\$300,000,000,000, HK\$400,000,000,000 or HK\$500,000,000,000, respectively, during the period between 1 January 2025 and 31 December 2030. For more details, please refer to the Company's announcement dated 27 December 2024 and the Company's circular dated 8 January 2025.
- (5) By virtue of Section 318 of the SFO, apart from the Concert Party Agreement, Mr. Chen Zhiping is deemed to be interested in the 1,437,148 shares in which Mr. Xiong Shaoming has an interest.
- (6) Mr. Xiong Shaoming holds all the issued shares of Andy Xiong Holding Limited, which in turn directly holds 319,692,100 shares of the Company. Accordingly, Mr. Xiong is deemed to be interested in the 319,692,100 shares of the Company held by Andy Xiong Holding Limited.
- (7) By virtue of Section 317 of the SFO and the Concert Party Agreement, Mr. Xiong Shaoming is deemed to be interested in the 1,997,635,600 shares of the Company in which Mr. Chen Zhiping has an interest.
- (8) Mr. Xiong Shaoming beneficially holds a total interest of 1,437,148 shares, including: (i) 61,673 shares of the Company beneficially held by Mr. Xiong; (ii) 1,279,800 share options granted by the Company to Mr. Xiong under the Share Option Scheme; and (iii) 95,675 share awards granted by the Company to Mr. Xiong under the Share Award Scheme.
- (9) By virtue of Section 318 of the SFO, apart from the Concert Party Agreement, Mr. Xiong Shaoming is deemed to be interested in the 137,073,000 shares of the Company in which Mr. Chen Zhiping has an interest.
- (10) Mr. Wang Guisheng holds all the issued shares of Sunrise & Rainbow Holding Limited, which in turn directly holds 12,000,000 shares of the Company. Accordingly, Mr. Wang is deemed to be interested in the 12,000,000 shares of the Company held by Sunrise & Rainbow Holding Limited.
- (11) Mr. Wang Guisheng beneficially holds a total interest of 4,003,486 shares, including (i) 424,111 shares of the Company beneficially held by Mr. Wang Guisheng; (ii) 2,509,250 share options granted by the Company to Mr. Wang Guisheng under the Share Option Scheme; and (iii) 1,070,125 share awards granted by the Company to Mr. Wang Guisheng under the Share Award Scheme.
- (12) Ms. Wang Xin holds all the issued shares of WXGJ Holding Limited, which in turn directly holds 1,243,000 shares of the Company. Accordingly, Ms. Wang is deemed to be interested in the 1,243,000 shares of the Company held by WXGJ Holding Limited.
- (13) Ms. Wang Xin beneficially holds a total interest of 1,570,047 shares, including (i) 134,367 shares of the Company beneficially held by Ms. Wang Xin; (ii) 947,755 share options granted by the Company to Ms. Wang Xin under the Share Option Scheme; and (iii) 487,925 share awards granted by the Company to Ms. Wang Xin under the Share Award Scheme.

DIRECTORS' REPORT

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

As at 31 December 2025, so far as the Directors are aware, the following parties (other than Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholders	Notes	Nature of interest	Long/short position	Ordinary shares held	Approximate percentage of the total number of issued shares ^(Note 1)
SMR & Alon Limited	(2)	Beneficial owner	Long position	1,997,635,600	32.25%
Zhao Zihan	(3)	Interest of spouse	Long position	2,455,837,848	39.65%
Andy Xiong Holding Limited	(4)	Beneficial owner	Long position	319,692,100	5.16%
Han Xiao	(5)	Interest of spouse	Long position	2,455,837,848	39.65%
EVE BATTERY INVESTMENT LTD.	(6)	Beneficial owner	Long position	1,901,520,000	30.70%
EVE Asia Co., Limited	(6)	Interest in controlled corporation	Long position	1,901,520,000	30.70%
EVE Energy	(6)	Interest in controlled corporation	Long position	1,901,520,000	30.70%
Liu Jincheng	(7)	Interest in controlled corporation	Long position	1,950,240,000	31.48%
Luo Jinhong	(8)	Interest of spouse	Long position	1,950,240,000	31.48%

Notes:

- (1) The percentage is calculated based on the total number of shares of the Company in issue as at 31 December 2025, which was 6,194,253,421 shares.
- (2) SMR & Alon Limited is beneficially and wholly owned by Mr. Chen Zhiping. Mr. Chen is therefore deemed to be interested in the shares of the Company held by SMR & Alon Limited under the SFO.
- (3) Ms. Zhao Zihan is the spouse of Mr. Chen Zhiping. Under the SFO, Ms. Zhao Zihan is deemed to be interested in the same number of shares of the Company in which Mr. Chen is interested in.
- (4) Andy Xiong Holding Limited is beneficially and wholly owned by Mr. Xiong Shaoming. Mr. Xiong is therefore deemed to be interested in the Shares held by Andy Xiong Holding Limited under the SFO.

DIRECTORS' REPORT

- (5) Ms. Han Xiao is the spouse of Mr. Xiong Shaoming. Under the SFO, Ms. Han Xiao is deemed to be interested in the same number of shares of the Company in which Mr. Xiong is interested in.
- (6) EVE BATTERY INVESTMENT LTD. ("**EVE Battery**") is an investment holding company wholly owned by EVE Asia Co., Limited which is a wholly owned subsidiary of EVE Energy. EVE Energy is ultimately controlled by Dr. Liu Jincheng and Ms. Luo Jinhong (spouse of Dr. Liu).
- (7) Dr. Liu Jincheng holds all the issued shares of Golden Energy Global Investment Ltd., which in turn directly holds 48,720,000 shares of the Company. In addition, Dr. Liu through EVE Energy and EVE Asia Co., Limited ultimately controls EVE Battery, which in turn directly holds 1,901,520,000 shares of the Company. Accordingly, Dr. Liu is deemed to be interested in an aggregate of 1,950,240,000 shares of the Company held by Golden Energy Global Investment Ltd. and EVE Battery.
- (8) Ms. Luo Jinhong is the spouse of Dr. Liu Jincheng. Under the SFO, Ms. Luo Jinhong is deemed to be interested in the same number of shares of the Company in which Dr. Liu is interested in.

Management Contract

No contracts concerning the managing and handling of the overall business or any material part of the business of the Group were entered into or existed by the Group for the year ended 31 December 2025.

Pre-emptive Rights

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

Pledge of Shares by Controlling Shareholder

During the Review Period and as at 31 December 2025, there is no pledge of Shares by controlling shareholders of the Company.

Exchangeable Bonds Issued by Controlling Shareholder

Reference is made to the announcements of the Company dated 12 November 2021, 30 June 2022, 4 November 2022, 3 July 2023, 12 October 2023, 5 August 2024 and 7 January 2025, and capitalized terms in this section shall have the same meaning as defined in such announcements. In relation to US\$350,000,000 Secured Guaranteed Exchangeable Bonds (the "**Bonds**") due 2026 of the controlling shareholders of the Company, the Company was informed by EVE Battery that, the Bonds had been delisted from the Stock Exchange on 23 December 2024, and as a result, EVE Battery's pledge of 60,909,821 ordinary shares of the Company was fully released.

Contract of Significance

Save as disclosed in this annual report, there are no other contract of significance between the Company, or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

DIRECTORS' REPORT

Continuing Connected Transactions

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

Corporate Governance

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

For the year ended 31 December 2025, the Company had applied the principles and complied with all code provisions (except for C.2.1 of the CG Code) and, where applicable, the recommended best practices of the CG Code as set out in Appendix C1 to the Listing Rules.

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

Environmental Policies and Performance

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

Use of Proceeds from the Global Offering

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

DIRECTORS' REPORT

The net proceeds from the Listing have been and will be utilized in the same manner and proportion as set out in the prospectus of the Company dated 29 June 2020 under the section headed "Future Plans and Use of Proceeds". The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2025:

Use of proceeds	Approximate percentage of total amount	Amount of net proceeds allocated upon Listing (HK\$ million)	Actual usage During the Review Period (HK\$ million)	Actual usage up to 31 December 2025 (HK\$ million)	Unutilized amount as at 31 December 2025 (HK\$ million)	Expected timeline
(i) Expand our production capacity, including the establishment of industrial parks in Jiangmen and Shenzhen, Guangdong province**	50%	3,954.9	33.7	1,364.9	2,590.0	By the end of 2030***
(ii) Implement automated production and assembly lines at our new production bases, upgrade our group-level ERP system and upgrade our existing factories	25%	1,977.5	—	1,977.5	—	—
(iii) Invest in research and development, including building a group-level research center in Shenzhen, developing new heating technology and paying for product certification expenses	20%	1,582.0	—	1,582.0	—	—
(iv) Provide funding for our working capital and other general corporate purposes	5%	395.5	—	395.5	—	—
	100%	7,909.9	33.7	5,319.9	2,590.0	

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

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

*** In view of changes in the external market conditions and regulatory environment, the Group will continue to optimize its annual manufacturing footprint and investment plans to meet customer demand in a better and more efficient manner. As a result, the Group expects the utilization timeline of the proceeds to be extended accordingly.

DIRECTORS' REPORT

Placing

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

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

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

The intended and actual use of proceeds from the Placing and Subscription up to 31 December 2025 are set out as follows:

Use of proceeds	Approximate percentage of total amount	Amount of net proceeds allocated (HK\$ million)	Actual usage During the Review Period (HK\$ million)	Actual usage up to 31 December 2025 (HK\$ million)	Unutilized amount as at 31 December 2025 (HK\$ million)	Expected timeline
(i) Expansion of production capacity*	55%	2,445.0	105.3	686.6	1,758.4	By the end of 2030**
(ii) Allocating more resources and funds in the PMTA application for more products rollout in the market of the United States once approved	10%	444.5	—	—	444.5	By the end of 2030***
(iii) Investing in the R&D on the atomization devices for healthcare and pharmaceutical industry	35%	1,556.0	—	1,556.0	—	—
	100%	4,445.5	105.3	2,242.6	2,202.9	

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

** In view of changes in the external market conditions and regulatory environment, the Group will continue to optimize its annual manufacturing footprint and investment plans to meet customer demand in a better and more efficient manner. As a result, the Group expects the utilization timeline of the proceeds to be extended accordingly.

*** To further enhance the efficiency of resource utilization, the Group will regularly assess the resources allocated each year for PMTA in response to evolving laws, regulations, and market needs. As a result, the Group expects the utilization timeline of the proceeds to be extended accordingly.

Adequacy of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at 31 December 2025.

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2025, to the knowledge of the Directors, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

Material Litigation

As at 31 December 2025, save as disclosed in Note 32 Contingent Liabilities to the consolidated financial statements, the Board has assessed that there are no other pending legal proceedings which would have a material impact on the Group's operating position, financial position or cash flows.

Audit Committee

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

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

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

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025. It has also discussed with the Company's senior management and auditors regarding the accounting policies, risk management and internal control adopted by the Company.

Auditor

The consolidated financial statements of the Group as of 31 December 2025 have been audited by Deloitte Touche Tohmatsu, who is eligible for election at the forthcoming annual general meeting. There has been no change in auditors of the Group during the past three years.

Events after the Review Period

There are no major events after 31 December 2025 that are required to be disclosed by the Company.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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TO THE SHAREHOLDERS OF SMOORE INTERNATIONAL HOLDINGS LIMITED

思摩爾國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Smoore International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 85 to 166, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT

Other Information

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is TSE, Fung Chun (practising certificate number: P05156).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	14,256,171	11,798,662
Cost of revenue		(9,399,292)	(7,386,693)
Gross profit		4,856,879	4,411,969
Other income	6(a)	829,686	770,325
Other expenses	6(b)	(273,059)	(48,550)
Other gains and losses	6(c)	(157,829)	(14,584)
Distribution and selling expenses		(913,311)	(919,552)
Administrative expenses		(1,285,684)	(914,109)
Research and development expenses		(1,523,340)	(1,572,313)
Finance costs	7	(26,454)	(37,863)
Impairment loss recognised on trade receivables, net		(31,204)	(20,280)
Profit before tax		1,475,684	1,655,043
Income tax expense	8	(414,085)	(351,788)
Profit for the year	9	1,061,599	1,303,255
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(115,577)	113,658
Other comprehensive (expense) income for the year		(115,577)	113,658
Total comprehensive income for the year		946,022	1,416,913
Profit (loss) for the year attribute to:			
Shareholders of the Company		1,063,796	1,303,255
Non-controlling interests		(2,197)	—
		1,061,599	1,303,255
Total comprehensive income (expense) attribute to:			
Shareholders of the Company		948,241	1,416,913
Non-controlling interests		(2,219)	—
		946,022	1,416,913
Earnings per share	12		
Basic (RMB cents)		17.44	21.42
Diluted (RMB cents)		17.11	21.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	13	5,065,928	4,637,073
Intangible assets	14	478,510	196,363
Deposits paid for acquisition of property, plant and equipment		85,386	258,745
Deferred tax assets	16	29,479	34,904
Long-term bank deposits	15(a)	2,118,310	3,106,699
Rental deposits	20	28,056	21,449
Other financial assets	17	4,954,171	2,552,717
		12,759,840	10,807,950
Current assets			
Inventories	18	1,666,864	910,425
Trade and bills receivables	19	2,298,355	2,084,825
Other receivables, deposits and prepayments	20	974,231	769,816
Contract costs		10,234	—
Restricted bank deposits	15(b)	51,647	590,195
Short-term bank deposits over three months	15(c)	3,453,681	7,319,610
Bank balances and cash	15(d)	7,322,926	5,170,700
Financial assets at fair value through profit or loss ("FVTPL")		—	857
		15,777,938	16,846,428
Current liabilities			
Trade and bills payables	21	1,686,989	1,369,576
Other payables and accrued expenses	22	1,910,607	1,721,052
Tax payables		162,397	76,638
Contract liabilities	23	369,213	399,947
Lease liabilities	24	123,187	115,789
Deferred income	25	1,881	1,863
Advances drawn on bills receivables discounted with recourse	26	1,875,000	1,574,500
		6,129,274	5,259,365
Net current assets		9,648,664	11,587,063
Total assets less current liabilities		22,408,504	22,395,013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	24	227,748	190,214
Deferred income	25	13,881	13,965
Deferred tax liabilities	16	291,095	286,123
		532,724	490,302
Net assets		21,875,780	21,904,711
Capital and reserves			
Share capital	27	432,331	431,299
Reserves		21,415,198	21,465,789
Equity attributable to shareholders of the Company		21,847,529	21,897,088
Non-controlling interests		28,251	7,623
Total equity		21,875,780	21,904,711

The consolidated financial statements on pages 85 to 166 were approved and authorised for issue by the Board of Directors on 17 March 2026 and are signed on its behalf by:

Chen Zhiping
Executive Director

Wang Guisheng
Executive Director and Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital	Share premium	Capital redemption reserve	Translation reserve	Share option reserve	Share award reserve	Shares held	Statutory reserve	Other reserve	Retained profits	Subtotal	Non-controlling Subtotal	Total
							under share award scheme						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note iii)	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	428,272	8,108,033	1,313	(93,978)	528,892	135,733	(214,351)	66,287	(1,194,032)	13,643,440	21,409,609	–	21,409,609
Profit for the year	–	–	–	–	–	–	–	–	–	1,303,255	1,303,255	–	1,303,255
Other comprehensive income for the year	–	–	–	113,658	–	–	–	–	–	–	113,658	–	113,658
Recognition of share-based payment expenses	–	–	–	–	99,131	99,221	–	–	–	–	198,352	–	198,352
Recognition of share-based payment expenses of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	7,623	7,623
Exercise of share options	3,027	119,667	–	–	(94,096)	–	–	–	–	–	28,598	–	28,598
Lapsed of share options	–	–	–	–	(89,361)	–	–	–	–	89,361	–	–	–
Vesting of shares under share award scheme	–	13,257	–	–	–	(85,389)	72,132	–	–	–	–	–	–
Lapsed of shares under share award scheme	–	–	–	–	–	(2,052)	–	–	–	2,052	–	–	–
Purchase of shares under share award scheme	–	–	–	–	–	–	(603,738)	–	–	–	(603,738)	–	(603,738)
Transfer to statutory reserve	–	–	–	–	–	–	–	9,427	–	(9,427)	–	–	–
Dividends recognised as distribution (Note 11)	–	(559,877)	–	–	–	–	7,231	–	–	–	(552,646)	–	(552,646)
At 31 December 2024	431,299	7,681,080	1,313	19,680	444,566	147,513	(738,726)	75,714	(1,194,032)	15,028,681	21,897,088	7,623	21,904,711
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	1,063,796	1,063,796	(2,197)	1,061,599
Other comprehensive expense for the year	–	–	–	(115,555)	–	–	–	–	–	–	(115,555)	(22)	(115,577)
Recognition of share-based payment expenses	–	–	–	–	212,252	235,902	–	–	–	–	448,154	–	448,154
Recognition of share-based payment expenses of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	19,837	19,837
Exercise of share options	1,032	161,343	–	–	(33,890)	–	–	–	–	–	128,485	–	128,485
Exercise of share options of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	3,010	3,010
Lapsed of share options	–	–	–	–	(32,246)	–	–	–	–	32,246	–	–	–
Vesting of shares under share award scheme	–	21,332	–	–	–	(124,048)	102,716	–	–	–	–	–	–
Lapsed of shares under share award scheme	–	–	–	–	–	(4,272)	–	–	–	4,272	–	–	–
Purchase of shares under share award scheme	–	–	–	–	–	–	(181,546)	–	–	–	(181,546)	–	(181,546)
Transfer to statutory reserve	–	–	–	–	–	–	–	16,875	–	(16,875)	–	–	–
Dividends recognised as distribution (Note 11)	–	(1,412,500)	–	–	–	–	19,607	–	–	–	(1,392,893)	–	(1,392,893)
At 31 December 2025	432,331	6,451,255	1,313	(95,875)	590,682	255,095	(797,949)	92,589	(1,194,032)	16,112,120	21,847,529	28,251	21,875,780

Notes:

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Notes: (Continued)

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

For the year ended 31 December 2024

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

For the year ended 31 December 2025

Month of repurchase	No. of ordinary shares of USD0.01 each	Price per share		Aggregate consideration paid	
		Lowest HK\$	Highest HK\$	HK\$'000	RMB'000
December 2025	16,131,000	11.79	12.70	199,523	181,546

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

English name is for identification purpose only

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	1,475,684	1,655,043
Adjustments for:		
Finance costs	26,454	37,863
Interest income	(633,023)	(647,562)
Depreciation of property, plant and equipment	261,455	265,075
Amortisation of intangible assets	23,493	20,065
(Reversal of) allowance for inventories, net	(22,867)	17,964
Impairment loss recognised on trade receivables, net	31,204	20,280
Share-based payment expenses	467,991	205,975
Loss on disposal/write-off of property, plant and equipment	58,222	59,157
Gain on early termination of leases	(1,284)	(3,194)
Gain on financial assets as FVTPL	(49,962)	(8,510)
Unrealised exchange gain, net	171,960	(43,417)
Release of deferred income	(3,323)	(2,502)
Operating cash flows before movements in working capital	1,806,004	1,576,237
(Increase) decrease in inventories	(369,823)	243,941
Increase in trade and bills receivables	(729,030)	(253,032)
Decrease (increase) in other receivables, deposits and prepayments	(237,604)	(249,331)
Increase in trade and bills payables	323,570	101,049
Increase in other payables	53,598	490,631
(Decrease) increase in contract liabilities	(34,245)	157,688
Increase in contract costs	(10,234)	—
Net settlement of other financial assets at FVTPL	2,575	179
Net cash generated from operations	804,811	2,067,362
Income tax paid	(317,929)	(314,026)
NET CASH FROM OPERATING ACTIVITIES	486,882	1,753,336
INVESTING ACTIVITIES		
Interest received	384,905	599,097
Proceeds from disposal of property, plant and equipment	8,919	85,169
Development costs paid	(304,895)	(129,425)
Withdrawal of short-term bank deposits with variable interest rate	4,191,816	2,257,463
Withdrawal of short-term bank deposits over three months	7,120,404	19,244,127
Withdrawal of restricted bank deposits	590,000	359,331
Withdrawal of other financial assets at amortised cost	1,479,764	—
Refund of rental deposits upon termination of leases	4,514	20,212
Government grants received	3,257	11,172
Payment for acquisition of property, plant and equipment	(536,167)	(897,672)
Payments for rental deposits	(20,946)	(13,567)
Purchase of intangible assets	(9,217)	(8,668)
Placement of short-term bank deposits with variable interest rate	(4,143,572)	(2,250,000)
Placement of short-term bank deposits over three months	(2,338,856)	(15,680,842)
Placement of long-term bank deposits	—	(2,000,000)
Purchase of other financial assets at amortised cost	(3,725,264)	(2,515,940)
Placement of restricted bank deposits	(51,452)	(945,410)
NET CASH FROM(USED IN) INVESTING ACTIVITIES	2,653,210	(1,864,953)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
Dividends paid	(1,393,330)	(552,391)
Interest paid	(26,454)	(37,863)
Repayment of lease liabilities	(121,065)	(145,426)
Purchase of shares under share award scheme	(181,546)	(603,738)
Proceeds from issue of shares upon exercise of share options	131,495	28,598
Advances drawn on bills receivables discounted with recourse	2,797,464	3,233,329
Repayment of bank borrowings relating to bills receivables discounted with recourse	(2,092,500)	(1,968,215)
NET CASH USED IN FINANCING ACTIVITIES	(885,936)	(45,706)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,254,156	(157,323)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,170,700	5,332,076
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(101,930)	(4,053)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	7,322,926	5,170,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. General Information

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

The Company is an investment holding company. The principal activities of the Group are (1) Corporate Client Oriented Business focuses on the research, design, and manufacturing of vaping products, heat-not-burn products, special purpose atomization products and inhalation therapy products for leading global tobacco companies, independent vaping brands, and other corporate clients, and the provision of technological services relating to these products; (2) Self-Branded Business focuses on the research, design, manufacturing, and sales of self-branded electronic vaping products and beauty atomization products.

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

2. Application of New and Amendments to HKFRS Accounting Standards

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. Application of New and Amendments to HKFRS Accounting Standards (Continued)

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

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

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.1 Basis of preparation of consolidated financial statements

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group’s interests in existing subsidiaries

Changes in the Group’s interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries (Continued)

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the Company.

Revenue from contracts with customers

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

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

Refundable rental deposits

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

Lease liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

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

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

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

Lease modifications

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

Borrowing costs

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

Government grants

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Employee benefit

Retirement benefit costs

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

Short-term employee benefits

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

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

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees (Continued)

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

Share awarded to employees

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

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

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Property, plant and equipment

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Intangible assets

Intangible assets acquired separately

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

Internally-generated intangible assets — research and development expenditure

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Cash and cash equivalents

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

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

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

Inventories

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

Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

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

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

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

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

Financial assets at FVTPL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

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

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

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

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

Foreign exchange gains and losses

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

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

Foreign exchange gains and losses

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

Derecognition of financial liabilities

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

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. Key Sources of Estimation Uncertainty (Continued)

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

(i) Provision of ECL for trade receivables

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

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

(ii) Deferred tax liabilities

The Group provides deferred tax liabilities in relation to the earnings expected to be distributed from certain subsidiaries of the Company. Deferred tax liabilities have not been provided on certain distributable profits of these subsidiaries as the Group plans to retain the profits in the respective entities for their daily operations and future developments. In case where the actual distribution of profits from those subsidiaries are larger than expected or changes in the Group's future development plan which affects the expected timing and amounts of future distributions, material tax liabilities may arise, which will be recognised in profit or loss in the period in which such events occur. As at 31 December 2025, the amount of deferred tax liabilities in respect of undistributed earnings of subsidiaries amounted to RMB291,095,000 (2024: RMB286,123,000).

5. Revenue and Segment Information

(i) Disaggregation of revenue from contracts with customers

	2025 RMB'000	2024 RMB'000
Self-branded business	2,911,738	2,475,033
Corporate client oriented business	11,344,433	9,323,629
Total revenue	14,256,171	11,798,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Revenue and Segment Information (Continued)

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

	2025 RMB'000	2024 RMB'000
Timing of revenue recognition for contracts with customers		
At a point in time	13,752,488	11,569,036
Over time	503,683	229,626
Total revenue	14,256,171	11,798,662

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

Sales of goods

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

Technology service income

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Revenue and Segment Information (Continued)

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

	2025 RMB'000	2024 RMB'000
Segment revenue	14,256,171	11,798,662
Segment profit	1,466,746	1,640,180
Unallocated gain (losses)	198	(14,466)
Unallocated income	17,520	36,819
Unallocated expenses	(8,780)	(7,490)
Profit before tax	1,475,684	1,655,043

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

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

(iv) Geographical information

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

	2025 RMB'000	2024 RMB'000
Hong Kong, China (Note)	4,865,472	3,876,049
United Kingdom	3,773,549	3,006,319
United States of America	1,641,075	1,399,337
Mainland China	1,033,551	1,011,205
France	381,955	350,959
The Republic of Croatia	364,376	250,512
Malaysia	277,187	73,310
The United Arab Emirates	263,384	227,037
Japan	246,789	253,313
Others	1,408,833	1,350,621
	14,256,171	11,798,662

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. Revenue and Segment Information (Continued)

(iv) Geographical information (Continued)

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

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

(v) Information about major customers

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

	2025 RMB'000	2024 RMB'000
Customer A	5,311,431	4,732,568

6. Other Income and Expenses and Other Gains and Losses

(a) Other income

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	419,605	609,769
Interest income from rental deposits	1,604	1,292
Interest income from investment notes at amortised cost	211,814	36,501
Government grants (Note)	38,056	65,474
Compensation income from customers	14,239	9,305
Income from materials and services	130,112	39,902
Others	14,256	8,082
	829,686	770,325

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(b) Other expenses

	2025 RMB'000	2024 RMB'000
Expenses from materials and services	(72,776)	(42,007)
Charity expenses	(11,954)	(1,403)
Litigation settlement and related expenses	(176,348)	—
Others	(11,981)	(5,140)
	(273,059)	(48,550)

(c) Other gains and losses

	2025 RMB'000	2024 RMB'000
Net foreign exchange (loss) gain	(150,853)	26,217
Gain arising on swap contracts/forward foreign exchange contracts	1,718	1,036
Gain arising on debt instrument	21,454	—
Gain arising on short-term bank deposits with variable interest rate	26,790	7,463
Loss on disposal/write off of property, plant and equipment and intangible assets	(58,222)	(59,157)
Gain on early termination of leases	1,284	3,194
Others	—	6,663
	(157,829)	(14,584)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. Finance Costs

	2025 RMB'000	2024 RMB'000
Interest expense on lease liabilities	17,422	16,507
Interest expense on bills receivables discounted with recourse	9,032	21,356
	26,454	37,863

8. Income Tax Expense

	2025 RMB'000	2024 RMB'000
Current tax:		
– Mainland China Enterprise Income Tax (“EIT”)	165,030	281,153
– Hong Kong Profits Tax	98,313	36,256
– Other countries and regions	117,127	14,274
	380,470	331,683
Under (over)provision in prior years		
– Mainland China EIT	6,965	(2,841)
– Hong Kong Profits Tax	1,921	—
– Other countries and regions	14,332	—
	403,688	328,842
Deferred tax (Note 16)	10,397	22,946
	414,085	351,788

Hong Kong, China

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. Income Tax Expense (Continued)

Mainland China

Under the Law of the Mainland China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% except for certain subsidiaries of the Company in the Mainland of China were approved as High and New Technology Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2025 and 2024. The qualification as a High and New Technology Enterprise is subject to review by the relevant tax authority in the Mainland China for every three years.

United States

Pursuant to the relevant tax laws of the United States, tax at a maximum of 21% federal corporate income tax rate and other relevant applicable state tax rates has been provided on the taxable income arising in the United States for the years ended 31 December 2025 and 2024.

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

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

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. The Group’s estimated effective tax rates for the relevant jurisdictions in which the Group operates are higher than 15% or those group entities are eligible for safe harbours.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. Income Tax Expense (Continued)

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

	2025 RMB'000	2024 RMB'000
Profit before tax	1,475,684	1,655,043
Income tax expense calculated at 15% (Note)	221,353	248,256
Tax effect of expense not deductible for tax purpose	127,574	63,852
Tax effect of income not taxable for tax purpose	(57,577)	(46,764)
Tax effect of tax losses not recognised	75,778	45,693
Effect of different tax rates of subsidiaries operating in other jurisdictions	20,795	27,870
Under (over)provision in prior years	23,218	(2,841)
Withholding tax on undistributed profits of subsidiaries	4,972	23,730
Others	(2,028)	(8,008)
	414,085	351,788

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. Profit for the Year

	2025 RMB'000	2024 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' remuneration (Note 10)	61,606	23,212
Other staff costs:		
– Salaries, bonus and other benefits	3,193,524	2,719,390
– Retirement benefit scheme contributions	216,062	263,417
– Share-based payment expenses	422,578	197,108
	3,893,770	3,203,127
Less: amounts capitalised as cost of inventories manufactured	(1,733,683)	(1,274,399)
Less: amounts capitalised as development cost	(110,916)	(62,600)
Less: amounts capitalised as contract cost	(48,034)	(30,817)
	2,001,137	1,835,311
Depreciation of right-of-use assets for buildings and land use rights	176,227	175,459
Depreciation of property, plant and equipment other than right-of-use assets	476,459	502,557
Amortisation of intangible assets	30,739	31,887
	683,425	709,903
Less: amounts capitalised as cost of inventories manufactured and capitalised as property, plant and equipment	(398,477)	(424,763)
	284,948	285,140
Expenses related to short-term leases	25,059	22,547
Auditor's remuneration	3,680	3,680
Cost of inventories recognised as expense	9,399,292	7,386,693
(Reversal of) allowance for inventories included in cost of revenue	(22,867)	17,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(a) Directors' and chief executive's emoluments

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

	Fees	Salaries, and other allowances	Performance related bonuses	Retirement benefit scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2025						
Executive directors:						
– Mr. Chen (Note)	180	3,045	4,765	69	36,777	44,836
– Mr. Xiong Shaoming	180	1,031	–	73	1,431	2,715
– Mr. Wang Guisheng	180	2,668	1,301	70	5,006	9,225
– Ms. Wang Xin	180	876	602	73	2,199	3,930
Non-executive director:						
– Ms. Jiang Min	–	–	–	–	–	–
Independent non-executive directors:						
– Mr. Zhong Shan	300	–	–	–	–	300
– Mr. Yim Siu Wing	300	–	–	–	–	300
– Dr. Wang Gao	300	–	–	–	–	300
	1,620	7,620	6,668	285	45,413	61,606
For the year ended 31 December 2024						
Executive directors:						
– Mr. Chen (Note)	–	2,894	2,820	48	4,093	9,855
– Mr. Xiong Shaoming	–	1,028	1,029	51	1,258	3,366
– Mr. Wang Guisheng	–	2,898	990	51	2,512	6,451
– Ms. Wang Xin	–	999	586	51	1,004	2,640
Non-executive director:						
– Ms. Jiang Min	–	–	–	–	–	–
Independent non-executive directors:						
– Mr. Zhong Shan	300	–	–	–	–	300
– Mr. Yim Siu Wing	300	–	–	–	–	300
– Dr. Wang Gao	300	–	–	–	–	300
	900	7,819	5,425	201	8,867	23,212

Note: Mr. Chen is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

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

No director's emolument was paid or payable by the Company to the non-executive director for the years ended 31 December 2025 and 2024.

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

During the years ended 31 December 2025 and 2024, certain directors of the Company were granted share options, in respect of their services to the Group under a share option scheme (the "**Share Option Scheme**") of the Company. Details of the Share Option Scheme are set out in Note 28.

(b) Employees' emoluments

The five highest paid employees of the Group during the year ended 31 December 2025 included one director (2024: one director) of the Company, with details of his emolument is set out above. Details of the emoluments of the remaining four (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	20,789	19,103
Performance related bonuses	15,375	14,068
Retirement benefit scheme contributions	360	35
Share-based payment expenses	38,075	18,517
	74,599	51,723

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(b) Employees' emoluments (Continued)

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

	Number of employees	
	2025	2024
HK\$10,000,001 to HK\$10,500,000	—	1
HK\$11,000,001 to HK\$11,500,000	—	1
HK\$13,000,001 to HK\$13,500,000	—	1
HK\$15,500,001 to HK\$16,000,000	1	—
HK\$18,500,001 to HK\$19,000,000	1	—
HK\$19,000,001 to HK\$19,500,000	1	—
HK\$21,000,001 to HK\$21,500,000	—	1
HK\$28,500,001 to HK\$29,000,000	1	—

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors, chief executive or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive has waived or agreed to waive any emoluments.

11. Dividends

	2025 RMB'000	2024 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 Interim dividend — HK 20 cents (2024 Interim dividend — HK5 cents) per share	1,113,591	276,785
2024 Final dividend — HK 5 cents (2023 Final dividend — HK5 cents) per share	279,308	276,037
	1,392,899	552,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. Dividends (Continued)

During the year, a final dividend of HK5 cents per share in respect of the year ended 31 December 2024 (2023: HK5 cents) was declared and paid to shareholders of the Company by deduction of the share premium of the Company. The aggregate amount of the final dividend paid in the year amounted to HK\$304,782,000 (equivalent to approximately RMB279,308,000) (2024: HK\$303,581,000 (equivalent to approximately RMB276,037,000)). An interim dividend of HK20 cents per share in respect of the six months period ended 30 June 2025 (2024: HK5 cents) was declared and paid to the shareholders of the Company. The aggregate amount of the interim dividend paid in the year amounted to HK\$1,221,618,000 (equivalent to approximately RMB1,113,591,000) (2024: HK\$302,944,000 (equivalent to approximately RMB276,354,000)).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK20 cents per share, in an aggregate amount of approximately HK\$1,238,993,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. Earnings Per Share

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

	2025 RMB'000	2024 RMB'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	1,063,796	1,303,255

	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating earnings per share	6,098,790	6,085,067
Effect of dilutive potential ordinary shares:		
Share options/award shares	116,923	57,724
	6,215,713	6,142,791

The computation of diluted earnings per share does not assume the exercise of certain of the Group's share options/award shares as the averaged adjusted exercise prices of the share options/award shares exceeded the average market prices or the assumed exercise would have an anti-dilutive effect on earnings per share for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. Property, Plant and Equipment

	Right-of-use assets for buildings	Right-of-use assets for land use rights	Buildings	Leasehold improvements	Plant and machinery	Furniture and fixtures	Electronic equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST										
At 1 January 2024	620,885	1,060,797	1,330,997	876,755	1,089,644	150,276	398,664	13,815	442,650	5,984,483
Additions	163,590	—	—	885	56,609	8,323	46,096	664	566,383	842,550
Disposals/written-off/termination of leases	(248,531)	—	(53,609)	(87,877)	(63,785)	(6,065)	(5,065)	(324)	—	(465,256)
Transfer	—	—	98,410	126,547	66,665	555	(882)	—	(305,534)	(14,239)
Exchange adjustments	854	—	2,171	1,980	2,999	86	740	24	2,668	11,522
At 31 December 2024	536,798	1,060,797	1,377,969	918,290	1,152,132	153,175	439,553	14,179	706,167	6,359,060
Additions	209,497	—	7,720	5,356	95,664	12,709	47,218	41	820,738	1,198,943
Disposals/written-off/termination of leases	(103,019)	—	—	(34,018)	(71,876)	(5,547)	(43,954)	(91)	—	(258,505)
Transfer	—	—	8,284	124,451	322,835	(21)	(2,318)	(95)	(467,724)	(14,588)
Exchange adjustments	(1,644)	—	(4,240)	(4,396)	(10,154)	(173)	(2,079)	(38)	(5,454)	(28,178)
At 31 December 2025	641,632	1,060,797	1,389,733	1,009,683	1,488,601	160,143	438,420	13,996	1,053,727	7,256,732
DEPRECIATION										
At 1 January 2024	247,639	69,012	16,392	395,687	340,452	84,309	147,967	7,377	—	1,308,835
Provided for the year	140,732	34,727	30,636	155,678	196,095	34,806	83,163	2,179	—	678,016
Eliminated on disposals/written-off/termination of leases	(151,683)	—	(1,910)	(66,515)	(24,057)	(5,006)	(3,863)	(292)	—	(253,326)
Transfer	—	—	—	—	(12,178)	(104)	(1,957)	—	—	(14,239)
Exchange adjustments	403	—	49	445	1,687	27	85	5	—	2,701
At 31 December 2024	237,091	103,739	45,167	485,295	501,999	114,032	225,395	9,269	—	1,721,987
Provided for the year	141,500	34,727	31,488	164,540	180,446	18,725	79,460	1,800	—	652,686
Eliminated on disposals/written-off/termination of leases	(74,178)	—	—	(16,124)	(40,858)	(4,949)	(26,332)	(82)	—	(162,523)
Transfer	—	—	—	—	(12,272)	(19)	(2,281)	(16)	—	(14,588)
Exchange adjustments	(350)	—	(203)	(1,660)	(3,935)	(82)	(512)	(16)	—	(6,758)
At 31 December 2025	304,063	138,466	76,452	632,051	625,380	127,707	275,730	10,955	—	2,190,804
CARRYING VALUES										
At 31 December 2025	337,569	922,331	1,313,281	377,632	863,221	32,436	162,690	3,041	1,053,727	5,065,928
At 31 December 2024	299,707	957,058	1,332,802	432,995	650,133	39,143	214,158	4,910	706,167	4,637,073

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. Property, Plant and Equipment (Continued)

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

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

The Group as lessee

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

	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	25,059	22,547
Total cash outflow for leases	163,546	184,480
Additions to right-of-use assets	209,497	163,590

The Group leases various properties to operate its business. Lease contracts are entered into for fixed term of 1 year to 10 years (2024: 1 year to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions and no extension and termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Except for right-of-use assets for buildings and land, all the other classes of property, plant and equipment are owned by the Group.

In addition, lease liabilities of RMB350,935,000 are recognised with related right-of-use assets of RMB337,569,000 as at 31 December 2025 (2024: lease liabilities of RMB306,003,000 and related right-of-use assets of RMB299,707,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. Intangible Assets

	Development costs RMB'000	Technology know-how RMB'000	Software RMB'000	Total RMB'000
COST				
At 1 January 2024	—	112,048	108,863	220,911
Additions	129,425	3,465	5,203	138,093
Exchange adjustments	—	—	36	36
At 31 December 2024	129,425	115,513	114,102	359,040
Additions	304,895	4,952	4,265	314,112
Transfer	(133,134)	133,134	—	—
Exchange adjustments	(1,184)	—	(60)	(1,244)
At 31 December 2025	300,002	253,599	118,307	671,908
AMORTISATION AND IMPAIRMENT				
At 1 January 2024	—	97,763	33,022	130,785
Provided for the year	—	10,665	21,222	31,887
Exchange adjustments	—	—	5	5
At 31 December 2024	—	108,428	54,249	162,677
Provided for the year	—	9,735	21,004	30,739
Exchange adjustments	—	—	(18)	(18)
At 31 December 2025	—	118,163	75,235	193,398
CARRYING VALUES				
At 31 December 2025	300,002	135,436	43,072	478,510
At 31 December 2024	129,425	7,085	59,853	196,363

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

(a) Long-term bank deposits

Long-term bank deposits are deposits with a bank with a maturity period of more than twelve months when acquired. Long-term bank deposits will mature after twelve months from the end of the reporting period and are therefore classified as non-current assets at the end of the reporting period. The deposits carry interest at 3.2% to 3.3% (2024: 3.2% to 3.5%) per annum upon maturity or carry at floating rate based on daily bank deposit rate if early redemption at any time before the maturity date.

(b) Restricted bank deposits

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

(c) Short-term bank deposits over three months

As at 31 December 2025, the Group's short-term bank deposits over three months carry fixed interest rates from 1.5% to 4.6% (2024: 1.8% to 5.5%) per annum.

(d) Bank balances and cash

As at 31 December 2025, the Group's bank balances carry interests at prevailing market rates which range from 0% to 1.0% (2024: 0% to 4.3%) per annum and the bank deposits with maturity dates of three months or less carry fixed interest rates from 1.5% to 4.8% (2024: 1.5% to 5.2%) per annum.

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

	2025 RMB'000	2024 RMB'000
US dollars ("US\$")	4,324,697	1,226,397
HK\$	162,304	160,507
Great British Pound ("GBP")	4,127	1,000
Euro	1,672	3,032
Canadian Dollar ("CAD")	665	—
Indonesian Rupiah ("IDR")	12	14
	4,493,477	1,390,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. Deferred Tax Assets/Liabilities

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	29,479	34,904
Deferred tax liabilities	(291,095)	(286,123)
	(261,616)	(251,219)

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

	Right-of-use assets RMB'000	Lease liabilities RMB'000	Allowance for credit losses RMB'000	Allowance for inventories RMB'000	Impairment loss of intangible assets RMB'000	Undistributed earnings of subsidiaries RMB'000	Total RMB'000
At 1 January 2024	(90,665)	95,764	3,708	19,689	5,624	(262,393)	(228,273)
Charge (credit) to profit or loss	27,524	(27,496)	512	244	—	(23,730)	(22,946)
At 31 December 2024	(63,141)	68,268	4,220	19,933	5,624	(286,123)	(251,219)
Charge (credit) to profit or loss	20,159	(21,717)	2,583	(6,450)	—	(4,972)	(10,397)
At 31 December 2025	(42,982)	46,551	6,803	13,483	5,624	(291,095)	(261,616)

Under the EIT Law of the Mainland China, 10% withholding tax is imposed on dividends declared in respect of profits earned by the Mainland China subsidiaries from 1 January 2008 onwards to their foreign shareholders. For the immediate holding company incorporated in Hong Kong, China, a preferential rate of 5% will be applied. As at 31 December 2025, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Mainland China subsidiaries amounting to approximately RMB12,374,347,000 (2024: RMB10,755,960,000), as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. Deferred Tax Assets/Liabilities (Continued)

At 31 December 2025, the Group had unused tax losses of RMB1,278,144,000 (2024: RMB866,475,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	2025 RMB'000	2024 RMB'000
2025	—	26,728
2026	55,328	55,328
2027	207,196	213,875
2028	259,985	265,924
2029	250,451	304,620
2030	505,184	—
	1,278,144	866,475

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

17. Other Financial Assets

	2025 RMB'000	2024 RMB'000
Investment notes	4,954,171	2,552,717

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. Inventories

	2025 RMB'000	2024 RMB'000
Raw materials	740,130	428,029
Work in progress	378,472	212,241
Finished goods	548,262	270,155
	1,666,864	910,425

19. Trade and Bills Receivables

	2025 RMB'000	2024 RMB'000
Trade receivables from contracts with customers	2,312,614	2,103,221
Less: allowance for credit losses	(65,018)	(36,314)
	2,247,596	2,066,907
Bills receivables	50,759	17,918
	2,298,355	2,084,825

The Group allows a credit period of 0 to 105 days (2024: 0 to 105 days) to its trade customers.

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB1,873,185,000.

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

	2025 RMB'000	2024 RMB'000
Within 30 days	683,311	764,436
31 to 60 days	649,713	550,894
61 to 90 days	516,042	477,720
Over 90 days	398,530	273,857
	2,247,596	2,066,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. Trade and Bills Receivables (Continued)

The maturity dates of bills receivables are within three months as at 31 December 2025 (2024: three months).

As at 31 December 2025, RMB223,719,000 (2024: RMB205,683,000) have been past due over 90 days or more and is not considered as in default because there had not been significant change in credit quality and the amounts are still considered recoverable.

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

As of 13 March 2026, RMB1,616,551,000 of trade and bills receivables as of 31 December 2025 had been settled subsequent to the end of the reporting period.

20. Other Receivables, Deposits and Prepayments

	2025 RMB'000	2024 RMB'000
Value added tax recoverable	618,945	469,895
Prepayments	243,867	121,133
Rental deposits	36,547	27,498
Other receivables	102,928	172,739
	1,002,287	791,265
Less: rental deposits (non-current portion)	(28,056)	(21,449)
	974,231	769,816

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. Trade and Bills Payables

	2025 RMB'000	2024 RMB'000
Trade payables		
– third parties	1,504,499	1,130,944
– a related party	9,798	78,208
	1,514,297	1,209,152
Bills payables		
– third parties	172,692	141,202
– a related party	—	19,222
	172,692	160,424
	1,686,989	1,369,576

The Group is normally granted credit terms of 30 to 90 days (2024: 30 to 90 days).

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

	2025 RMB'000	2024 RMB'000
Within 30 days	961,203	730,256
31–60 days	336,002	284,727
61–90 days	140,889	158,228
Over 90 days	76,203	35,941
	1,514,297	1,209,152

The maturity dates of bills payables are within six months as at 31 December 2025 (2024: six months).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. Other Payables and Accrued Expenses

	2025 RMB'000	2024 RMB'000
Accrued staff costs and benefits	775,581	726,199
Other payables	591,775	480,732
Accrued expenses	492,316	460,948
Other tax payables	50,935	53,173
	1,910,607	1,721,052

23. Contract Liabilities

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

Revenue recognised during the years ended 31 December 2025 and 2024 included the whole amount of contract liabilities at the beginning of the respective reporting period.

As at 1 January 2024, contract liabilities amounted to RMB242,395,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. Lease Liabilities

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
– Within one year	123,187	115,789
– More than one year but not exceeding two years	75,210	105,762
– More than two years but not exceeding five years	77,963	79,856
– More than five years	74,575	4,596
	350,935	306,003
Less: Amounts due for settlement within twelve months shown under current liabilities	(123,187)	(115,789)
Amounts due for settlement after twelve months shown under non-current liabilities	227,748	190,214

The Group leases various properties to operate its factories and these lease liabilities were measured at the present value of the lease payments that are not yet paid. All leases are entered at fixed prices. As at 31 December 2025, the incremental borrowing rate applied range from 4.75% to 4.90% (2024: from 4.75% to 4.90%) per annum. The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function. The lease liabilities of the Group were unguaranteed and secured by rental deposits.

25. Deferred Income

	2025 RMB'000	2024 RMB'000
Balance at beginning of the year	15,828	7,158
Government grants received	3,257	11,172
Released to profit or loss	(3,323)	(2,502)
Balance at end of the year	15,762	15,828
Less: Amount to be recognised as income within one year included in current liabilities	(1,881)	(1,863)
Amount to be recognised as income after one year included in non-current liabilities	13,881	13,965

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. Transfers of Financial Assets

The following were the Group's financial assets as at the end of the reporting period that were transferred to banks by discounting bills receivables on a full recourse basis. Certain transactions between subsidiaries of the Group were settled by bank bills. As the significant risks and rewards relating to these receivables had not been transferred, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a collateralised borrowing. These bills receivables were eliminated in full on consolidation. As at 31 December 2025, bills receivables held by subsidiaries of the Group issued by other members of the Group of RMB1,875,000,000 (2024: RMB1,574,500,000) were transferred to certain banks with full recourse.

These financial assets were carried at amortised cost in the consolidated statement of financial position.

	2025 RMB'000	2024 RMB'000
Carrying amount of associated liabilities	1,875,000	1,574,500

27. Share Capital

	Number of shares	Share Capital US\$'000
Ordinary shares of US\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	10,000,000,000	100,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. Share Capital (Continued)

	Number of shares	Amount US\$'000	Equivalent amount of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2024	6,137,238,720	61,373	428,272
Exercise of share options (Note 28)	42,588,576	425	3,027
At 31 December 2024	6,179,827,296	61,798	431,299
Exercise of share options (Note 28)	14,426,125	144	1,032
At 31 December 2025	6,194,253,421	61,942	432,331

28. Share-Based Payment Transactions

(i) The Share Option Scheme

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

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

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For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

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

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

On 18 February 2025, the Proposed Amendment of the Share Option Scheme, the new scheme mandate limit and the Grant were approved by the shareholders of the Company in the EGM. The terms of share option scheme are subject to Chapter 17 of the Listing Rules. The purpose of the amendment is to incentivize and reward eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Participants of the Share Option Scheme included employees (whether full time or part time) or Directors of the members of the Group, and the number of share subscription could be determined by the Board.

At 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 242,134,226 (2024: 265,714,956), representing 3.9% (2024: 4.3%) of the shares of the Company in issue at that day.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

The following table discloses movements of the Share Option Scheme held by directors and employees during the years ended 31 December 2025 and 2024:

	Number of options	
	2025	2024
At beginning of the year	265,714,956	129,524,700
Granted	6,675,000	159,158,700
Exercised	(14,426,125)	(1,838,076)
Lapsed	(15,829,605)	(21,130,368)
At end of the year	242,134,226	265,714,956

Under the Share Option Scheme, out of the outstanding share options of 242,134,226 (2024: 265,714,956), 61,410,044 (2024: 39,352,631) options were exercisable as at 31 December 2025.

Details of options are as follows:

Granted on 27 March 2024:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	27.03.2024 – 26.03.2025	27.03.2025 – 26.03.2034	1.9600
Lot II	27.03.2024 – 26.03.2026	27.03.2026 – 26.03.2034	2.3130
Lot III	27.03.2024 – 26.03.2027	27.03.2027 – 26.03.2034	2.5930
Lot IV	27.03.2024 – 26.03.2028	27.03.2028 – 26.03.2034	2.8180
Fair value of share options granted			HK\$1,404,180

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For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

Details of options are as follows: (Continued)

Granted on 04 July 2024:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	04.07.2024 – 03.07.2025	04.07.2025 – 03.07.2034	2.5230
Lot II	04.07.2024 – 03.07.2026	04.07.2026 – 03.07.2034	2.9970
Lot III	04.07.2024 – 03.07.2027	04.07.2027 – 03.07.2034	3.3810
Lot IV	04.07.2024 – 03.07.2028	04.07.2028 – 03.07.2034	3.6960
Fair value of share options granted			HK\$6,015,068

Granted on 24 October 2024:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	24.10.2024 – 23.10.2025	24.10.2025 – 23.10.2034	3.3890
Lot II	24.10.2024 – 23.10.2026	24.10.2026 – 23.10.2034	4.0360
Lot III	24.10.2024 – 23.10.2027	24.10.2027 – 23.10.2034	4.5500
Lot IV	24.10.2024 – 23.10.2028	24.10.2028 – 23.10.2034	4.9700
Lot V	24.10.2024 – 29.04.2026	30.04.2026 – 23.10.2034	3.7640
Lot VI	24.10.2024 – 29.04.2027	30.04.2027 – 23.10.2034	4.3320
Lot VII	24.10.2024 – 29.04.2028	30.04.2028 – 23.10.2034	4.7910
Lot VIII	24.10.2024 – 29.04.2029	30.04.2029 – 23.10.2034	5.1700
Fair value of share options granted			HK\$416,215,506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

Details of options are as follows: (Continued)

Granted on 27 December 2024:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	27.12.2024 – 26.12.2025	27.12.2025 – 26.12.2034	3.6330
Lot II	27.12.2024 – 26.12.2026	27.12.2026 – 26.12.2034	4.3210
Lot III	27.12.2024 – 26.12.2027	27.12.2027 – 26.12.2034	4.8650
Lot IV	27.12.2024 – 26.12.2028	27.12.2028 – 26.12.2034	5.3090
Lot V	27.12.2024 – 29.04.2026	30.04.2026 – 26.12.2034	3.8940
Lot VI	27.12.2024 – 29.04.2027	30.04.2027 – 26.12.2034	4.5250
Lot VII	27.12.2024 – 29.04.2028	30.04.2028 – 26.12.2034	5.0300
Lot VIII	27.12.2024 – 29.04.2029	30.04.2029 – 26.12.2034	5.4460
Fair value of share options granted			HK\$10,512,200

The vesting of options granted on 24 October and 27 December 2024 are conditional upon the achievement of certain performance condition set out in the respective letters of grant including, among others, performance evaluation results of the grantees and contribution to the Group during the vesting period, the grantees receive different levels of ratings which may affect the vesting period and the number of options to be vested.

Granted on 07 May 2025:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	07.05.2025 – 06.05.2026	07.05.2026 – 06.05.2035	4.2390
Lot II	07.05.2025 – 06.05.2027	07.05.2027 – 06.05.2035	4.9810
Lot III	07.05.2025 – 06.05.2028	07.05.2028 – 06.05.2035	5.6340
Lot IV	07.05.2025 – 06.05.2029	07.05.2029 – 06.05.2035	6.1200
Lot V	07.05.2025 – 06.05.2026	07.05.2026 – 06.05.2035	4.2390
Lot VI	07.05.2025 – 29.04.2027	30.04.2027 – 06.05.2035	4.9810
Lot VII	07.05.2025 – 29.04.2028	30.04.2028 – 06.05.2035	5.5800
Lot VIII	07.05.2025 – 29.04.2029	30.04.2029 – 06.05.2035	6.0760
Fair value of share options granted			HK\$12,813,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

Details of options are as follows: (Continued)

Granted on 17 July 2025:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	17.07.2025 – 16.07.2026	17.07.2026 – 16.07.2035	6.6360
Lot II	17.07.2025 – 16.07.2027	17.07.2027 – 16.07.2035	7.8230
Lot III	17.07.2025 – 16.07.2028	17.07.2028 – 16.07.2035	8.8800
Lot IV	17.07.2025 – 16.07.2029	17.07.2029 – 16.07.2035	9.6780
Lot V	17.07.2025 – 16.07.2026	17.07.2026 – 16.07.2035	6.6360
Lot VI	17.07.2025 – 29.04.2027	30.04.2027 – 16.07.2035	7.6060
Lot VII	17.07.2025 – 29.04.2028	30.04.2028 – 16.07.2035	8.6120
Lot VIII	17.07.2025 – 29.04.2029	30.04.2029 – 16.07.2035	9.4520
Fair value of share options granted			HK\$18,283,000

Granted on 15 October 2025:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	15.10.2025 – 14.10.2026	15.10.2026 – 14.10.2035	4.6720
Lot II	15.10.2025 – 14.10.2027	15.10.2027 – 14.10.2035	5.4210
Lot III	15.10.2025 – 14.10.2028	15.10.2028 – 14.10.2035	6.0320
Lot IV	15.10.2025 – 14.10.2029	15.10.2029 – 14.10.2035	6.4930
Fair value of share options granted			HK\$6,673,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

Details of options are as follows: (Continued)

Granted on 31 December 2025:

Types	Vesting period	Exercisable period	Grant date fair value per option HK\$
Lot I	31.12.2025 – 30.12.2026	31.12.2026 – 30.12.2035	3.4580
Lot II	31.12.2025 – 30.12.2027	31.12.2027 – 30.12.2035	3.9980
Lot III	31.12.2025 – 30.12.2028	31.12.2028 – 30.12.2035	4.4480
Lot IV	31.12.2025 – 30.12.2029	31.12.2029 – 30.12.2035	4.7630
Lot V	31.12.2025 – 29.04.2027	30.04.2027 – 30.12.2035	3.6920
Lot VI	31.12.2025 – 29.04.2028	30.04.2028 – 30.12.2035	4.1760
Lot VII	31.12.2025 – 29.04.2029	30.04.2029 – 30.12.2035	4.5510
Lot VIII	31.12.2025 – 29.04.2030	30.04.2030 – 30.12.2035	4.8440
Fair value of share options granted			HK\$3,842,000

BOPM was used to determine the fair value of the option granted. Key assumptions, such as risk-free rate and volatility, are required to be determined by the directors of the Company with best estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

Details of options are as follows: (Continued)

The key inputs into the model of the share option were as follows:

	Share option granted on 27 March 2024	Share option granted on 04 July 2024	Share option granted on 24 October 2024	Share option granted on 27 December 2024
Weighted average share price	HK\$6.60	HK\$8.68	HK\$10.82	HK\$11.26
Exercise price	HK\$6.85	HK\$9.24	HK\$11.16	HK\$11.26
Expected volatility	49.67%	49.17%	52.74%	52.38%
Risk-free rate	3.72%	3.53%	3.17%	3.69%
Expected dividend yield	1.52%	1.15%	0.92%	0.89%

	Share option granted on 07 May 2025	Share option granted on 17 July 2025	Share option granted on 15 October 2025	Share option granted on 31 December 2025
Weighted average share price	HK\$13.52	HK\$21.05	HK\$15.57	HK\$11.91
Exercise price	HK\$13.52	HK\$21.05	HK\$15.72	HK\$12.24
Expected volatility	48.56%	48.32%	48.17%	47.88%
Risk-free rate	3.13%	3.16%	2.86%	3.04%
Expected dividend yield	0.74%	0.48%	1.61%	2.10%

The directors of the Company estimated the risk-free rate based on the yield of the China government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(i) The Share Option Scheme (Continued)

Details of options are as follows: (Continued)

The key inputs into the model of the share option were as follows: (Continued)

Monte Carlo model was used to determine the fair value of the conditional option granted. The fair value of the conditional options at the date of grant was HK\$160,448,000 (equivalent to approximately RMB148,517,000). The key inputs into the model were as follows:

	Conditional Share options granted on 27 December 2024
Weighted average share price	HK\$11.26
Exercise price	HK\$11.26
Expected life	6.01 years
Expected volatility	46.42%
Risk-free rate	3.51%
Expected dividend yield	0.67%

The directors of the Company estimated the risk-free rate based on the yield of the China government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was HK\$16.94 (2024:HK\$11.14).

During the year, the Group recognised the total expense of RMB212,252,000 (2024: RMB90,391,000) in relation to the share options granted by the Company.

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For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(ii) Share Award Scheme

On 2 September 2021 (“**Adoption date**”), the Company’s Restricted Share Award Plan (the “**Restricted Share Award Scheme**”) was adopted with a duration of 10 years commencing from the Adoption date. The purposes of the Restricted Share Award Scheme are (i) to recognise and reward the contribution of certain employees, directors, advisors and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group (the “**Eligible Participants**”); and (ii) to attract suitable personnel for further development of the Group.

The Group has set up Giant Bliss to administrate and hold the Company’s shares before they are vested and transferred to the Eligible Participants. The vested shares are transferred to Eligible Participants at no cost except that the expenses attributable or payable in respect of the transfer of such shares of the Company shall be borne by the Eligible Participants.

The fair value of the share awarded was determined based on the market value of the Company’s shares at the grant dates. The vesting period under the Restricted Share Award Scheme ranges from three months to five years.

During the year ended 31 December 2025, the share awarded were granted on 07 May, 17 July, 15 October and 31 December. The estimated fair values of the share awarded granted on those dates are HK\$8,301,000, HK\$13,683,000, HK\$8,489,000, and HK\$3,811,000, respectively.

At 31 December 2025, the number of shares which had been granted and remained unvested under the Restricted Share Award Scheme was 74,906,225 (2024: 91,125,350), representing 1.2% (2024: 1.5%) of the shares of the Company in issue at that day. The total number of shares awarded which may be granted under the Restricted Share Award Scheme shall not exceed 5% of the total issued share capital of the Company. The total number of shares which may be subject to an award or awards to a Eligible Participant shall not in aggregate exceed 1% of the total number of issued shares.

The following table discloses movements of the Restricted Share Award Scheme held by directors and employees during the years ended 31 December 2025 and 2024:

	Number of awarded shares	
	2025	2024
At beginning of the year	91,125,350	35,462,900
Granted	3,899,000	69,448,800
Exercised	(12,625,470)	(8,602,025)
Lapsed	(7,492,655)	(5,184,325)
At end of the year	74,906,225	91,125,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(ii) Share Award Scheme (Continued)

The vesting of share awarded granted on 24 October 2024, 27 December 2024, 07 May 2025, 17 May 2025 and 31 December 2025 are conditional upon the achievement of certain performance condition set out in the respective letters of grant including , among others, performance evaluation results of the grantees and contribution to the Group during the vesting period, the grantees receive different levels of ratings which may affect the vesting period and the number of options to be vested.

During the year, the Group recognised the total expense of RMB235,902,000 (2024: RMB99,221,000) in relation to the Restricted Share Award Scheme shares granted by the Company.

Equity-settled share option scheme of Transpire Bio Holdings Limited (“**Transpire Bio**”)

(iii) 2024 equity incentive plan

On 31 May 2024, a share option scheme (the “**2024 equity incentive plan**”) was adopted by the board of directors of Transpire Bio, a subsidiary of the Company, incorporated in the Cayman, Islands, for the purpose of attracting and retaining the services of the directors, senior management and other employees for their contribution to the Transpire Bio. Under the 2024 equity incentive plan, the board of directors of Transpire Bio may grant options to eligible employees, including directors of Transpire Bio and its subsidiaries, to subscribe for shares in Transpire Bio.

The share options have graded vesting terms, and will be vested from the grant date up to 4 years generally on the condition that employees remain in service without any performance requirements.

	Number of options	
	2025	2024
At beginning of the year	1,132,582,500	—
Granted	431,382,825	1,132,582,500
Exercised	(103,204,431)	—
Lapsed	(65,677,800)	—
At end of the year	1,395,083,094	1,132,582,500

The fair value of the options determined at the date of grant using the Binomial Option Pricing model was USD2,540,000 (equivalent to approximately RMB18,276,000) for 2 January 2025 and USD4,065,027 (equivalent to approximately RMB28,776,000) for 22 December 2025 (2024: USD3,602,000 (equivalent to approximately RMB22,652,000)).

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For the year ended 31 December 2025

28. Share-Based Payment Transactions (Continued)

(iii) 2024 equity incentive plan (Continued)

The key inputs into the model were as follows:

	Share options granted on 31 May 2024	Share options granted on 2 January 2025	Share options granted on 22 December 2025
Weighted average share price	USD0.0041	USD0.024	USD0.037
Exercise price	USD0.0041	USD0.024	USD0.037
Expected life	10 years	10 years	10 years
Risk-free rate	4.50%	4.58%	4.18%
Expected dividend yield	0.00%	0.00%	0.00%

The directors of Transpire Bio estimated the risk-free rate based on the yield of the US government bonds with a maturity life close to the option life of the share option. Expected volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time of maturity of the share options. Expected dividend yield is based on management estimation at the grant date.

During the year, the Group recognised the total expense of RMB19,837,000 (2024: RMB7,623,000) in relation to the 2024 equity incentive plan.

29. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debts, which include lease liabilities disclosed in Note 24 and advances drawn on bills receivables discounted disclosed in Note 26, net of cash and cash equivalents and equity of the Group, comprising share capital, retained profits and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as new debt or the redemption of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments

a. Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Amortised cost	20,338,565	21,024,983
Measured at FVTPL		
– Swap contracts	—	857
	20,338,565	21,025,840
Financial liabilities		
Amortised cost	4,153,764	3,424,808
Lease liabilities	350,935	306,003
	4,504,699	3,730,811

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, investment notes, short-term bank deposits over three months, long-term bank deposits, restricted bank deposits, bank balances and cash, trade and bills payables, other payables, advances drawn on bills receivables discounted with recourse and lease liabilities. Details of the financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk

Currency risk

Certain trade and bills receivables, other receivables, short-term bank deposits over three months, bank balances and cash, trade and bills payables, other payables and lease liabilities are denominated in foreign currencies of respective group entities which expose the Group to foreign currency risk. The Group currently does not have a foreign exchange hedging policy. However, the Group will monitor its foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

The carrying amounts of certain significant foreign currency denominated monetary assets and monetary liabilities as at 31 December 2025 and 2024 are as follows.

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
US\$	7,681,622	1,696,410	47,185	71,054
HK\$	162,449	160,743	1,084	1,697
CNY	84,111	697,753	18,163	10,776
IDR	62,148	4,591	120,689	81,536
Euro	13,196	7,849	14,059	1,389
GBP	6,073	1,684	1,067	170
Other	1,882	270	150	—
	8,011,481	2,569,300	202,397	166,622

Sensitivity analysis

The above GBP and other denominated assets are insignificant to the Group. Accordingly, no sensitivity analysis is prepared in management's opinion.

The following table details the Group's sensitivity to a 10% (2024:10%) increase and decrease in the relevant foreign currencies, against the functional currency of the respective group entities. 10% (2024:10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 10% (2024:10%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the relevant foreign currencies strengthens 10% (2024:10%) against the functional currency. For a 10% (2024:10%) weakening of the relevant foreign currencies against the functional currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis (Continued)

	2025 RMB'000	2024 RMB'000
US\$	776,747	138,254
HK\$	13,779	13,819
CNY	5,606	58,393
IDR	(4,976)	(6,540)
Euro	(73)	549

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to investment notes, short-term bank deposits over three months, long-term bank deposits, restricted bank deposits, advances drawn on bills receivables discounted with recourse, and lease liabilities and cash flow interest rate risk in relation to bank balances due to the fluctuation of the prevailing market interest rate.

The management of the Group considers that the impact to profit or loss for respective years are insignificant for a reasonable change in the market interest rate. Accordingly, no sensitivity analysis is prepared.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

At 31 December 2025, the Group had concentration risk as 66% (2024: 57%) of the total gross trade receivables was due from the Group's largest debtor, and 84% (2024: 79%) of the total gross trade receivables was due from the five largest debtors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Group's exposure to credit risk

In addition to the credit risk limit management and other mitigation measures as described above, the Group monitors all financial assets, except for trade receivables, that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12m ECL.

Trade receivables

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items individually.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Bills receivables

In order to minimise the credit risk on bills received from customers, the Group will only accept bills issued by certain licensed banks with high credit ratings. Before accepting any bills from customers, the Group will verify the validity of each bill. In this regard, the management of the Group considers that the Group's credit risk associated with its bills receivables is limited.

Other receivables and rental deposits

For other receivables and rental deposits, the Group has applied the general approach in HKFRS 9 to measure the loss allowance at 12m ECL since the management of the Group assesses that there has not been any significant increase in credit risk since initial recognition.

In determining the expected credit losses, the Group determines the ECL on these items individually based on past default experience of the counterparty and reputation.

Long-term bank deposits, other financial assets, restricted bank deposits, short-term bank deposits over three months and bank balances

The long-term bank deposits, other financial assets, restricted bank deposits, short-term bank deposits over three months and bank balances are determined to have low credit risk. The credit risk on long-term bank deposits, other financial assets, restricted bank deposits, short-term bank deposits over three months and bank balances are limited because majority of the counterparties are reputable banks and the risk of default is low.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, the Group applied internal credit rating for its customers. The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Group A	The counterparty has a low risk of default based on historical repayment records and has a good reputation	Lifetime ECL — not credit-impaired	12-month ECL — not credit-impaired
Group B	The counterparty has high creditability but sometimes repays after due dates in full	Lifetime ECL — not credit-impaired	12-month ECL — not credit-impaired
Group C	The counterparty usually settles in full after due dates with a higher risk of default	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Group D	There is evidence indicating that the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Group E	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amounts	
					2025 RMB'000	2024 RMB'000
Financial assets at amortised cost						
Long-term bank deposits	15(a)	(Note ii)	N/A	12-month ECL — not credit-impaired	2,118,310	3,106,699
Investment notes	17	(Note ii)	N/A	12-month ECL — not credit-impaired	4,954,171	2,552,717
Short-term bank deposits over three months	15(c)	(Note ii)	N/A	12-month ECL — not credit-impaired	3,453,681	7,319,610
Bank balances	15(d)	(Note ii)	N/A	12-month ECL — not credit-impaired	7,322,926	5,170,700
Restricted bank deposits	15(b)	(Note ii)	N/A	12-month ECL — not credit-impaired	51,647	590,195
Trade receivables	19	N/A	Group A	Lifetime ECL — not credit-impaired	54,782	63,392
			Group B	Lifetime ECL — not credit-impaired	1,971,642	1,675,751
			Group C	Lifetime ECL — not credit-impaired	286,190	364,078
Bills receivables	19	N/A	N/A	12-month ECL — not credit-impaired	50,759	17,918
Other receivables and rental deposits	20	N/A	(Note i)	12-month ECL — not credit-impaired	139,475	200,237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes:

- i. For the purposes of internal credit risk management, the Group uses past due information, historical repayment records and past experience to assess whether credit risk has increased significantly since initial recognition.

As at 31 December 2025, the gross carrying amount of rental deposits amounted to approximately RMB36,546,000 (2024: RMB27,498,000) and the management of the Group makes periodic individual assessment on the recoverability of rental deposits based on the landlord's credit quality.

- ii. The external credit ratings range from A2 to Caa3 quoted from the rating scale of an international credit rating agency.

For trade receivables which are not credit-impaired, lifetime ECL of approximately RMB65,018,000 (2024: RMB36,314,000) were made as at 31 December 2025 for average loss rates ranging from 0.1% to 17.1% (2024: from 0.1% to 6.4%).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

In the opinion of the management of the Group, the trade receivables within Group A, B, and C at the end of the reporting period which have been past due 90 days or more are not considered as in default by considering the expected subsequent and historical repayment from the trade debtors.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	18,228	—	18,228
New financial assets originated	36,314	2,194	38,508
Impairment losses reversed	(18,228)	—	(18,228)
Write-offs	—	(2,194)	(2,194)
As at 31 December 2024	36,314	—	36,314
New financial assets originated	65,018	2,500	67,518
Impairment losses reversed	(36,314)	—	(36,314)
Write-offs	—	(2,500)	(2,500)
As at 31 December 2025	65,018	—	65,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The directors of the Company are satisfied that the Group will have sufficient financial resource to meet its financial obligation as they fall due for the foreseeable future after taking into account of the expected working capital requirements for the next twelve months from the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1 to 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2025								
Trade and bill payables		1,133,895	476,891	76,203	—	—	1,686,989	1,686,989
Other payables		351,618	79,154	82,545	78,458	—	591,775	591,775
Lease liabilities	4.75–4.90	18,155	24,998	93,377	177,028	82,341	395,899	350,935
Advances drawn on bills receivables discounted with recourse	1.27%	—	914,000	961,000	—	—	1,875,000	1,875,000
		1,503,668	1,495,043	1,213,125	255,486	82,341	4,549,663	4,504,699
As at 31 December 2024								
Trade and bill payables		843,020	442,955	83,601	—	—	1,369,576	1,369,576
Other payables		480,732	—	—	—	—	480,732	480,732
Lease liabilities	4.75–4.90	10,611	32,843	83,094	195,931	4,696	327,175	306,003
Advances drawn on bills receivables discounted with recourse	1.52%	236,500	588,000	750,000	—	—	1,574,500	1,574,500
		1,570,863	1,063,798	916,695	195,931	4,696	3,751,983	3,730,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. Financial Instruments (Continued)

c. Fair value measurements of financial instruments

The following provides information about how the Group determines fair values of financial instruments.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets were measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets were determined.

Financial assets	Fair values as at 31 December		Fair value hierarchy	Valuation technique and key inputs
	2025 RMB'000	2024 RMB'000		
The Group				
Financial assets at FVTPL				
— swap contracts	—	857	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There is no transfer between different levels of the fair value hierarchy during the year ended 31 December 2025.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management of the Group considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair value.

The fair values of these financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Dividend payable RMB'000	Interest payable RMB'000	Advances drawn on bills receivables discounted with recourse RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	176	—	393,023	383,372	776,571
Financing cash flows	(552,391)	(21,356)	1,265,114	(161,933)	529,434
Repayment of advances drawn on bills receivables (Note)	—	—	(83,637)	—	(83,637)
Dividend declared (Note 11)	552,822	—	—	—	552,822
Recognition of lease liabilities	—	—	—	147,463	147,463
Early termination of leases	—	—	—	(79,950)	(79,950)
Interest expenses	—	21,356	—	16,507	37,863
Foreign exchange translation	—	—	—	544	544
Others	(167)	—	—	—	(167)
At 31 December 2024	440	—	1,574,500	306,003	1,880,943
Financing cash flows	(1,393,330)	(9,032)	704,964	(138,487)	(835,885)
Repayment of advances drawn on bills receivables (Note)	—	—	(404,464)	—	(404,464)
Dividend declared (Note 11)	1,392,899	—	—	—	1,392,899
Recognition of lease liabilities	—	—	—	177,338	177,338
Early termination of leases	—	—	—	(33,995)	(33,995)
Interest expenses	—	9,032	—	17,422	26,454
Foreign exchange translation	—	—	—	22,654	22,654
Others	(9)	—	—	—	(9)
At 31 December 2025	—	—	1,875,000	350,935	2,225,935

Note: During the year, advances drawn on discounted bills with recourse of RMB404,464,000 (2024: RMB83,637,000) have been settled by the issuers of the bills to the relevant financial institutions directly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. Contingent Liabilities

The Group is subject to laws and regulatory requirements in various jurisdictions worldwide. In some instances, certain entities and individuals may initiate litigation against the Group. As at 31 December 2025, the Group had following material litigation:

Shenzhen Smoore Technology Co., Ltd. and the Company (collectively, “**Smoore**”) are among the defendants in a pending consolidated antitrust litigation in the U.S. District Court for the Northern District of California. Several direct and indirect purchasers (the plaintiffs) allege that the defendants, including Smoore and several distributors, conspired to engage in anti-competitive conduct for some of its products in violation of the federal and state antitrust laws. Whilst Smoore was successful in dismissing, in part, the prior complaints, in January 2026, the plaintiffs filed amended complaints. As of the date of this report, no trial date has been scheduled. The Group will continue to defend such claims vigorously.

The Board and management will continue to monitor and evaluate the financial and operational impact of material litigation and take actions deemed to be in the best interests of the Group. As at the date of this report, no provision has been recognised in respect of this matter.

In addition to the aforementioned litigation cases, the company has assessed that there are no other pending legal proceedings which would have a material impact on the company’s operating position, financial position or cash flows.

33. Commitments

	2025 RMB'000	2024 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	455,770	707,750

The Group has commitment for future minimum lease payments in respect of short term leases as follows:

	2025 RMB'000	2024 RMB'000
Within one year	4,182	9,648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. Retirement Benefit Plans

The Group operates numbers of defined contribution plans across its geographies, the PRC retirement benefit scheme is the retirement arrangement of material size. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The amounts of contributions made by the Group in respect of the retirement benefits scheme during the year are disclosed in Notes 9 and 10.

35. Related Party Transactions

- (a) The Group had significant transactions and balances with related parties, some of which are also deemed to be connected parties pursuant to the Listing Rules. Other than as disclosed elsewhere in these consolidated financial statements, the Group entered into the following transactions with the related party:

Name of related party	Name of transaction	2025 RMB'000	2024 RMB'000
EVE Energy Co. Ltd, Shareholder of the Company	Purchase of raw material	387,963	497,563

The transaction on the above falls under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules.

(b) Compensation of key management personnel

The remuneration of key management personnel, including members of the board of directors and other members of senior management, during the year was as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	10,959	10,576
Performance related bonuses	9,834	6,746
Retirement benefit schemes contributions	395	303
Share-based payment expenses	50,565	12,557
	71,753	30,182

The remuneration of directors and key executives is determined with regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. Statement of Financial Position and Reserves of the Company

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	8,522,373	7,844,854
Amounts due from subsidiaries	1,362,578	1,282,766
Other financial assets	1,272,631	—
	11,157,582	9,127,620
Current assets		
Bank balances and cash	7,147	91,337
Short-term bank deposits over three months	—	1,149,238
Other receivables, deposits and prepayments	6,243	2,610
	13,390	1,243,185
Current liabilities		
Other payables and accrued expenses	15,714	1,990
Amounts due to subsidiaries	4,605,943	2,889,860
	4,621,657	2,891,850
Net liabilities assets	(4,608,267)	(1,648,665)
Total assets less current liabilities	6,549,315	7,478,955
Net assets	6,549,315	7,478,955
Capital and reserves		
Share capital (Note 27)	432,331	431,299
Reserves (Note i)	6,116,984	7,047,656
Total equity	6,549,315	7,478,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. Statement of Financial Position and Reserves of the Company (Continued)

Note:

(i) Movement in the Company's reserves:

	Share premium RMB'000	Capital redemption reserve RMB'000	Share option reserve RMB'000	Share award reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	8,108,033	1,313	528,892	135,733	(232,032)	(1,101,097)	7,440,842
Gain and total comprehensive expense for the year	—	—	—	—	—	14,900	14,900
Recognition of share-based payment expenses	—	—	99,131	99,221	—	—	198,352
Exercise of share options	119,667	—	(94,096)	—	—	—	25,571
Lapsed of share options	—	—	(89,361)	—	—	89,361	—
Vesting of share under share award scheme	13,257	—	—	(85,389)	—	—	(72,132)
Lapsed of share under share award scheme	—	—	—	(2,052)	—	2,052	—
Dividends recognised as distribution (Note 11)	(559,877)	—	—	—	—	—	(559,877)
At 31 December 2024	7,681,080	1,313	444,566	147,513	(232,032)	(994,784)	7,047,656
Gain and total comprehensive expense for the year	—	—	—	—	—	8,937	8,937
Recognition of share-based payment expenses	—	—	212,252	234,506	—	—	446,758
Exercise of share options	161,343	—	(33,890)	—	—	—	127,453
Lapsed of share options	—	—	(32,246)	—	—	32,246	—
Vesting of share under share award scheme	21,332	—	—	(122,652)	—	—	(101,320)
Lapsed of share under share award scheme	—	—	—	(4,272)	—	4,272	—
Dividends recognised as distribution (Note 11)	(1,412,500)	—	—	—	—	—	(1,412,500)
At 31 December 2025	6,451,255	1,313	590,682	255,095	(232,032)	(949,329)	6,116,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. Particulars of Principal Subsidiaries of the Company

Details of the principal subsidiaries held by the Company at the end of the reporting periods are set out below:

Name of Subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2025	2024	
Smooore Group Limited	British Virgin Islands ("BVI")	US\$10	100%	100%	Investment holding
Smooore HK	Hong Kong, China	HK\$5,648,193,348	100%	100%	Investment holding and export sales of vaping devices and supply chain service
SBI Limited	BVI	US\$22,000	100%	100%	Investment holding
Smooore Shenzhen	Mainland China	RMB66,631,579	100%	100%	Investment holding, research and development, manufacturing and sales of vaping devices
東莞市麥克電子科技有限公司	Mainland China	RMB3,000,000	100%	100%	Manufacturing of vaping devices
深圳市麥克兄弟科技有限公司	Mainland China	RMB3,000,000	100%	100%	Manufacturing of vaping devices
深圳市韋普萊思科技有限公司	Mainland China	RMB1,000,000	100%	100%	Manufacturing of vaping devices
Moore Jiangmen	Mainland China	RMB350,000,000	100%	100%	Research, development and manufacturing and sale of vaping devices
東莞市麥克新材料科技有限公司	Mainland China	RMB500,000	100%	100%	Manufacturing, research and development of new materials
Maishi Technology	Mainland China	RMB20,000,000	100%	100%	Research, development and sales of vaping devices and HNB devices
江門思摩爾科技有限公司	Mainland China	RMB1,000,000	100%	100%	Manufacturing and sales of new material
Spectrum Dynamic Research	United States	—	100%	100%	Research and development
深圳摩爾霧化健康醫療科技有限公司	Mainland China	RMB10,000,000	100%	100%	Manufacturing, research, development and sales of atomization products in medical treatment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. Particulars of Principal Subsidiaries of the Company (Continued)

Details of the principal subsidiaries held by the Company at the end of the reporting periods are set out below: (Continued)

Name of Subsidiaries	Place of incorporation/ establishment/ operation	Issued and fully paid capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2025	2024	
江門思摩爾新材料科技有限公司	Mainland China	RMB10,000,000	100%	100%	Manufacturing research and development of new materials
江門思維爾科技有限公司 (former name “東莞思維爾 科技有限公司”)	Mainland China	RMB1,000,000	100%	100%	Manufacturing of electronic accessories
海南摩爾兄弟科技有限公司	Mainland China	RMB10,000,000	100%	100%	Research and development
PT Smoore Technology Indonesia	Indonesia	US\$82,480,000	100%	100%	Research, development and manufacturing of vaping devices
Giant Bliss	BVI	—	100%	100%	Trustee
Power Source Inc	United States	—	100%	100%	Sales of vaping devices
深圳傳思生物科技有限公司	Mainland China	RMB1,000,000	99%	100%	Research and development
Transpire Bio Inc.	United States	US\$40	99%	100%	Research and development of inhalation therapy
Smoore UK CO., LTD	United Kingdom	US\$42,576	100%	100%	Sales of vaping devices
Smoore Labs	United States	US\$1,000,000	100%	100%	Research and development
TranspireBio Holdings Limited	Cayman	US\$9,489	99%	100%	Investment holding
TranspireBio Technology Limited	BVI	US\$5	99%	100%	Investment holding
Transpirebio HK Limited	Hong Kong, China	—	99%	100%	Investment holding
Transpire Bio UK	United Kingdom	—	99%	100%	Research and development

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37. Particulars of Principal Subsidiaries of the Company (Continued)

These Mainland China subsidiaries are registered as limited liability companies under the Mainland China laws.

None of the subsidiaries had issued any debt securities at the end of the year.

38. Events After the Reporting Period

Save for the event of the Company disclosed in Note 32, the Group and the Company has no significant events took place subsequent to 31 December, 2025.