



碧生源控股有限公司

Besunyen Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 926

2025 ANNUAL REPORT



Corporate Profile

Besunyen Holdings Company Limited (the "Company") was established in September 2000 and listed on the Main Board of the Hong Kong Stock Exchange in September 2010 (stock code: HK00926). Besunyen Holdings Company Limited together with its subsidiaries (the "Group") is a leading provider of therapeutic teas in the People's Republic of China (the "PRC"), mainly engaging in the research and development and production of health products and the sale and promotion of medicines and food products. The Group applies "One Focus and Two Dimensions" as its guiding principle: "One Focus" means focusing on herbs and health regimen; and "Two Dimensions" means expanding new businesses in the areas of "weight loss and weight management" as well as "laxative and gastrointestinal health". By tagging along with the concept of "herbal, healthy, and quality functional tea", the Group has produced and sold Besunyen Detox Tea (碧生源牌常潤茶) and Besunyen Slimming Tea (碧生源牌常菁茶) (previously known as "碧生源牌減肥茶") (collectively, the "Two Teas") for more than twenty years. The Group has dedicated itself to further developing the Two Teas and successively launching its product series of functional teas such as Besunyen Fit Tea (碧生源牌纖纖茶) and Besunyen Relief Tea (碧生源牌清源茶) (together with the Two Teas, the "Four Teas"). In recent years, the Group has also launched Besunyen Orlistat weight-loss medicines and a series of products that meet the needs of consumers, such as nutrition meal replacements, probiotics and enzymes.

The Group uses natural Chinese herbs and tea leaves as raw materials to research, develop, formulate and produce the Four Teas, providing safe, effective, convenient-to-use and affordable health products for those who have needs in aspects such as laxative and weight management or who are mildly affected by such problems.

The production base of the Group's Four Teas is located in Fangshan District, Beijing. Its production plant and production process are in compliance with the national GMP standards. Its production facilities implement closed-ended management, and its pelleting facilities and inner packing facilities are class 100,000 clean areas. The Group's Four Teas products have passed the certifications of ISO9001, ISO22000 and HACCP. Introduced from IMA, an Italian company, its main production equipment is C24 tea bag high-speed machine with specially designed "cotton thread sailor's knot" connecting the tea bag and the hangtag, so that the inner and outer bags and the outer box can be shaped up at the same time and whole packaging process can be completed automatically.



The Group's "Besunyen and Device" trademark was identified as a "China Well-known Trademark" (中國馳名商標) by the Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China in 2013, and its Besunyen brand has been rated as one of the top ten credible brands of health products in China by China Healthcare Association for five consecutive years. The Group obtained the "High-Tech Enterprise Certificate" issued by Beijing Municipal Science and Technology Commission, and was granted the title of "Leading Enterprise in Beijing" issued by Beijing Municipal Bureau of Agriculture and Rural Affairs as well as the titles of "'Innovative' Small and Medium-Sized Enterprise in Beijing" and "'Specialized, Refined, Unique and Innovative' Small and Medium-Sized Enterprise in Beijing" issued by Beijing Municipal Bureau of Economy and Information Technology. The Group has 25 approvals for health food issued by China Food and Drug Administration, and it has possessed 118 patented technologies awarded by China National Intellectual Property Administration, including 22 invention patents.

In 2025, the Group's offline sales business covered over-the-counter ("OTC") pharmacies and pharmaceutical third terminals, spanning across 31 provinces, autonomous regions and municipalities across the country, through the new business partners. The Group's online e-commerce business has established 73 shops on 20 e-commerce platforms to conduct the sales of the Four Teas, Orlistat and other products of the Group. Proactively adapting to the development of new sales trend, the Group made repeated attempts in respect of new retail including Douyin, Kuaishou, O2O and B2C. The above mature and innovative channels enabled the Group to launch its new products to the market more quickly, thereby maintaining the industrial leading position of the Group in terms of sales of products.

The Group will continue its market-oriented approach while pursuing continuous innovation in terms of technology and quality, strive to provide consumers with more high-quality health products and services, and become a leader in the health industry.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhao Yihong
(Chairman and Chief Strategy Officer)
Ms. Gao Yan *(Vice Chairman)*
Mr. Feng Bing *(Chief Executive Officer)*
Mr. Yu Hongjiang
*(Executive Vice President, Chief Operating Officer
and Chief Financial Officer)*

Independent Non-executive Directors

Mr. He Yuanping
Mr. Shi Xiangxin
Dr. Chen Yang

AUDIT COMMITTEE

Mr. He Yuanping *(Chairman)*
Mr. Shi Xiangxin
Dr. Chen Yang

REMUNERATION COMMITTEE

Dr. Chen Yang *(Chairman)*
Mr. Zhao Yihong
Mr. Feng Bing
Mr. He Yuanping
Mr. Shi Xiangxin

NOMINATION COMMITTEE

Mr. Shi Xiangxin *(Chairman)*
Ms. Gao Yan
Mr. Yu Hongjiang
Mr. He Yuanping
Dr. Chen Yang

STRATEGIC INVESTMENT COMMITTEE

Mr. Zhao Yihong *(Chairman)*
Mr. Feng Bing
Mr. Yu Hongjiang
Mr. He Yuanping
Dr. Chen Yang

COMPANY SECRETARY

Mr. Yu Hongjiang

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Note: Upon the approval at the AGM of the Company held on 13 June 2025, CL Partners CPA Limited (now known as “Rongcheng (Hong Kong) CPA Limited”) was appointed as the Company’s auditor. Please refer to the announcements of the Company dated 20 May 2025 and 13 June 2025 for details.



Chairman's Report

A portrait of ZHAO Yihong, Chairman and Chief Strategy Officer, smiling and wearing glasses and a plaid shirt. The background is a scenic landscape with rolling green hills, a blue sky with white clouds, and a mountain range in the distance.

ZHAO Yihong
Chairman and
Chief Strategy Officer

Chairman's Report

Dear Shareholders,

On behalf of the board of directors of the Company, I hereby present to you the audited annual results report of the Group for the year ended 31 December 2025 (the "**Reporting Period**").

During the Reporting Period, the Group achieved revenue of RMB494.3 million and net profit attributable to the parent company of RMB20.4 million. These results were accomplished amid a complex backdrop of macroeconomic headwinds, profound shifts in consumer demand and increasingly stringent industry regulations. They reflect the Company's commitment to deepening reforms and pursuing bold innovation. Since the launch of the business partnership system reform in September 2023, and following more than two years of continuous refinement and enhancement, the benefits of this reform have become increasingly evident this year, laying a solid foundation for the Group's high-quality development.

I. CORE OPERATIONAL HIGHLIGHTS FOR 2025

1. System reform for efficiency improvement: In July 2025, the Group further deepened the partnership system reform for the OTC segment by consolidating four regional companies into a single unified entity. This initiative addressed issues such as cross-region goods diversion and low-price/disordered pricing, thereby enhancing channel collaboration. Meanwhile, the e-commerce segment shifted its focus toward profit-driven growth, with new business on Douyin and Kuaishou achieving rapid growth. The segment was recognized as the "Douyin E-commerce Pharmaceutical Annual Breakthrough Brand", establishing itself as a core engine for performance growth.

Chairman's Report

2. Brand marketing upgrade: A rejuvenated brand communication matrix was established. The Group launched an emotionally resonant short video that garnered over 12 million views, successfully reshaping mindshare among younger demographics. Its full-chain AI content production significantly reduced costs and improved efficiency, establishing core competitiveness in content marketing.
3. Technological research and development empowerment: The Group submitted 4 invention patent applications and secured authorization for 2 patents. Its industry-academia-research achievements with Beijing Technology and Business University were published in a core SCI journal. Moreover, it completed technical variations and new approval applications for 3 health food products, prepared for centralized certificate renewal, and strengthened compliance bottom line.
4. International strategic breakthroughs: The Group obtained NSF certification, demonstrating that its quality management aligns with international standards. In the Middle East market, it partnered with Hibobi, with two core products receiving preliminary certification from the local food and drug administration, paving the way for market entry in 2026.



Chairman's Report

5. Optimization of production management: The Group upgraded equipment in the granulation workshop to achieve automated production. With domestic production licenses and relevant quality system certifications, its subsidiary has been awarded an AAA corporate credit rating that solidified its reputation for quality.
6. Fulfillment of social responsibility: The Group managed special charitable funds and conducted paired assistance programs in Hebei and Inner Mongolia to support rural development and help disadvantaged children. It also promoted low-carbon development, and a harmonious balance between operations and environmental protection was achieved through technological upgrades and green packaging initiatives.

开盖即饮
够方便, 够温暖

碧生源

开盖扑鼻菠萝果香, 入口是果味的酸甜
回味时, 肉桂、荔枝的香甜层次感蔓延开来
接着, 浓郁的暖意会瞬间将人包裹住

木质
芬芳

+

微微
辛辣

+

清新
果香



Chairman’s Report



II. FUTURE OUTLOOK

In 2026, the health food industry is expected to benefit from policy incentives and opportunities arising from consumption upgrades. By prioritizing consumer health demands and upholding the concept of “herbal, healthy, and quality functional tea”, the Group will develop its two core health sectors, strengthen its multi-category synergistic portfolio, and capitalize on the advantages of traditional Chinese medicine in disease prevention. To achieve these objectives, the Group will focus on advancing the following seven strategies: deepening omni-channel integration; strengthening partner self-governance; seizing new marketing high ground; deepening content marketing; expanding into international markets including Europe, the United States and the Middle East; emphasizing technological innovation and research and development; and advancing digital lean management.

The Group will remain steadfast in its founding mission of “striving for the healthy life of the Chinese people”. With innovation, quality and compliance as the cornerstones of its development, the Group is poised to forge new paths amid industry shifts and contribute to the development of the big health industry.

Chairman's Report

OVERVIEW OF THE GROUP'S OPERATING ENVIRONMENT

I. Overview of the industry where the Group operated

The Group's core business was the production of health food products, alongside its presence in the food and medicine sales sectors.

In China, health product is a colloquial term for health food. According to China Healthcare Association and the Interpretations of the Food Safety Law of the People's Republic of China, health food is defined as food that has specific health functions or supplement vitamins and minerals intake, which is suitable for consumption by specific groups of people and regulates human body functions, but is not used for the purpose of treating diseases, and should not pose any acute, sub-acute or chronic hazard to the human body.

II. Policies of the health food industry

During the "12th Five-Year" period (2011–2015), the "nutrition and health food manufacturing industry" was included in the national development plan for the first time. In June 2017, the State Council issued the National Nutrition Plan (2017–2030), which explicitly advocated for the robust development of new nutrition and health foods such as health foods, nutrient-fortified foods and double protein foods. The "14th Five-Year" Plan for the Development of Traditional Chinese Medicine was issued in 2022, which identified the development of the Chinese medicine health products sector as a key national priority.

In April 2020, seven ministries and commissions including the State Administration for Market Regulation jointly issued the Special Action Plan for the Clean-up and Rectification of the Health Food Industry (2020–2021), marking a new phase of standardized rectification within the industry.

The year 2023 marked a period of rigorous enforcement of regulatory policies within the health food industry. The Implementation Rules for the Technical Evaluation of New Functions and Products of Health Foods (Trial), the Non-nutrient Supplements in the Catalog of Healthcare Functions that Health Foods Are Permitted to Claim to Possess (2023 Edition) and several other policies were issued successively. These regulations established industry development standards, making brand reputation and product quality the core determinants of market competitiveness.

On 1 November 2024, the State Administration for Market Regulation issued the Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale, stating a five-year transition period for renewal application that establishes a clear pathway for the compliance of legacy products.

Chairman's Report

Industry regulatory standards were further strengthened in 2025. In September, the National Food Safety Standard: Good Manufacturing Practice for Health Food (GB 17405-2025) was issued to replace the previous 1998 edition. This new standard introduces requirements for food safety management, product recall, and traceability. In October, the Dosage Forms and Technical Requirements for Filings of Health Food Products (2024 Edition) (Draft for Comments) were released, proposing diversification of the dosage forms for health food filings and establishing upper limits on sugar content. In December, the Catalogue of Health Functions Claimed by Authorized Health Food — Aid in Maintaining Joint Health was added and took effect on 1 January 2026. This is the first new function incorporated into the catalogue since the release of the rules for new function evaluation in 2023, marking a significant advancement in China's market access for health foods with new functions.

The introduction of the aforementioned policies highlights the trend toward increasingly stringent regulatory oversight within the health food industry. By establishing a comprehensive regulatory framework that includes production standards, management of functional claims, product filing procedures, and rectification of legacy products, these policies are steering the industry toward a more standardized development.

III. Development of the health product industry

Driven by the sustained momentum of the "Healthy China" strategy, China's big health industry occupies a prominent position on the global stage and exhibits substantial growth potential. The health food sector is undergoing a significant transition from scale expansion to high-quality development, solidifying its role as a key growth driver within the big health industry.

(I) Policy benefits keep rolling out as industry regulations evolve with increasing precision

In October 2022, the 20th National Congress Report of the CPC explicitly emphasized the need to advance the Healthy China initiative, give strategic priority to ensuring the people's health and uplift the "Healthy China" initiative to a national strategy. Regulatory authorities have continuously optimized institutional frameworks, establishing a dual mechanism of "innovation-led guidance + standardized management". This approach has comprehensively strengthened production management and quality control requirements, marking a significant milestone in market access for new product functions. The ongoing refinement of the policy framework has established a robust institutional foundation to support the high-quality development of the industry.

(II) Market continues to expand, fueled by robust growth momentum

From a market size perspective, the health food industry is on a consistent upward climb. According to Euromonitor, the global health food market is projected to exceed USD140.0 billion in 2025, representing a year-on-year increase of 4.62%, while the Chinese market is expected to reach RMB240.0 billion, reflecting an increase of 4.30% year-on-year. Data from iiMedia Research indicates that China's health product market reached RMB355.4 billion in 2024, representing a year-on-year increase of 8.29%, and further climbed to RMB377.5 billion in 2025. It is anticipated that the market will exceed RMB400.0 billion in 2026. Between 2013 and 2025, China's health product market recorded an average annual growth rate of 11.77%, demonstrating strong internal growth momentum.

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(III) Consumer demand is undergoing a profound shift, with functional segmentation becoming the new norm

The growing awareness of consumer health is driving demand for more refined and functional products. According to recent research by McKinsey, 94% of consumers in China prioritize health as a top daily concern, significantly higher than the 84% observed in the United States. Gen Z and Millennials have emerged as the core demographics for health-related consumption, accounting for over 40% of health-related expenditures in the United States, with 55% of this group identifying fitness as a fundamental aspect of their self-identity. Despite softening consumer sentiment, 51% of consumers have indicated their intention to maintain or increase their spending on health-related products, highlighting the inelastic nature of health consumption.

(IV) Online market share continues to climb steadily amid a profound transformation in channel structure

The development of the digital economy has catalyzed a structural shift in sales channels for health foods, with online channels becoming the core sales platform. Online sales of health foods are projected to reach 63.3% in 2025, significantly surpassing traditional offline sales channels. The convenience and broad product variety offered by online channels have become the core factors of consumer engagement. The rapid expansion of cross-border e-commerce has enabled international brands to enter the domestic market without "blue hat" certification, thereby broadening the consumer choices. China's dual-track system of registration and filing for health foods has effectively lowered barriers to entry, injecting new vitality into the market and promoting diversification across sales channels and product supply.



Chairman's Report



(V) Industry concentration remains low, with innovation-driven development emerging as a collective belief

China's health food industry currently exhibits a structure of "small brands in a large market", with low market concentration among leading players. The industry's CR3 is hovering at around 21%, indicating significant potential for industry consolidation and upgrading. On the demand side, China's aging population continues to grow. By 2024, the number of individuals aged 65 and above surpassed 220 million, providing a strong demographic basis for the health food demand. As industry regulations tighten and consumer demands evolve, there is a growing trend toward enhanced efficacy in health foods. Technological innovation has become the core consensus for industry development, accelerating an industry-wide transformation driven by value creation.

Looking ahead, China's health product industry has entered a new phase of development characterized by simultaneous scale expansion and structural optimization. Fueled by the tripartite forces of demand, regulatory oversight and innovation, the industry is poised to evolve further toward greater standardization, technological advancement and brand consolidation. Brands with strong research and development capabilities and a foundation of consumer trust will secure a more advantageous position in market competition, contributing significant industrial strength to the implementation of the Healthy China strategy.

Chairman's Report

IV. Position of the Group's principal activities in the industry

The Group has cultivated in the area of therapeutic teas, focusing on its research and development, production, sale and promotion for 25 years. Long-term experience accumulation in the industry gives the Company significant competitive advantages in product development and market insight. The Group always adheres to the product strategy of "One Focus and Two Dimensions" with a focus on developing its core products, forming a product matrix with the "Four Health Teas of Besunyen", namely, Besunyen Detox Tea, Slimming Tea, Fit Tea, and Relief Tea as its core. At the same time, it actively expands the market of innovative products such as Orlistat capsules. Through continuous optimization of product structure, upgrade of products and services, and launch of products that meet diversified health needs, the Group has gained recognition and trust from a broad consumer base. According to the statistics of Tmall and JD.com platforms, brand products of Besunyen ranked among the top sellers in health food and weight-loss and slimming categories.

In terms of product quality and production capacity, the Group currently owns 24 approvals for health food (12 for teas, 8 for granules and 4 for capsules) with therapeutic functions covering areas of weight loss, laxative relief, physical fatigue relief, sleep improvement, reduction of skin age spots, immunity enhancement, assistance in lowering blood sugar level and so on. As the largest therapeutic tea enterprise in China, the Group has 12 health tea production lines equipped with the state-of-the-art IMA-C24 fully automatic tea bag machine from Italy, possessing industry-leading production capacity. All the products of the Group have passed the certifications of ISO9001 for quality management, ISO22000 for food safety management and HACCP for critical control point, providing substantial protection to product quality.

In terms of the agency sales business, the Group's agency business developed steadily and healthily. Through continuously optimizing the structure and variety of agent products, the Group significantly streamlined the variety and specification of the agent products, resulting in remarkable improvement in operational quality, with agent products such as Orlistat weight-loss medicine, B420 coffee and collagen ranking among the top sellers within their respective categories.

BUSINESS OPERATION AND MANAGEMENT REVIEW

In September 2023, the Group initiated the reform of the business partnership system and went through continuous improvement and optimization in over two years. In July 2025, the second restructuring was carried out in OTC segment, integrating four original companies operated by subregion into one entity with centralized management to achieve the strategic layout of "nationwide coordination" and foster stronger synergies that would drive the development of offline business through unified goals, direction, and actions. This restructuring has effectively resolved persistent industry issues such as cross-region goods diversion and low-price/disordered pricing under the sub-regional operational model, creating a healthy and orderly market business environment, laying a solid foundation for the sound operation of the OTC segment, and yielding preliminary positive results in the second half of 2025. Facing the industry trends of shrinking retail chains and the digitalization of offline stores, OTC business partners have taken the initiative to strengthen in-depth cooperation with terminal stores, chain headquarters, and agents to optimize business cooperation relationships and achieve mutual benefits and win-win outcomes.

Chairman's Report

In terms of the e-commerce business sector, after becoming business partners, the employees shifted their business philosophy from merely pursuing scale to focusing on profitability, actively expanding new retail areas in e-commerce, exploring a second growth curve, and achieving rapid growth in new business lines such as Douyin and Kuaishou. By optimizing the product structure, innovative operating model, and marketing strategies, the Group has established a flexible supply chain system, achieving the best operational results since the inception of its e-commerce business. The marketing department strengthened streamlined management in price and channel, providing systematic protection for the quality operation of its business. The IT and logistics departments proactively advanced application of new technologies, comprehensively enhanced operational efficiency and service quality, fully supporting the business development.

During the Reporting Period, the Group carried out its operation and management work centering on five core segments, namely OTC business, e-commerce business, new media operations, international business, and quality management, achieving synergistic development and breakthrough upgrades across various businesses.

I. OTC Business: Integrating synergies to promote deep cultivation and optimizing structure to seek long-term development

The offline OTC business is grounded in the reform of the business partnership system, continuously promoting organizational optimization, model innovation, and refined management. In 2025, centering on the strategic objective of "nationwide coordination", the Group comprehensively enhanced the operational efficiency of offline channels through a series of measures such as the adjustment of the product pricing system, integration of business organizations, construction of O2O systems, and structural deep cultivation of sales regions, thereby consolidating the offline foundation for the sustainable development of the brand.

(I) Adapting to market changes and scientifically adjusting the product pricing system

In order to adapt to changes in the market environment and to safeguard product quality and the long-term sustainable development of the brand, the Group has made scientific adjustments to the supply prices of the "Two Teas" 40-bag packaged products sold through offline channels. This price adjustment comprehensively considers cost structure, competitive market landscape, and brand development needs, aiming to further consolidate product market competitiveness, maintain reasonable profit margins across all channel segments, provide stable business expectations for agents and terminal stores, and promote the healthy development of the channel ecosystem.

(II) Integrating offline business organizations to achieve the "Nationwide Coordination" strategic layout

Following two years of pilot operations across four branch companies, in order to further strengthen synergistic effectiveness and enhance overall operational efficiency, the Group has decided to integrate the original offline business units into a unified operational system, formally achieving the strategic layout of "nationwide coordination". The integrated business organization, through unified management, achieves centralized resource allocation and optimization of management processes, enabling the provision of superior and consistent service experiences for customers and partners, and consolidating the synergy for offline business development.

Chairman's Report

(III) Innovating marketing models and deepening cooperation with chain channels

In terms of marketing model innovation, the Group fully explored the value of membership resources of chain pharmacies to conduct joint activities for members with chain terminals. The Company leveraged its core advantages in the e-commerce live streaming sector to assist customers in developing live streaming businesses, and reaching strategic collaborations with various chain terminals and obtaining prime resources. In terms of the new retail business, the Group deepened cooperation with terminal business entities and enhanced interaction and synergy with chains and agents. Fully utilizing O2O, live streaming and other new sales models, it conducted consumer education by utilizing customers' own platforms and membership resources, and enriched offline customer experience through online and offline interactive communication, so as to attract customers to terminal stores and effectively achieve the increase in market channels.

(IV) Promoting the construction of OTC models and O2O systems, and bridging the online and offline service chains

To adapt to the trend of market digitalization, the Group has integrated the O2O instant retail network mapping system into its OTC model construction, focusing on creating an integrated online-to-offline service chain to further enhance terminal response efficiency and provide consumers with a more convenient and high-quality consumption experience. Empowered by the O2O system, offline terminals can better capture online traffic and achieve precise traffic conversion; meanwhile, digital tool support is provided to pharmacy chains to comprehensively enhance their overall operational efficiency and promote the digital upgrade of offline channels.

(V) Strengthening structural deep cultivation of sales regions and improving the quality of market penetration

The Group has explicitly set forth structural deep cultivation requirements for each sales region, carrying out systematic construction around multiple dimensions to comprehensively enhance the quality of market penetration:

1. Network layout optimization: terminal coverage structure is optimized, market penetration density is enhanced, full coverage of core areas and deep coverage of key areas are ensured, and the offline sales network is improved;
2. Refined management of inventory structure: refined inventory management capabilities are strengthened, a dynamic inventory monitoring mechanism is established, the balance between market supply and demand is ensured, and inventory turnover costs are reduced;

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3. Breakthroughs in core product regions: the implementation and breakthroughs of core products and new products in regional markets are promoted, differentiated promotion strategies based on regional consumption characteristics are formulated, and regional adaptability of products is enhanced;
4. Deepening of KA cooperation model: strategic cooperation with key KA customers is deepened, a sustainable value co-creation cooperation model is established, and the transformation of cooperative relationships from simple supply and sale relationships to value co-creation relationships are promoted.

In 2025, the OTC business took organizational integration as the precursor, price adjustment as the lever, O2O system construction as the breakthrough point, and regional structural cultivation as the focus, to comprehensively promote the quality and efficiency enhancement of offline channels. Under the strategic guidance of "nationwide coordination", offline business and online e-commerce have formed synergistic resonance, jointly constructing a solid foundation for Besunyen's omni-channel marketing. Looking ahead, the OTC business will continue to deepen refined operations and strengthen channel empowerment, contributing greater value to the long-term development of the brand.

II. E-commerce business: Building a foundation through refined operations, achieving long-term success through multi-dimensional innovation

Against the industry backdrop of the deep integration of the digital economy and health consumption, the Group's e-commerce business has consistently adhered to being user-centric and innovation-driven, comprehensively promoting the upgrade of operating models and the optimization of channel structures. In 2025, the Group achieved systematic breakthroughs in areas such as pharmaceutical line restructuring, new retail exploration, branding transformation, and content ecosystem construction, establishing a solid digital foundation for the long-term growth of the brand.

(I) *Pharmaceutical line: Comprehensive platform governance and omni-channel efficiency upgrade*

Platform adaptation and infrastructure optimization: In response to the upgrade of mainstream platform operating systems, the Group completed the reconstruction of single-product links in the first quarter, activating the new standardized operating system for pharmacy stores. By implementing an intelligent price adjustment model, the "precise allocation" and "reasonable reduction" of promotion expenses were achieved, strengthening the competitiveness of the promotion infrastructure.

Channel focus and structural upgrade: The Group implemented precise channel strategies by withdrawing and merging inefficient platforms while further penetrating high-potential channels such as DingXiang Doctor, Vipshop, and Meituan. Among which, the Meituan channel was upgraded from a single store to a "flagship store + pharmacy" dual-track model, locking in a high-value matrix and completing the strategic reorganization of the small platform business.

Chairman's Report

Resource efficiency and strategic innovation: Focusing on the mining of organic platform traffic and optimizing allocation logic based on the characteristics of pharmaceutical retail, scaled incremental growth in organic traffic was achieved. Through the dynamic tilting of promotion strategies, the return on investment (ROI) was effectively enhanced, and the annual target for improved expense efficiency was successfully achieved.

(II) Non-pharmaceutical line: Dual leap in full-domain layout and channel efficiency

During the Reporting Period, the Group's non-pharmaceutical business achieved a dual leap in scale and efficiency through deep channel cultivation and brand reshaping.

1. Second upgrade of channel strategy: The Group's cooperation with JD.com's self-operated business has undergone a strategic upgrade, with core tea beverage categories fully entering warehouses and rapidly reaching the top of the best-seller lists for sub-categories, strengthening its leadership position in the mainstream market. Meanwhile, the "channel-specific strategy" was deepened: AliHealth transitioned to a direct-shipping model to enhance flexibility; Tmall Supermarket achieved ultimate fulfillment with "half-day delivery" by leveraging 26 warehouses nationwide; and Dewu precisely reached young audiences through scenario-based content, driving synergistic growth in both profitability and brand presence.
2. Operational efficiency improvement and forward-looking layout: The Group has constructed a full-domain traffic matrix represented by virtual digital human live streaming, resulting in a significant improvement in resource efficiency. The "instant hit upon launch" of the new probiotic products has fully validated the Group's keen market insight and rapid commercialization capabilities. In addition, the Group's initial participation in Taobao Flash Sale marks its official entry into the instant retail track, laying a first-mover advantage for future service upgrades.

(III) New business lines: Interest-based e-commerce ecosystem and full-domain digital and intelligent operations

The Group closely follows the evolution of the internet retail paradigm and is deeply rooted in the short video and live streaming ecosystem centered on Douyin and Kuaishou. During the Reporting Period, by virtue of its outstanding operational performance, the Group was officially awarded by Douyin the honor of "2025 Douyin E-commerce Pharmaceutical Annual Breakthrough Brand", establishing its leading position in the interest-based e-commerce track.

1. Industrialized content middle-office and data-driven core capabilities: The Group has constructed an integrated industrialized content middle-office covering "directing — filming — editing — distribution", forming a large-scale library of viral materials. Through the digital and intelligent cycle of "content testing — data feedback — dynamic optimization", user interests are precisely matched, shifting the approach from "people seeking goods" to "goods seeking people", achieving synergistic growth in both traffic conversion and brand awareness.

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2. Model innovation through full-domain reach and KOC ecosystem synergy: Relying on the platform's decentralized algorithm, the Group has successfully validated a content-driven KOC live streaming model. By integrating "Oriental tea culture" into immersive live streaming scenarios, user stickiness was enhanced; meanwhile, the complementarity between self-operated short videos and the influencer matrix effectively optimized customer acquisition costs and strengthened the brand's profit resilience under a complex ecosystem.
3. Strategic outlook for instant retail and omni-channel layout: Based on the platform-based O2O trend, the Group has completed its strategic positioning in the new track in a forward-looking manner. This strategic layout is designed to capitalize on future policy opportunities such as pharmaceutical e-commerce by creating a closed-loop experience of "online consultation, instant ordering, and ultra-fast delivery", and building a long-term moat for brand services.

III. New media operations: Digital and intelligent transformation and brand equity reshaping

In 2025, the Group firmly executed the dual-track strategy of "digital and intelligence empowerment + refined operations". Through the deep integration of AI (Artificial Intelligence) workflows, the Group has achieved a reconstruction of the underlying logic from traditional marketing to the industrialization of content production. Meanwhile, the Group has shifted from pure scale expansion to asset-based operations centered on "deeply seeded target audiences", aiming to build a long-term moat for the brand in the health consumption sector and enhance the core competitiveness of the enterprise through the dual drivers of technological efficiency improvement and emotional resonance.

(I) Technological innovation ushering in the "industrialization era" of content production

The Group has officially established the Sora2 project team to construct an intelligent creation system based on AI workflows, covering the entire chain from creative generation to video production. In the production of benchmark works such as "Winter Solstice" launched by the Group, AI technology has successfully replaced traditional live-action filming models, significantly reducing the production cost of individual creative short films and substantially optimizing overall human resource efficiency. It represents not only an optimization in cost structure, but also a generational leap in productivity. The practical application of AI technology has ensured that the brand possesses extremely high content response speed and large-scale output capabilities in the era of fragmented communication, significantly enhancing the Group's operational efficiency and market agility.

Chairman's Report

(II) Brand upgrading from functional narrative to value resonance

The Group achieved a phenomenal reach of 12 million views through the “#Losing weight is actually not that hard” and “Slow is Fast” anti-fraud public welfare videos. The 25th anniversary new brand promotional video deeply integrates Chinese aesthetics with automated factories, fully demonstrating the transparent process of the entire industry chain from herbal essence to technological production. The brand has successfully moved beyond traditional “didactic” marketing and reshaped its brand sovereignty as “young, professional, and altruistic”. By adhering to the concept of scientific weight loss and fulfilling its social responsibilities, the Group has further consolidated its social credibility as an industry leader, and enhanced its brand premium capability and user loyalty.

(III) Brand operations for precise assetization of public domain traffic

The Group focused on the accumulation of “deeply seeded” populations, and in conjunction with cross-year integrated marketing such as the “Annual Summary of Health Expenditures”, achieved the leap from “vague exposure” to “data closed-loop”. Through deep user profile insights and precise audience segment construction, the Group successfully established a content marketing system centered on the customer journey in late 2025. The transformation marks a shift in marketing logic from “traffic consumption” to “asset appreciation”. By converting public domain traffic into clear brand digital assets, the Group has effectively reduced long-term customer acquisition costs, laying a solid data foundation for subsequent refined repeat purchase operations and long-term investment value growth.

IV. International business: Consolidating the foundation and achieving breakthroughs in market access

In 2025, the Group's international business achieved a key leap from fragmented exploration to systematic layout in its “going global” strategy. The team deeply recognizes that product expansion overseas is not merely simple commodity trade, but rather a comprehensive output of brand, standards, and culture; to this end, it has established a core development strategy of “compliance first, certification as the foundation, and precise entry”, systematically advancing its globalized layout and achieving milestone progress in key markets such as the United States and the Middle East. Over the past year, the international business team focused on core tasks and successfully established compliance and market access capabilities for global markets, clearing key obstacles for the brand's overseas expansion.

(I) Comprehensive strengthening of the compliance foundation

Compliance is the “first gate” for products entering the international market. In early 2025, the Company initiated a comprehensive compliance review for the US market, and engaged a professional institution, Antion Consulting, to conduct a special audit on the export products of “Slimming Tea”. The Company quickly completed precise adjustments to the products, effectively avoiding customs clearance failures and legal risks due to failure to meet entry standards, thereby paving the way for the smooth entry of the products into the North American market.

Chairman's Report

(II) Strategic launch of high-end certification

In order to enter the high-end markets in Latin America and North America, which have extremely stringent requirements for product quality, the Company officially launched the NSF-related certification project with NSF, an international authoritative certification body, in October 2025. The NSF certification certificate has currently been obtained. This certification is not only the acquisition of a "passport" to international markets, but also a comprehensive upgrade of the Company's entire production management system, marking the formal benchmarking of the Company's quality management standards against the highest international levels.

(III) Historic breakthroughs achieved in key markets

In the Middle East market, the Company has established a deep strategic partnership with Hibobi, a leading local e-commerce platform. Based on detailed market research and consumer insights, both parties have jointly selected "Slimming Tea" and "Relief Tea" as the first batch of products to be launched. After half year of unremitting efforts, two products have been successfully submitted and have obtained preliminary certification from the Saudi Food and Drug Authority (SFDA), securing the key "entry ticket" to enter the potential market in the Middle East and laying a solid foundation for the official sale of products and brand establishment in 2026.

V. Establishing and improving the quality system to achieve quality objectives

The CPC Central Committee attaches great importance to food safety work. It clearly states the "four strictest" requirements in food safety to be adhered to, namely "the strictest standards, the strictest supervision, the strictest penalties and the strictest accountability", to firmly ensure the "food safety" of the general public. The Group always places quality management work at a core position, strives to establish and improve the quality management system, continuously improves quality management methods, and actively addresses quality risks to promote high-quality development with high-quality management.

In 2025, the Group continued to strengthen the education and training of quality management staff. By regularly organizing and participating in quality training organized by regulators and sharing the latest quality information of the industry, all our staff enhanced their quality awareness and were equipped with professional skills and knowledge to ensure the effective implementation and continuous improvement of the quality system. In strict adherence to the project improvement plan, the Company constantly identified issues in quality management, formulated specific improvement measures and tracked implementation effects to achieve continuous optimization of the quality system. In addition, through conducting regular internal reviews and external certification reviews, it promptly identified and corrected deficiencies in the running system to gain the trust and recognition of customers and third party institutions.

Chairman's Report

The Group has established a complete and compliant production quality management system in strict accordance with the laws and regulations including the Food Safety Law, the National Food Safety Standards — Good Manufacturing Practices for Health Food (GB17405), the Rules for the Examination of Production Permits for Health Food, the National Food Safety Standards — Health Food (GB16740), the Regulations on the Labeling of Health Food (Wei Jian Fa [1996] No. 38), and the Guidelines for Warning Words on the Labeling of Health Food. On this basis, the Group smoothly passed the ISO9001 quality management system, ISO22000 food safety management system and HACCP key control point system certification, providing a strong systematic guarantee for the Group's product quality, and laying a solid foundation for products to gain full trust from consumers and enhance market competitiveness.

ANALYSIS OF COMPETITIVENESS DURING THE REPORTING PERIOD

In 2025, the Group remained steadfast in executing its four strategic pillars: compliance, branding, digital intelligence, and ecosystem development. By maintaining a sustained strategic focus on core operational areas including brand promotion, product research and development, production management, and organizational efficiency, the Group has systematically strengthened its core competitiveness. These initiatives have established a solid foundation, enabling the Group to seize opportunities and achieve high-quality development within an intensely competitive industry landscape.

I. **Building a brand communication matrix, innovating content generating methods, and achieving a leap in brand influence**

In 2025, the Group made every effort to establish a multi-dimensional, omni-channel brand communication matrix. By precisely identifying the needs of the younger generation of consumers, it innovated communication content and methods, expanded communication platform, and conducted scenario-based marketing. As a result, the Company achieved significant enhancements in brand influence and customer loyalty.

(1) Creative communication to reshape a youthful brand image

During the year, the brand building transitioned away from traditional, didactic advertising models. By leveraging trending social issues, it developed a series of short films featuring strong emotional resonance and engaging plot twists. Under the core theme "Losing weight is actually not that hard", product value propositions were naturally integrated into real-life conflict scenarios. This campaign achieved viral success across social media platforms, garnering over 12 million views. Throughout the year, the Group produced 40 creative TVCs; by utilizing fast-paced short-video narrative techniques and plot twists, it successfully reshaped brand perception among younger demographics, effectively evolving the brand identity into that of a youthful, attitude-driven health partner.

Chairman's Report

(II) Profound empowerment through AI technology to usher in the "industrialized era" of content production

In 2025, the Group comprehensively promoted the use of AI technology in practical content production processes. Sora2 project team was established to build a full-chain AI workflow covering creative ideation, visual design and video production. This AI workflow has enabled exponential growth in content production capacity, while significantly optimizing production and labor costs for individual TVCs. Its AI-generated short film, Winter Solstice, successfully superseded traditional filming methods and garnered widespread industry recognition, establishing itself as a benchmark case for AI-driven content production.

(III) Precise monetization of public-domain traffic and establishment of a closed-loop data verification system

Having moved beyond the traditional mindset of "exposure = effectiveness", it has pivoted the operational focus toward the accumulation and management of A3 (interest-based) audiences, transforming ambiguous public domain traffic into tangible brand equity. Through in-depth user profiling and the establishment of high-precision customer segments, it has achieved a shift from "broad-spectrum exposure" to "precise recommendation", establishing a full-chain closed-loop data verification system. During the period from September to December, the Group successfully implemented a content marketing framework centered on the customer journey, ensuring that its brand communications were both more empathetic and altruistic, thereby enhancing user receptivity and brand affinity.

(IV) Deep integration of brand TVCs with sales content to reinforce brand mindshare

In conjunction with the "Double 11" e-commerce festival, the Group launched the brand TVC "Slow is Fast" utilizing an anti-fraud narrative format to communicate its core philosophy: "healthy weight loss is not an overnight process; choose a professional brand". This video garnered over 10,000 likes within the month, generating deep resonance of users. Capitalizing on the 25th anniversary of Besunyen, it released a new brand promotional video. This video utilized traditional Chinese aesthetics to showcase the natural power of herbal essences, while integrating footage of automated packaging facilities to demonstrate the empowerment of modern industrial technology, which precisely communicated its brand mission of "striving for the health of the Chinese people" and reinforced its core brand mindshare.

Chairman's Report

(V) A cross-year marketing campaign themed "annual review of health spending" to achieve the integration of quality and effectiveness

From December 2025 to January 2026, the Group launched a cross-year marketing campaign themed "annual review of health spending". By encouraging users to share their health spending and collaborating with professional nutritionists to amplify relevant topics, the campaign achieved an integrated operational model covering customer acquisition, user activation, and pipeline development. Through the aggregation of user feedback and inviting experts to provide professional insights, it paved the way for deep engagement during the "new year shopping festival". This campaign accomplished an integrated marketing effect that maximized returns from a single resource, achieving a dual enhancement in brand influence and product sales.

(VI) Expanding influence on Xiaohongshu through the dedicated operational team

In early 2025, the Group established a dedicated operational department for Xiaohongshu, set up a "7+1" organizational framework, clearly defined objectives and performance indicators, and conducted systematic professional training for new staff. The team established a clear timeline and phased objectives with work progress recorded in real-time. Direction of content creation was clarified with emphasis on the value provided and emotional resonance evoked by notes, providing consumers with compelling reasons to choose our brand. This Xiaohongshu platform operation has yielded significant phased results and laid a solid foundation for the brand's long-term growth on the platform.

(VII) Continuously carrying out the theme activity of "Detox and Control, Faster Weight Loss" offline

In order to better promote Besunyen products in the national OTC market and convey the concept of keeping fit scientifically and healthily, the Group has carried out extensive publicity on various media platforms, and also conducted on-site training programmes at retail outlets, equipping shop assistants with comprehensive knowledge of product advantages and proper usage methods. Throughout the year, nearly a thousand training sessions were conducted across the country. This initiative has not only effectively amplified the brand's offline presence, but also established a healthy and professional brand image among shop assistants and consumers.

Chairman's Report

II. Strengthening the internal driving force of innovation, research and development and accelerating the transformation of scientific and technological achievements

Research, development and innovation serve as the core driver of the Group's growth. In 2025, the Company continued to strengthen its internal research and development capabilities, deepening its intellectual property portfolio, advancing industry-academia-research collaborations, and accelerating the transformation of scientific and technological achievements, thereby providing essential support for product upgrades and market competition.

(I) Continuously deepening the intellectual property portfolio to cultivate core technological assets

In 2025, the Group placed its intellectual property strategy at the core of its annual work, systematically advancing the development, refinement, and institutionalization of intellectual property. During the year, the Group filed 4 applications for invention patents, covering key processes and frontier technologies related to its core products; and filed 2 applications for utility model patents, targeting innovative improvements in specific product or equipment structures. In terms of intellectual property rights granted, the Group successfully obtained national authorization for 2 invention patents during the year, namely "an impurity removal and conveying device and a conveying method for health tea processing" and "a method for preparing xylitol and L-arabinose from liquid xylitol". By refining its intellectual property system and securing high-quality patents, the Group has established a robust foundation to ensure market exclusivity and sustain core competitiveness for its future product offerings.

(II) Achieving phased progress in industry-academia-research projects and publishing a quality academic paper

In 2024, the Group initiated an in-depth industry-academia-research partnership with Beijing Technology and Business University to jointly spearhead a research and development project focusing on the novel health functions of "Two Teas". Throughout 2025, the joint research team concluded multiple studies, including animal trials on the uric acid-lowering effects of Detox Tea and the mitigation of alcohol-induced liver damage in mice by Slimming Tea, alongside metagenomic analysis and mechanism-of-action of gut microbiota. The related findings were published in a quality academic paper in the core SCI journal *Foods*, and served as the technical basis for two new invention patent applications. The trial results demonstrated that the core "Two Teas" products of the Group exhibit unexpectedly significant efficacy in mitigating risk factors associated with specific health conditions, while also effectively alleviating gut damage caused by related diseases. This provides robust theoretical and experimental evidence for subsequent applications for new health food functional claims.

Chairman's Report

(III) Successfully completing the technical variations regarding the approvals of products with no expiry date and no product technical requirements, ensuring compliant product upgrades

As the State Administration for Market Regulation continued to refine the regulatory framework for health foods, ensuring the ongoing compliance of product registrations and enhancing the technical substance of products remain critical to sustaining their market competitiveness. During the year, the Group systematically advanced the maintenance and optimization of existing health food approvals. It successfully concluded technical variations for three products, namely Besunyen Meian Capsules, Besunyen Meian Granules (renamed as Besunyen Suanzaoren Ginseng Granules) and Besunyen Ganoderma Capsules (renamed as Besunyen Ganoderma Ginseng Capsules), and successfully secured updated health food approvals. This process of technical variation encompassed not only the optimization of production processes, but also the enhancement of technical specifications and the comprehensive revision of product manual to ensure more scientific and standardized descriptions. These initiatives provided a solid technical foundation for long-term stable production, compliant market operation and future value unlocking of products.

(IV) Accelerating new product development and preparing for centralized certificate renewal

Focusing on the "One Focus and Two Dimensions" product development strategy, the Group deepened technical innovation and resource integration to accelerate the development process of new health products. It has initiated multiple development projects of new health products and completed safety evaluation studies and registration inspections for several new health products. In response to the announcement issued by the State Administration for Market Regulation regarding the Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale in November 2024, the Group has fully completed all preparations for the centralized certificate renewal. It is now steadily advancing the renewal process for these "double-no" health food products in production and sale, so as to ensure a smooth transition in the renewal process and a comprehensive enhancement of product compliance.

Chairman's Report

III. Advancing modernized production management and ensuring product quality from the outset

The Group consistently adhered to a production management philosophy of innovation and excellence, and was committed to delivering high-quality products to consumers. It actively advanced the modernization of production management, continuously learning and adopting internationally advanced production management concepts and tools. By implementing precise control across the entire production process and continuously optimizing production and quality management procedures, it ensured that product quality was safeguarded from the outset.

(I) Upgrade of master mixing equipment in granulation workshop to enhance automation level

The original mixing equipment in the granulation workshop was aging and featured low levels of automation, which no longer met the Company's requirements for large-scale mass production. From October to December 2025, the Group completed a comprehensive upgrade of the master mixing equipment in the granulation workshop. The original mixing equipment was replaced with square-cone mixers, complemented by the addition of dust-free feeders, vacuum loading machines, and vacuum discharging machines, thereby achieving automation in material feeding, discharging and weighing. The new equipment is fitted with infrared sensors to effectively safeguard personnel safety during production operations; the addition of automated cleaning machines enables self-cleaning of the equipment tanks, enhancing both cleaning efficiency and standardization. The new equipment has successfully passed production validation. The substantial improvement in automation has not only reduced labor costs, but has also significantly increased production efficiency, fully meeting the Group's demand for large-scale production.

(II) Deployment of integrated fire safety monitoring platform to enhance safety management standards

In January 2025, the Group completed the deployment of the platform named "Beijing Integrated Fire Safety Monitoring and Service System", which officially commenced operations on 1 March. Through the platform and its mobile APP, random online inspections of fire control personnel's on-duty status can be conducted. The system supports 24-hour real-time check-ins, requiring on-duty personnel to respond and upload on-duty videos within 10 minutes of notification from the municipal bureau. The platform transmits real-time data, including operational status, the condition of fire safety facilities, personnel duty logs, inspection records, and fire safety archives, to the municipal fire department's big data platform, thereby establishing an intelligent, networked management system for fire safety. Through this initiative, the Group has significantly enhanced its standards of fire safety management.

Chairman's Report

(III) Implementation of the transparent regulation initiative by adopting intelligent monitoring in production processes

According to the requirements of the Beijing Municipal Administration for Market Regulation, the Group completed the installation of video surveillance equipment across its health supplement and food production workshops in two phases between October and November 2025. Specifically, the first phase involved installing 11 monitoring nodes in the health supplement production workshop, while the second phase added 5 monitoring nodes in the food production workshop. By 30 November, all surveillance equipment had been successfully connected to the municipal bureau's management system. Utilizing internet + AI surveillance technology, market regulatory authorities can conduct remote, real-time monitoring of production processes. The system features automated logging and instant alert capabilities for non-compliant operations, along with real-time transmission of production data, thereby establishing an intelligent network management framework for corporate production oversight. This initiative has advanced the Company's production process and environmental supervision into a new era of intelligent, information-driven, and diversified management. It effectively standardized all operational procedures within production workflows, fostering the enterprise's healthy and sustainable development.

(IV) Attainment of AAA corporate credit rating certificate, showcasing comprehensive strength

On 10 October 2025, Beijing Outsell Health Product Development Co., Ltd., a subsidiary of the Group, was awarded the AAA corporate credit rating certificate by the China Industrial Cooperation Association. As the highest tier of corporate credit rating, the AAA rating served as an authoritative validation of the Group's operational compliance, contractual fulfillment capabilities, track record of integrity, and comprehensive development strength. This recognition has enhanced the Group's competitiveness in market collaboration, policy advocacy and brand building, further elevating the Group's brand image and commercial value within the industry.

IV. Continuous advancement in data analysis capabilities and wider application of AI systems

Following the rapid growth of business operations, business data has experienced explosive growth. To fully leverage the value of such data, the Group has carried out comprehensive function optimization and performance upgrade of the BI (business intelligence) system to further strengthen data security and ensure that data analysis tools can better cope with the increasing volume of data and provide more accurate real-time analysis results to support business decisions. At the same time, continuous update and iteration of various business analysis reports help achieve comprehensive and in-depth insights into business data, which provided robust data support for the efficient development of all business operations of the Group.

Chairman's Report

The Group has actively embraced the wave of artificial intelligence (AI) development, deeply integrating AI technology across all operational management functions to achieve systematic enhancements in operational efficiency:

1. Digitalized financial and tax management: An automated electronic invoice processing system was established successfully, enabling full-process intelligent handling from receipt and verification to archiving of invoice. This initiative has significantly improved documentation efficiency and storage management while reducing labor costs associated with financial and tax management;
2. Intelligent legal risk control: By introducing an AI-powered contract review system featuring intelligent clause identification and risk alerts, the Company has effectively enhanced the efficiency and comprehensiveness of contract review processes. This strengthened compliance management capabilities and mitigated legal risks;
3. Innovative marketing: The marketing department has fully applied AI technologies to drive creative production, spanning core scenarios such as product packaging design, promotional content generation, event planning, video production, and copywriting optimization; meanwhile, the live-streaming business has pioneered the use of "virtual human" technology, delivering differentiated interactive experience that enhances user's live-streaming experience.

In 2025, a systematic AI-driven workflow efficiency framework was established, officially ushering in the "industrialized era" of content production. This provided robust technical support and production capacity assurance for brand communication and product promotion. The said measures not only achieved cost reduction and efficiency gains, but also continuously drove the standardization upgrade of the Company's work quality, laying a solid foundation for the Group's digital transformation.

Throughout 2025, the Group achieved systematic breakthroughs across core competitive aspects, including product research and development, production, brand marketing, and organizational efficiency. Looking ahead, the Company will remain steadfast in its founding mission of "striving for the healthy life of the Chinese people". It will continue to drive growth through innovation and earn trust through quality. It is committed to navigating industry shifts to forge new paths and ensuring steady, sustainable development through pragmatic execution.

Chairman's Report

FULFILMENT OF SOCIAL RESPONSIBILITIES DURING THE REPORTING PERIOD

Since its establishment, the Group has been firmly fulfilling its corporate social responsibilities while steadily advancing production and operation and driving corporate progress. Upholding a development philosophy centered on the mutual creation of economic benefits and social benefits, it actively carried out special public welfare activities in environmental protection, poverty alleviation, education, youth entrepreneurship and other aspects, demonstrating its social commitment through tangible efforts.

I. Social welfare activities

In 2014, the Group partnered with Beijing Charity Association to establish the "Besunyen Special Charity Fund". Such fund was closely aligned with the platform of the Beijing Municipal Government and actively carried out social assistance activities to provide diversified supporting services to the underprivileged. In 2022, the "Besunyen Special Charity Fund" was mainly applied in carrying out social assistance activities, providing various types of charity assistance to the underprivileged, and further optimizing the path for the Group to participate in public welfare activities. It became an important and effective platform for the Group to participate in public welfare and charity undertakings.

Since 2017, the Group has established long-term partnerships with environmental protection and public welfare organizations such as China Green Carbon Foundation and Beijing Green Sunshine Environmental Protection Public Welfare Foundation, and has donated an aggregate of over RMB3.5 million to initiate the establishment of the "Special Fund for Combating Illegal Trade in Endangered Wildlife". Through a combination of public awareness campaigns and tangible efforts, the Group has raised public awareness of and participation in the protection of wildlife, thereby contributing to ecological and environmental protection.

In 2023, the Group teamed up with Shanghai Charity Foundation to establish a special public welfare fund. With the objectives of "caring for the elderly and children and helping students and the needy", it actively developed public welfare and charity undertakings and contributed to social civilization and advancement. Since the establishment of the special fund, it has repeatedly contributed to charity activities such as target aids, caring for the elderly and children, and helping students and the needy. Meanwhile, the Group has also participated in the "Zhengtong Xieli Love Special Fund" (政通協力愛心專項基金) set up by the Fangshan District Committee of the Chinese People's Political Consultative Conference and other entities. The fund is dedicated to effectively addressing the practical problems of people in need in the Beijing-Hebei region and contributing to improving regional livelihoods.

In 2024, the Group participated in the pairing assistance organized by Fangshan District, Beijing, to support towns and villages in regions such as Hebei and Inner Mongolia, aiding local industrial development by way of industrial assistance and effectively addressing economic development and community difficulties in these regions. The Group places great importance on the protection of Chinese traditional cultural relics and art, funding the restoration, reconstruction, and protection work of Jixiang Temple in Pingyao County, Shanxi Province to contribute to the inheritance of Chinese traditional culture. Moreover, it also sponsored public welfare initiatives focusing on emergency rescue training, aimed at equipping the public with first aid knowledge and enhancing their emergency rescue capabilities.

Chairman's Report

In 2025, the Group remained steadfast in its commitment to public welfare activities such as environmental protection and health promotion. Through diverse online and offline channels, the Group advocated a scientific and healthy lifestyle and elevated public health awareness. The Group deepened its rural assistance efforts continuously by investing assistance funds in Hongguang Village for three consecutive years. It donated RMB100,000 annually from 2023 to 2025, which precisely addressed local development needs, helped to improve rural production and living conditions and strengthened the foundation for rural development. The Group donated RMB100,000 to the People's Government of Dongdu'erji Town, Tuquan County, which was fully allocated to the "Sunflower Project" public welfare initiative. This initiative focused on the welfare of vulnerable children, and prioritized helping de facto orphans and vulnerable children in western China to overcome life challenges, rebuild their aspirations, and enhance their self-confidence and character. Through these tangible efforts, the initiative safeguarded the healthy development of children facing adversity.

II. Contributing to rural revitalization and participating in poverty alleviation and agricultural assistance

In alignment with the national strategy of rural revitalization, the Group has actively participated in the "Ten Thousand Enterprises Revitalize Ten Thousand Villages", "Ten Thousand Enterprises Help Ten Thousand Villages" and other special poverty alleviation public welfare activities for consecutive years. It supported rural development with the diversified public welfare model of "project entry into villages, product sales assistance and targeted education assistance". The Group has successively supported the construction of farmers' breeding bases in Budaxiaheleke Village (布達夏合勒克村) and Kule'airike Village (庫勒艾日克村) in Karakax County, Xinjiang, thereby fostering the development of local specialty husbandry industry; provided assistance for low-income people in Yangchanggou Village, Ulanhayesumu Town, Chayouzhongqi County, Inner Mongolia to improve the livelihoods of those in need; and actively participated in special actions such as paired assistance in Putaokou Village, Fanjiazhuang Town, Quyang County, Baoding City, Hebei Province. By expanding the sales channels of agricultural sideline products and local specialties, it effectively resolved urgent sales problems and worries for local farmers, stimulated and drove the enthusiasm and initiative of local farmers to carry out agricultural production, and boosted rural industrial revitalization.

III. Adhering to the low-carbon economy and promoting energy saving and emission reduction

Throughout its production and operation, the Group has consistently upheld the philosophy of green development and actively pursued a low-carbon economy. By implementing technological upgrades to optimize production processes, it has reduced energy consumption. Simplifying product packaging and promoting eco-friendly packaging solutions has minimized packaging waste. Through systematic tools, the Group has advanced paperless office practices, thereby lowering resource consumption and reducing pollutant emissions. These initiatives ensure harmonious development between production and operation and ecological conservation.

Chairman's Report

Over the years, the Group has remained steadfast in its philanthropic commitment and dedicated to public welfare and charity undertakings. By translating its corporate social responsibility and commitment into tangible efforts, the Group strives to contribute positively to social development and community well-being while achieving its own growth.

FUTURE DEVELOPMENT OUTLOOK

The 20th National Congress Report of the CPC pointed out that it is necessary to adhere to the theme of promoting high-quality development, and organically combine the implementation of the strategy of expanding domestic demand with deepening the supply-side structural reform. The Outline of the "Healthy China 2030" Plan also emphasizes the establishment of a complete and optimized-structure health industry system. Driven by the ongoing momentum of the "Healthy China" strategy, China's health product sector is experiencing a significant shift from scale expansion to high-quality development, presenting new opportunities and challenges for the industry's development.

Facing the industry's new landscape characterized by the continuous rolling out of policy benefits, profound shift of consumer demand, and substantial transformation in channel structure, the Group will firmly seize the opportunities presented by the times and take consumers' health needs as the core driving force of innovation. By adhering to the brand concept of "herbal, healthy, and quality functional tea", deepening the two core fields of "weight loss and weight management" and "laxative and gastrointestinal health", and continuing to build a collaborative development pattern of multiple categories of "OTC drugs + health food + general food", the Group will achieve a strategic advancement from selling products to building brand value.

2026 will be a pivotal year for the health food industry, marked by a mix of regulatory standardization and innovation-driven growth. The Group will remain committed to profitability and positive cash flow as its core operating objectives. Through optimizing product structure, innovating marketing models and deepening organizational transformation, the Group aims to comprehensively establish a new paradigm for high-quality corporate development. To achieve its 2026 operating objectives, the Group will focus on implementing the following seven strategic initiatives:

Firstly, deepening omni-channel integration to build a new engine for coordinated online and offline growth

The Group has accumulated extensive experience in online operations while maintaining a robust offline sales network that covers 300,000 pharmacies and pharmaceutical third terminals nationwide, along with valuable member resources. These online and offline channels offer significant advantages. Going forward, the Group will fully leverage on these dual-channel advantages to drive deep synergy between online and offline platforms. On one hand, the Group will utilize the membership system of offline chain pharmacies by effectively redirecting offline users to online platforms through targeted member marketing and refined private domain traffic management, achieving precise user engagement and increasing repurchase rate; on the other hand, the Group will empower chain outlets with mature online operational expertise in live-streaming and content recommendation. This will assist in developing O2O instant retail and live-streaming e-commerce operations, jointly expanding market growth. By constructing a B2B2C linkage model, the Group will complete the commercial closed loop of "online traffic acquisition — offline experience — full-domain conversion", comprehensively enhancing brand influence and business development momentum.

Chairman's Report

Secondly, strengthening partner self-governance to build a healthy and orderly market operation ecosystem

Since the launch of business partnership system reform in 2023, particularly following the secondary restructuring of the OTC business in the second half of 2025, persistent industry issues such as unauthorized cross-regional selling and irregular pricing have been preliminarily resolved which significantly improved the market operating environment. In 2026, the Group will further leverage partners' self-governance capabilities and achieve active control over channels and pricing through innovation of internal mechanism: unifying product pricing systems across all channels and levels, eliminating predatory competition, and fostering a fair, transparent and mutually beneficial market environment. This approach will fundamentally safeguard the reasonable profits of channel partners and drive the brand's long-term healthy development.

Thirdly, seizing new marketing high ground and accelerating expansion in new retail and cross-border blue ocean

As the market penetration of new marketing platforms such as Xiaohongshu, Douyin and Kuaishou continues to increase, the influence of KOLs/KOCs on consumer purchasing decisions has intensified, making content e-commerce the industry's new growth high ground. The Group is committed to increasing resource investment in platforms such as Douyin and Kuaishou, and developing new retail operations on Douyin and Kuaishou as the Company's "second growth curve". This will be achieved by expanding the Douyin store matrix, improving advertising precision and efficiency, deepening collaborations with platforms such as Douyin Supermarket, and refining the commercial closed loop of "traffic — content — transaction". At the same time, guided by the brand-centric operational strategy, cross-border e-commerce operations will be actively expanded. By introducing premium international health products, the Company aims to meet the increasingly diverse health needs of the Chinese consumers and establish a new performance growth point.

Fourthly, deepening content marketing to strengthen brand leadership in core categories

Content has become the core bridge connecting brands and consumers, and high-quality content is key to achieving precise brand reach and capturing users' mindshare. In 2026, the Group will continue to leverage its first-mover advantage in content marketing, focusing on increasing brand penetration on recommendation platforms such as Xiaohongshu. The Company will invest more premium resources to enhance professionalism, scientific credibility and emotional resonance of promotional content. This approach will precisely target key audiences through high-quality content and improve the effectiveness of brand communication. Regarding communication channels, in addition to new media platforms, traditional media platforms such as elevator media will be fully utilized to create an integrated online-offline brand communication system for amplified market presence. At the same time, the Group will deepen the partnership with chain pharmacies and other core sales channels to launch unified brand promotion campaigns, reinforcing the Group's market leadership in its two core categories, namely "weight loss and weight management" and "laxative and gastrointestinal health".

Chairman's Report

Fifthly, international business growth is accelerating through dedicated cultivation

Looking ahead, the Group's international business will transition from the initial phase of "laying foundation and securing licenses" to a new development stage of "channel expansion and brand development". The Group will adhere to the development principle of "prioritizing key markets and dedicated cultivation", with a focus on core foreign regions including the United States, the Middle East and Southeast Asia. It aims to complete the U.S. GMP certification during the official on-site inspection, thereby securing international credentials. By establishing a strong partnership with the Hibobi platform and implementing targeted digital marketing and localized promotional strategies, the Company intends to rapidly build regional brand recognition, capture market share in the Middle East, while constructing a diversified sales network to accelerate the commercialization of products within the Middle East market. Following the successful validation of the "Two Teas" export model, the Group will systematically refine its product lines, and select OTC drugs and health foods with international market potential for targeted formula optimization, packaging design, and regulatory registration. This approach will create a tiered export product matrix to drive the scaled development of its international business.

Sixthly, adhering to technological innovation to drive sustained leadership in product and technology

Innovation serves as the core driver of corporate growth, while product and technological leadership remain fundamental to maintain market competitiveness. In 2026, the Group will continue to adhere to the "One Focus and Two Dimensions" product strategy, further increase research and development investment to accelerate new product development and the incubation of single major product. It will closely monitor policy developments related to the Implementation Rules for the Technical Evaluation of New Functions and Products of Health Foods (Trial), and actively file for new health functions such as "aid in maintaining joint health" to capture early-mover advantages in the market. Meanwhile, by leveraging industry-academia-research partnerships with institutions such as Beijing Technology and Business University, mechanistic studies on the efficacy of the "Two Teas" (Detox Tea and Slimming Tea) and other core products will be deepened, providing a robust scientific foundation for product upgrades and new function developments. In addition, the Group will continue to advance production process improvements and technological innovations to lower unit costs and enhance production efficiency through technological innovations, thereby generating greater economic benefits for the Group.

Chairman's Report

Seventhly, advancing lean management to comprehensively improve operational quality and efficiency

In 2026, the Group will continue to advance its cost-reduction and efficiency-enhancement initiatives. With lean management as its core, overall operational quality and efficiency will be comprehensively improved. The Group will strengthen the refined management of product gross margins, reduce non-essential expenditures, enhance the turnover efficiency of inventory and accounts receivable, and continuously improve input-output ratios. By means of digitalization and intellectualization (such as the extensive application of AI technology across design, customer service, and production management), the Group will optimize its internal operational processes and build a flexible, agile supply chain system. Our ultimate objective is to establish a modernized operational system that is highly responsive, cost-controlled, and operationally excellent, thereby laying a solid foundation for the Group's long-term sustainable development.

The Group will remain steadfast in its founding mission of "striving for the healthy life of the Chinese people". The Group will continue to drive growth through innovation and earn trust through quality, and is committed to navigating industry shifts to forge new paths and ensuring steady, sustainable development through pragmatic execution. Additionally, the Group will contribute Besunyen's wisdom to the high-quality development of the big health industry, and share Besunyen's power to the development of China's big health undertakings!

ZHAO YIHONG

Chairman

Hong Kong, 20 March 2026

Management Discussion and Analysis

REVENUE

	For the year ended 31 December			
	2025		2024	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Revenue:				
Besunyen Detox Tea	49,804	10.1%	79,911	16.5%
Besunyen Slimming Tea	106,182	21.5%	98,935	20.4%
Besunyen Fit Tea	86,196	17.4%	71,219	14.7%
Besunyen Relief Tea	5,413	1.1%	6,571	1.4%
Weight-loss medicines	184,866	37.4%	147,999	30.6%
Other health foods	49,611	10.0%	69,547	14.3%
Other medicines	12,250	2.5%	10,119	2.1%
Total	494,322	100%	484,301	100%

Note: Weight-loss medicines mainly consist of Besunyen Orlistat, other health foods mainly consist of health foods and other tea products (excluding the Four Health Teas of Besunyen), and other medicines mainly consist of finished medicines.

The revenue of the Group was RMB494.3 million in 2025, representing an increase of 2.1% from RMB484.3 million in 2024.

Revenue from the Four Health Teas of Besunyen in 2025 was RMB247.6 million, representing a decrease of 3.5% from RMB256.6 million in 2024, mainly due to a contraction in sales within traditional sales channels, which was not fully offset by growth in e-commerce channels. The shift in channel performance resulted in a structural decline in overall sales volume. Consequently, the total sales volume of the Four Health Teas of Besunyen decreased by 7.0% as compared to 2024, directly driving the revenue decline.

Revenue from weight-loss medicines in 2025 was RMB184.9 million, representing an increase of 24.9% from RMB148.0 million in 2024, mainly due to a strategic breakthrough on a single key e-commerce platform. In 2025, sales volume on this platform surged by 482.9% as compared to 2024, serving as the core driver behind a 20.8% increase in the Group's overall sales volume of weight-loss medicines, which directly contributed to the corresponding expansion in revenue.

Revenue from other health foods in 2025 was RMB49.6 million, representing a decrease of 28.6% from RMB69.5 million in 2024, mainly due to the prevailing economic conditions in the market. In 2025, the market share of existing other health foods declined, while the sales volume of newly launched products of a similar nature fell short of expectations and failed to achieve the desired growth.

Management Discussion and Analysis

COST OF SALES, GROSS PROFIT AND GROSS PROFIT MARGIN

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of sales	147,740	158,459
Gross profit	346,582	325,842
Gross profit margin	70.1%	67.3%

The Group's cost of sales decreased by 6.8% from RMB158.5 million in 2024 to RMB147.7 million in 2025, which was mainly due to the Group's ongoing strategy to further optimize its product portfolio. By systematically streamlining non-core series of other health foods with weaker market competitiveness, the Group achieved a significant 42.2% year-on-year reduction in costs associated with these products.

The Group's gross profit margin increased by 2.8 percentage points from 67.3% in 2024 to 70.1% in 2025, which was mainly due to a significant decrease in the procurement costs of weight-loss medicines in 2025 as compared to 2024, which led to an increase of 4.3 percentage points in the gross profit margin over 2024.

OTHER INCOME

In 2025, the Group's other income was RMB3.9 million (2024: RMB11.8 million), which mainly comprised interest income of RMBnil million (2024: RMB6.7 million) and government grants of RMB1.9 million (2024: RMB3.1 million) provided by the PRC government to support the Group's business operations.

SELLING AND MARKETING EXPENSES

	For the year ended 31 December			
	2025		2024	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Marketing and promotional expenses	198,965	40.3%	149,092	30.8%
Advertising costs	14,438	2.9%	26,315	5.4%
Employee benefit expenses	5,695	1.2%	9,210	1.9%
Others	19,485	3.9%	14,760	3.1%
Total	238,583	48.3%	199,377	41.2%

The selling and marketing expenses of the Group were RMB238.6 million in 2025, representing an increase of 19.7% from that of RMB199.4 million in 2024.

Management Discussion and Analysis

The marketing and promotional expenses in 2025 increased by RMB49.9 million as compared to 2024, mainly due to the increase in agency operation service fees on e-commerce platforms and platform traffic acquisition costs.

The advertising costs in 2025 decreased by RMB11.9 million as compared to 2024, mainly due to reduced advertising expenditures on mobile media such as high-speed rail and elevators.

ADMINISTRATIVE EXPENSES

	For the year ended 31 December			
	2025		2024	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Employee benefit expenses	21,113	4.3%	32,042	6.6%
Professional and consultation service fees	17,178	3.5%	23,352	4.8%
Entertainment and travelling expenses	7,515	1.5%	6,829	1.4%
Office expenses	2,358	0.5%	6,678	1.4%
Others	18,462	3.7%	20,611	4.3%
Total	66,626	13.5%	89,512	18.5%

The administrative expenses of the Group were RMB66.6 million in 2025, representing a decrease of 25.6% from that of RMB89.5 million in 2024.

The employee benefit expenses in 2025 decreased by RMB10.9 million as compared to 2024, mainly due to the recognition of certain non-recurring expenses in the corresponding period of last year, which included share-based compensation costs arising from the grant of awards under the share option scheme, and termination benefits paid in connection with the optimization of organizational structure. As these one-off items were gradually settled in the last year, the employee benefit expenses for the current year have normalized, reflecting the effectiveness of the Group's ongoing efforts to optimize its human resources structure and exercise prudent control over operating costs.

The professional and consultation service fees and office expenses in 2025 decreased by RMB10.5 million as compared to 2024, mainly due to a reduction in non-recurring expenses.

RESEARCH AND DEVELOPMENT COSTS

	For the year ended 31 December			
	2025		2024	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Research and development costs	9,497	1.9%	29,359	6.1%

The research and development costs were RMB9.5 million in 2025, representing a decrease of 67.7% from that of RMB29.4 million in 2024, mainly due to a decrease in the Group's investment in outsourced research and development activities.

Management Discussion and Analysis

SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's share of profits of investments accounted for using the equity method for 2025 was RMB4.7 million (2024: RMB5.1 million), which was mainly comprised of the profits of RMB4.7 million from shares held by the Group in the joint ventures.

TAXATION

The income tax expense of the Group in 2025 was RMB11.7 million, while the income tax expense in 2024 was RMB12.7 million.

TOTAL COMPREHENSIVE INCOME FOR THE YEAR OF THE GROUP

Due to the factors set out above, the Group recorded a total comprehensive income of RMB20.4 million in 2025 (2024: total comprehensive income of RMB16.8 million).

LIQUIDITY AND CAPITAL RESOURCES

In 2025, the capital required for the Group's operation and capital expenditure was mainly derived from the cash flows generated from operating activities.

CASH FLOWS

The following table summarizes the net cash flows of the Group for the indicated years ended 31 December:

	For the year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Net cash inflow from operating activities	60,954	10,538
Net cash inflow from investing activities	16,096	59,360
Net cash outflow from financing activities	(33,279)	(103,837)
Net increase/(decrease) in cash and cash equivalents	43,771	(33,939)
Exchange losses on cash and cash equivalents	—	(988)
Net increase/(decrease) in cash and cash equivalents	43,771	(34,927)

In 2025, the Group's net cash inflow from operating activities was RMB61.0 million (2024: net cash inflow from operating activities of RMB10.5 million), such difference was mainly due to the reduced expenditure on labour costs and research and development expenses in 2025. In 2025, the Group's net cash inflow from investing activities was RMB16.1 million, which was mainly due to the Group's receipt of dividend income from its joint ventures and the redemption of investments held by GOSP6 (2024: net cash inflow from investing activities of RMB59.4 million, which was mainly due to the withdrawal of financial assets subscribed). In 2025, the Group's net cash outflow from financing activities was RMB33.3 million, which was mainly due to the distribution of dividends to owners of the Company (2024: net cash outflow from financing activities of RMB103.8 million, which was used for the same purpose).

Management Discussion and Analysis

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2025, the Group's financial assets measured at fair value through profit or loss amounted to RMB141.0 million (31 December 2024: RMB79.4 million), which mainly include:

- (i) The Group's investment in Vstar Investment Fund Limited Partnership amounted to approximately RMB16.3 million.
- (ii) The Group's investment in ERX Pharmaceuticals Inc. amounted to approximately RMB1.7 million.
- (iii) The Group's investment in Nanjing Jinbi Venture Capital Partnership (Limited Partnership) amounted to approximately RMB22.7 million.
- (iv) The Group's investment in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) amounted to approximately RMB13.8 million.
- (v) The Group's financial investments held through Central China Dragon Global Opportunity Fund SP6 which were measured at fair value through profit or loss amounting to approximately RMB86.5 million (Note 12(c) and Note 22(c) to the consolidated financial statements).

BANK BALANCES AND CASH

The Group's bank balances and cash, comprising cash and cash equivalents, amounted to RMB177.9 million as at 31 December 2025 (31 December 2024: comprising cash and cash equivalents and restricted bank deposits amounted to RMB147.8 million).

BORROWINGS AND PLEDGE OF ASSETS

As at 31 December 2025, the Group had no bank borrowings (31 December 2024: nil).

As at 31 December 2025, the Group had no pledge of assets (as at 31 December 2024: nil).

CAPITAL EXPENDITURE

In 2025, the capital expenditure of the Group amounted to RMB6.4 million (2024: RMB5.0 million). The following table sets forth the capital expenditure paid by the Group for the indicated years ended 31 December:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	(6,398)	(4,994)
Total	(6,398)	(4,994)

Management Discussion and Analysis

INVENTORIES

The Group's inventories include raw materials and packaging materials, work in progress and finished goods. The inventory analysis of the Group as at the dates indicated is presented in the table below:

	2025 RMB'000	2024 RMB'000
Raw materials and packaging materials	5,599	3,743
Work in progress	1,943	1,648
Finished goods	21,556	21,020
Total	29,098	26,411

The turnover of the Group's inventories in 2025 (calculated by dividing the average inventory balances at the beginning and the end of the period by the cost of sales of the period, then multiplying by the number of days during the year) was 69 days (2024: 58 days).

RISK OF FOREIGN EXCHANGE RATE

Almost all of the revenue, costs of sales and expenses of the Group are denominated in Renminbi. Apart from some bank deposits, restricted bank deposits and financial assets measured at fair value through profit or loss that are denominated in HK dollar and US dollar, most assets and liabilities of the Group are also denominated in Renminbi. Since Renminbi is the functional currency of the Group, risks of foreign exchange rate mainly come from assets denominated in HK dollar and US dollar.

As at 31 December 2025, the Group did not purchase any foreign exchange, interest rate derivative products or hedging instruments (2024: Nil).

SIGNIFICANT INVESTMENTS HELD

The significant investments held by the Group represent financial assets measured at fair value through profit or loss of RMB141.0 million as at 31 December 2025 (31 December 2024: RMB79.4 million), which mainly include:

- (i) The Group's investment in Vstar Investment Fund Limited Partnership ("**Vstar Fund**") with a carrying amount of approximately RMB16.3 million. Vstar Fund is a limited partnership established in the Cayman Islands in February 2021, primarily investing in shares, preferred shares, convertible securities, and equity-related investment instruments in strategic emerging industries (including but not limited to healthcare, artificial intelligence, consumer, media and culture). In February 2021, Hainan Besunyen Healthcare Investment Limited, an indirect wholly-owned subsidiary of the Company, as a limited partner, made a capital commitment of US\$2.3505 million to Vstar Fund and injected US\$2.0609 million in cash in May 2021, holding a 3.14% interest therein.
- (ii) The Group's investment in ERX Pharmaceuticals Inc. ("**ERX**") with a carrying amount of approximately RMB1.7 million. ERX is a clinical-stage biopharmaceutical company incorporated under the laws of the State of Delaware, focusing on the discovery and clinical development of innovative drugs for the treatment of obesity and obesity-related metabolic diseases. In April 2021, Smooth Raise Limited, an indirect wholly-owned subsidiary of the Company, made a contribution of US\$3 million in total, holding an equity interest of approximately 3.15% therein. In the fourth quarter of 2025, ERX initiated a new round of financing amounting to US\$6 million to strengthen its financial position and fund its continuing operations. To prevent further erosion in the value of the Group's investment due to dilution, on 12 December 2025, the Group resolved to participate in the capital increase to maintain its shareholding in ERX. For details, please refer to the inside information announcement disclosed by the Group on 12 December 2025. On 25 March 2026, the Group paid US\$250,000 for the said capital increase to ERX.

Management Discussion and Analysis

- (iii) The Group's investment in Nanjing Jinbi Venture Capital Partnership (Limited Partnership) ("**Nanjing Jinbi**") with a carrying amount of approximately RMB22.7 million. Nanjing Jinbi was established and registered in Nanjing in March 2022 with a financing scale of RMB140 million. The Group's total contribution amounted to RMB20 million, representing a 14.29% interest in the fund. All funds of Nanjing Jinbi are invested in Nanjing Tunzhi Jinyong Biopharmaceutical Venture Capital Partnership (Limited Partnership) ("**Nanjing Tunzhi Jinyong**"). Nanjing Tunzhi Jinyong was established in Nanjing in May 2021 with a total financing amount of RMB280.39 million, primarily investing in technology-driven innovative enterprises in fields such as the biopharmaceutical industry chain, high-end medical devices, and medical and health consumption. The Group holds a 7.13% interest in Nanjing Tunzhi Jinyong through Nanjing Jinbi.
- (iv) The Group's investment in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) ("**Shanghai Yuanxing**") with a carrying amount of approximately RMB13.8 million. Shanghai Yuanxing was established in Shanghai in August 2017, focusing on diversified investments in sectors including technology, healthcare, fast-moving consumer goods, and equipment manufacturing. In August 2024, Beijing Outsell, a subsidiary of the Group, invested RMB13.4 million in Shanghai Yuanxing, holding a 16.067% interest therein.
- (v) The Group's financial assets held through Central China Dragon Global Opportunity Fund SP6 which were measured at fair value through profit or loss amounting to approximately RMB86.5 million. For details of the Group's investment in Central China Dragon Global Opportunity Fund SP6, please refer to Note 12(c) to the consolidated financial statements.

The Group's primary investment objective is to fully utilize its idle internal funds to seek capital appreciation without disrupting its normal production and operating activities, thereby enhancing the application of the Group's financial resources and maximize returns for Shareholders. The Group will invest in sectors and industries that the Directors determine from time to time, following thorough consideration of, among other things, investment prospects, investment returns to the Group, and potential risks. Looking ahead, due to uncertainties arising from trade frictions, interest rate fluctuations, and geopolitical conditions, the Group's investment performance may be affected by such volatile market conditions. The Group will regularly review its investment strategy and assess market impacts to respond promptly and appropriately to its investment projects.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures in 2025.

SIGNIFICANT INVESTMENTS AND PLANS

Save as disclosed in this report, as at 31 December 2025, the Group had no single significant investment with a carrying amount of 5% or more of the Group's total assets.

As at the date of this report, the Board has not approved any plan for significant investments or acquisition of capital assets.

GEARING RATIO

As at 31 December 2025, the Group's gearing ratio (total liabilities divided by total assets, in percentage) was 16.9% (31 December 2024: 15.2%).

CONTINGENT LIABILITIES AND GUARANTEES

As at 31 December 2025, the Group had no material contingent liability and guarantee (31 December 2024: Nil).

Management Discussion and Analysis

CAPITAL COMMITMENTS

As at 31 December 2025, capital commitments for property, plant and equipment as contracted for but not yet incurred amounted to RMB0.2 million (31 December 2024: RMB0.2 million).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group shall conduct business in compliance with the requirements of various laws and regulations, mainly including the Food Safety Law of the PRC, the Drug Administration Law of the PRC, the Regulations for Implementation of the Drug Administration Law of the PRC, the Environmental Protection Law of the PRC, the Labour Law of the PRC, the Labour Contract Law of the PRC as well as other applicable regulations, policies and normative legal documents issued based on or related to such laws and regulations. The Group's prevailing quality and safety control systems of product production are comprehensive and impose effective control over design and execution. The Group has passed the certifications of quality management systems such as ISO9001, ISO22000 and HACCP, ensuring its products quality and safety in an all-round and in-depth manner. In case of any changes in applicable laws, regulations and normative legal documents related to our principal businesses, the Group would inform relevant staff and operation teams in time. In addition, the Group ensured its compliance with such requirements via numerous measures, such as internal control and approval procedures as well as training and supervision on different business departments.

In 2025, so far as known to the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavored to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understood that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. As at 31 December 2025, the Group provided generous social insurance benefits to its employees to motivate their proactivity at work and heighten their sense of belonging. The Group also understood the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group placed emphasis on supplier selection and encouraged fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abided by the principles of honesty and trustworthiness and committed itself to consistently providing quality products to establish a reliable service environment for its customers. As at 31 December 2025, there was no significant or material dispute between the Group and its suppliers and/or customers.

HUMAN RESOURCES MANAGEMENT

The Group regards high-quality employees as its most important resource. As at 31 December 2025, the Group had 123 employees in mainland China and Hong Kong (31 December 2024: 128 employees). The staff costs of the Group (including remunerations of the Directors) were RMB37.1 million as at 31 December 2025 (2024: RMB56.9 million). Employee remuneration was determined with reference to individual performance, work experience, qualification and current industry practice. Apart from basic remuneration and statutory pension benefit scheme, employee benefits also included discretionary bonus.

The Group places emphasis on the recruitment, motivation and retention of suitable talents. The Group invests considerable efforts in continuous education and training for its employees, so as to keep enhancing the knowledge, skill and team spirit of employees. The Group often provides internal and external training courses to relevant staff members based on various needs.

Directors and Senior Management Profile

DIRECTORS

Executive Directors

Mr. ZHAO Yihong, aged 59, is our co-founder, Chairman and Chief Strategy Officer and was appointed as an executive Director of our Company in August 2009. He is the chairman of the strategic investment committee and a member of the remuneration committee of our Company and a director of several subsidiaries of our Group. Mr. Zhao is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Mr. Zhao established Beijing Outsell in 2000 and embarked on the business of production and sale of therapeutic tea products, and has played a vital role in the development of our Group. Mr. Zhao has 36 years of experience in food and beverage industry in the PRC. Between 1988 and 1991, Mr. Zhao has served as an officer at the Jinan Municipal Bureau of Grain of the Shandong Province. Between 1991 and 2000, Mr. Zhao served in various positions, including a sales and a vice manager, responsible for the beverage business in the Northern China region, at Ting Hsin International Group, a food conglomerate in the PRC. Mr. Zhao graduated from China Coal Economic College, now known as Shandong Technology and Business University, in 1988 with a bachelor's degree in economics. He completed the China New Entrepreneur Development Program, a joint program organised by the Enterprise Research Institution, DRC-ERI and the Stanford Center for Professional Development, in 2006 and obtained an executive master of business administration degree from The Hong Kong University of Science and Technology in 2012. Mr. Zhao is currently a council member and an adjunct professor of Shandong University of Science and Technology. Mr. Zhao is the spouse of Ms. Gao Yan, our Vice Chairman and executive Director.

Ms. GAO Yan, aged 57, is our co-founder, Vice Chairman and Vice President and was appointed as an executive Director of our Company in October 2009. She is a member of the nomination committee of our Company. Ms. Gao is also a director of several subsidiaries of our Group. Ms. Gao has served as the vice chairman of Beijing Outsell since 2000. Between 1997 and 2000, Ms. Gao worked as a director at Beijing Ruipule Commerce and Trade Co., Ltd., a private trading company. Ms. Gao is the spouse of Mr. Zhao Yihong, our Chairman, Chief Strategy Officer and executive Director.

Mr. FENG Bing, aged 58, was appointed as an independent non-executive Director of our Company in October 2023 and re-designated as an executive Director of our Company in June 2025. He is a member of the remuneration committee and the strategic investment committee of our Company. Mr. Feng has more than 32 years of experience in corporate management and consulting. Since March 2019, Mr. Feng is the chief executive officer of Create World Real Estate Inc. in Seattle. Between June 1996 and January 2005, he worked for Deloitte Consulting in New York and lastly as a partner. Between January 2005 and January 2009, he was the managing partner of 中華財務管理諮詢公司 (China Financial Management and Consulting Company*) in Beijing. Between February 2009 and January 2015, Mr. Feng successively served as the executive president, the chief strategy officer and the chairman of the investment committee of 大亞科技集團有限公司 (DareGlobal Technologies Group Co., Ltd.*) in Shanghai. Between January 2014 and March 2019, he served as the chief executive officer of Home Legend Inc. in Atlanta. Between July 2017 and March 2019, he served as the chief executive officer of PowerDekor North America in Montreal. He is an executive member of China Mergers & Acquisitions Association. Mr. Feng graduated from Northwestern Polytechnical University in 1989 with a bachelor's degree in computer software. He obtained a master's degree in computer engineering from Institute of Computing Technology, Chinese Academy of Sciences in 1992 and a master's degree in finance from Syracuse University in 1997.

Directors and Senior Management Profile

Mr. YU Hongjiang, aged 61, is our Executive Vice President, Chief Operating Officer, Chief Financial Officer and Company Secretary and was appointed as an executive Director of our Company in November 2022. He is a member of the nomination committee and the strategic investment committee of our Company and a director, a supervisor and the legal representative of several subsidiaries of our Group. Mr. Yu joined our Group in July 2000 and has more than 35 years of experience in the field of finance. Between 1987 and 1989, Mr. Yu served as a manager of the finance department at Tianjin Binhai Company Limited (now known as Tianjin Zhongxin Pharm. Binhai Corp., Ltd.). Between 1997 and 2000, Mr. Yu worked at Beijing Green World Nutrition Health Products Co., Ltd., a health food manufacturer, as the chief financial officer. Mr. Yu graduated from Shanxi University of Finance and Economics in 1987 and obtained a bachelor's degree in economics with a major focus in accounting. He completed the Advanced Workshop on Private Equity Funds organised by the School of Continuing Education of Tsinghua University in July 2009 and obtained an Executive MBA degree from the National School of Development at Peking University in 2013. Mr. Yu obtained the qualification as an Accountant in Accounting (Corporate) conferred by Ministry of Finance of the People's Republic of China in November 1993, obtained the certificate as an International Registered Internal Control Specialist in December 2010 and passed the AMAC (Asset Management Association of China) Fund Practitioner Qualification Examination organised by Asset Management Association of China in October 2017.

Independent Non-executive Directors

Mr. HE Yuanping, aged 59, was appointed as an independent non-executive Director of our Company in October 2016. He is the chairman of the audit committee and a member of the remuneration committee, the nomination committee and the strategic investment committee of our Company. Mr. He has years of experience in senior operation and management, with rich theoretical knowledge and practical experience in investment and financing, business management, industrial operations, finance and other fields. Since August 2018, Mr. He is the director and chairman of Bescient Technologies Co. Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688671). Mr. He served as a director, deputy general manager, chief financial officer and board secretary of Beijing OriginWater Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 300070) ("**Beijing OriginWater**") from June 2007 to March 2018. He worked as a director, deputy general manager and chief financial officer of Beijing OriginWater Science and Technology Development Co., Ltd. (predecessor of Beijing OriginWater) from September 2005 to June 2007. Mr. He worked as a deputy general manager and the chief investment officer of Beijing Allianz Investment Co. Ltd. from April 2003 to August 2005. Mr. He assumes several social positions, including a member of the Fixed Income Committee of the Securities Association of China, an expert in the Public-Private Partnership (PPP) Expert Database of the National Development and Reform Commission, a vice president of Western Returned Scholars Association ANZ branch and a guest teacher of the School of Accountancy of Central University of Finance and Economics. He has won several prizes and social recognitions, including China CFO of the Year 2015 by New Fortune Magazine, The Most Popular CFO among Investors of the Year 2012 by the Chartered Institute of Management Accountants and Golden Shield Award for Excellent Board Secretary of China's Listed Companies of the Year 2014. Mr. He received a bachelor's degree in engineering from Nanjing University of Science and Technology in July 1987, a master's degree in engineering from University of Science and Technology Beijing in March 1992 and a master's degree in financial mathematics from Victoria University of Wellington in New Zealand in June 2000.

Directors and Senior Management Profile

Mr. SHI Xiangxin, aged 69, was appointed as an independent non-executive Director of our Company in May 2023. He is the chairman of the nomination committee and a member of the audit committee and the remuneration committee of our Company. Mr. Shi is the chairman of Beijing Daston Science Co., Ltd. since July 2005. Between May 1995 and December 2005, he served as a vice president of Beijing Huaxun Group. Mr. Shi is an independent director of Bescient Technologies Co. Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688671), Beijing CTJ Information Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 301153) and BE Communications Co., Ltd. (a company listed on the National Equities Exchange and Quotations, stock code: 430191). He has served as an independent director of Nancal Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603859) and Goodwill E-Health Info Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 688246). Mr. Shi obtained a MBA degree from the National School of Development at Peking University in 2002.

Dr. CHEN Yang, aged 46, was appointed as an independent non-executive Director of our Company in June 2025. He is the chairman of the remuneration committee and a member of the audit committee, the nomination committee and the strategic investment committee of our Company. Dr. Chen has more than 20 years of experience in investment management. Since June 2024, Dr. Chen is the vice chairman of Laboratory for Advanced Medicine & Health, Inc. Since 2018, Dr. Chen is a director of 北京錦繡大地農業股份有限公司 (Beijing Jinxiu Dadi Agriculture Co., Ltd.*). Between July 2005 and July 2013, he worked for China Minzu Securities Co., Ltd. (now known as Founder Financing Services Co., Ltd.) and lastly as the general manager of compliance department. Between July 2013 and May 2015, Dr. Chen was a specialist of China Association for Public Companies. Between May 2015 and September 2018, he served as the inspector general of 新沃基金管理有限公司 (Sinvo Fund Management Co., Ltd.*). Dr. Chen graduated from China University of Political Science and Law in 2004 with a bachelor's degree in law. He obtained a master's degree in business administration from Temple University in 2018 and a doctoral degree in business administration from Temple University in 2021.

SENIOR MANAGEMENT

Mr. ZHAO Yihong is our Chief Strategy Officer. His profile is shown in the directors' profile above.

Ms. GAO Yan is our Vice President. Her profile is shown in the directors' profile above.

Mr. FENG Bing is our Chief Executive Officer. His profile is shown in the directors' profile above.

Mr. YU Hongjiang is our Executive Vice President, Chief Operating Officer and Chief Financial Officer. His profile is shown in the directors' profile above.

Mr. LIN Ruhai, aged 57, is our Vice President principally in charge of our public relationships. Mr. Lin joined our Group in September 2012 and has over 36 years of experience in the media and health industry. He has served as a manager of China Optoelectro Industries Co., Ltd. and a TV program producer in Hunan TV & Broadcast Intermediary since 1998. Between 2002 and 2005, Mr. Lin served as the Deputy Managing Director of Beijing Orient Power Advertising Co., Ltd. Between 2006 and 2012, he served as a vice secretary-general of the Healthcare Consultancy Services Working Committee under the China Health Care Association. Mr. Lin has been serving as a part-time vice secretary-general of the China Health Care Association after joining our Group. Since December 2018, Mr. Lin was appointed as the Vice Chairman of the Big Health Committee under the Pharmaceutical Division of All-China Federation of Industry and Commerce.

Directors and Senior Management Profile

Mr. LIU Jian, aged 58, is our Vice President principally in charge of our supply chain and CEO office. Mr. Liu joined our Group in August 2018 and has more than 33 years of experience in pharmaceutical production and corporate management. Between September 1986 and July 1990, Mr. Liu worked in China Otsuka Pharmaceutical Co., Ltd. for pharmaceutical production and management. Between August 1990 and December 2009, he served as a production manager in 中美天津史克製藥有限公司 (Tianjin Smith Kline & French Laboratories Ltd.*). Between January 2010 and September 2013, Mr. Liu served as the operation director of Yabao Pharmaceutical Co., Ltd. Beijing. Between October 2013 and July 2018, he served as the director of the pharmaceutical factories (Beijing and Cangzhou) of Beijing Beilu Pharmaceutical Co., Ltd.

Mr. YANG Ming, aged 53, is our Vice President principally in charge of our operation management division of marketing department and OTC business division. Mr. Yang joined our Group in 2000 till June 2021, re-joined our Group in April 2023 and has more than 22 years of experience in marketing and corporate management. From 1996 to 2000, Mr. Yang served in Beijing Green World Nutrition Health Products Co., Ltd., a health food manufacturer, as a sales manager responsible for regional sales. He held various senior positions in our Group, including assistant to the Chairman, director of North Region and consultant. Mr. Yang graduated from Xi'an Geological Institute in 1994 with a bachelor's degree in engineering survey.

* for identification purpose only

Environmental, Social and Governance Report

ABOUT THIS REPORT

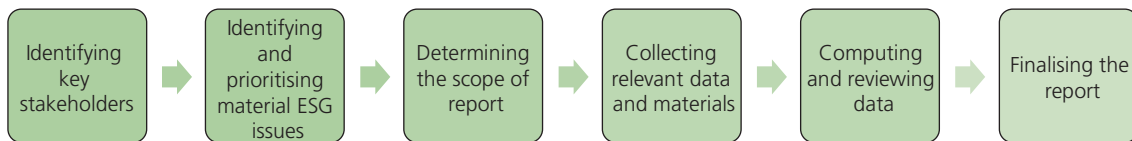
This report aims to summarise the performance of the Group in environmental, social and governance aspects during the reporting period (the “**ESG Report**”). This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the “**Listing Rules**”) and the mandatory disclosure requirements and the “comply or explain” provisions contained therein, and has complied with all “comply or explain” provisions in the ESG Reporting Guide.

Scope of report

The scope of this report includes Besunyen Holdings Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”).

Procedures for preparation of report

This report has been prepared in accordance with the ESG Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The procedures are as follows:



Reporting principles

In the preparation of this report, the Group has complied with the reporting principles in the ESG Reporting Guide:

Materiality: Stakeholder engagement and materiality assessment have been conducted regularly to identify and determine material ESG issues, and to ensure that these issues are addressed in this report.

Quantitative: Data presented in this report have been collected prudently and quantitative disclosures on the environmental and social indicators have been made wherever possible. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: This report has been prepared in an objective manner to ensure that the information disclosed give a full and unbiased picture of the overall performance of the Group in environmental, social and governance aspects.

Consistency: The disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time. We will explain in notes for any changes in the methodologies and reporting scope adopted.

Environmental, Social and Governance Report

Data collection and assurance

The data and other information in this report are derived from the relevant documents, reports and statistical results of the Group. The Board and all the Directors of the Group commit that there is no false statement, misleading statement or material omission in the content of this ESG Report, and shall assume individual and joint liability for the truthfulness, accuracy and completeness of such content.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT APPROACH AND STRATEGY OF THE BOARD

The Group implements a top-down management approach for its environmental, social and governance management, and has established suitable and effective environmental, social and governance management system and process. Environmental, social and governance issues are managed in a systematic manner based on the three ranks of “decision-making”, “coordination” and “execution”.

The Board is the “decision-making” rank of the Group’s ESG management work, which is responsible for deciding the environmental, social and governance strategy of the Group, assessing the risk and opportunity in environmental, social and governance aspects, and monitoring the overall environmental, social and governance performance of the Group, which includes environmental management issues, staff relationship, community involvement, corporate governance and others. The ESG leading group is mainly responsible for the “coordination” of the ESG management work, with the Group’s chief executive officer as the group leader and the chief operating officer, heads of tier-one departments at the headquarter level and other persons with ESG risk identification and management capabilities as members. The leading group strictly abides by the relevant guidelines, identifies the ESG risks, regularly reviews the effectiveness of the Group’s ESG-related management system, regularly reports to the Board on the current status of the ESG management, and prepares the environmental, social and governance reports. The management departments and subsidiaries are responsible for “executing” the environmental, social and governance management, implementing the ESG management policies, achieving the ESG management objectives, collecting the relevant environmental, social and governance data, and reporting the relevant work results to the ESG leading group on a regular basis.

The Group maintains effective communication with its stakeholders in its daily operation to understand and identify their needs, anticipation and concern on the environmental, social and governance factors of the Group, thereby assessing the materiality of the environmental, social and governance aspects and formulating a long-term development approach and strategy. The Board reviews and approves the environmental, social and governance report annually, so as to ensure that the environmental, social and governance report presents all the material environmental, social and governance issues of the Group and their impacts on sustainable development in a fair manner.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Group fully understands that keeping a close communication with stakeholders is an integral part of the sustainable development of an enterprise. As such, the Group continues to adopt proactive measures to facilitate the close communication with stakeholders. Opinions and anticipation from different stakeholders are collected through different channels for the purpose of assisting the Group in formulating strategy for sustainable development. The diversified methods of participation below are applied by the Group for understanding the anticipation of stakeholders:

Key stakeholders	Areas of concern	Communication methods
Shareholders and investors	<ul style="list-style-type: none"> • Returns on investment • Information disclosure • Protection of shareholders' interest and equal treatment • Corporate governance system • Business strategy and performance 	<ul style="list-style-type: none"> • Annual general meetings and other shareholders' meetings • Annual reports, announcements and corporate communications • Disclosures on the websites of the Company and the Stock Exchange • E-mails • Meetings with senior management
Clients and suppliers	<ul style="list-style-type: none"> • Product and service quality • Condition on contract compliance • Genuine cooperation 	<ul style="list-style-type: none"> • Satisfaction surveys • Phone and e-mail communications • Business visits
Employees	<ul style="list-style-type: none"> • Salary and welfare • Training and development • Health and safety • Protection of employees' interest • Working environment 	<ul style="list-style-type: none"> • Regular meetings • Employee trainings and regular employee activities • Suggestion boxes for employees • Employee representative meetings
Consumers	<ul style="list-style-type: none"> • Product quality • Pre-sales services • After-sales services • Protection of consumers' interest 	<ul style="list-style-type: none"> • Company website • Customer service center • Client satisfaction surveys • Phone and e-mail communications
Government	<ul style="list-style-type: none"> • Compliance with laws and regulations • Implementation of policies • Social welfare 	<ul style="list-style-type: none"> • Consultations and visits • Meetings • Annual and interim reports
Media	<ul style="list-style-type: none"> • Corporate governance system • Community investment 	<ul style="list-style-type: none"> • Company website • Meetings with media • Forums

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

The ESG leading group and staff from key functions of the execution rank of the Group participate in the preparation of the environmental, social and governance report. They assist the Group in reviewing business, identifying key environmental, social and governance issues, and assessing the materiality of such issues to the business and stakeholders of the Group. Through understanding the key environmental, social and governance issues that are material to the business of the Group, the Group has adopted the principle of materiality in the ESG Report. All the key environmental, social and governance issues and the key performance indicators (the “KPIs”) have been reported in this report as suggested in the ESG Reporting Guide.

The Group has assessed the significance and materiality of the environmental, social and governance aspects through the following steps:

Step 1: Identification — Identifying material issues

- Through reviewing the Sustainable Development Goals: 17 Goals to Transform our World (SDGs) duly approved by the United Nations in September 2015, the Group identifies the relevant environmental, social and governance aspects.
- Through internal discussion among the management and by referencing the suggestion contained in the ESG Reporting Guide, environmental, social and governance issues are determined based on the significance of each environmental, social and governance aspect to the Group.

Step 2: Sorting — Stakeholder engagement

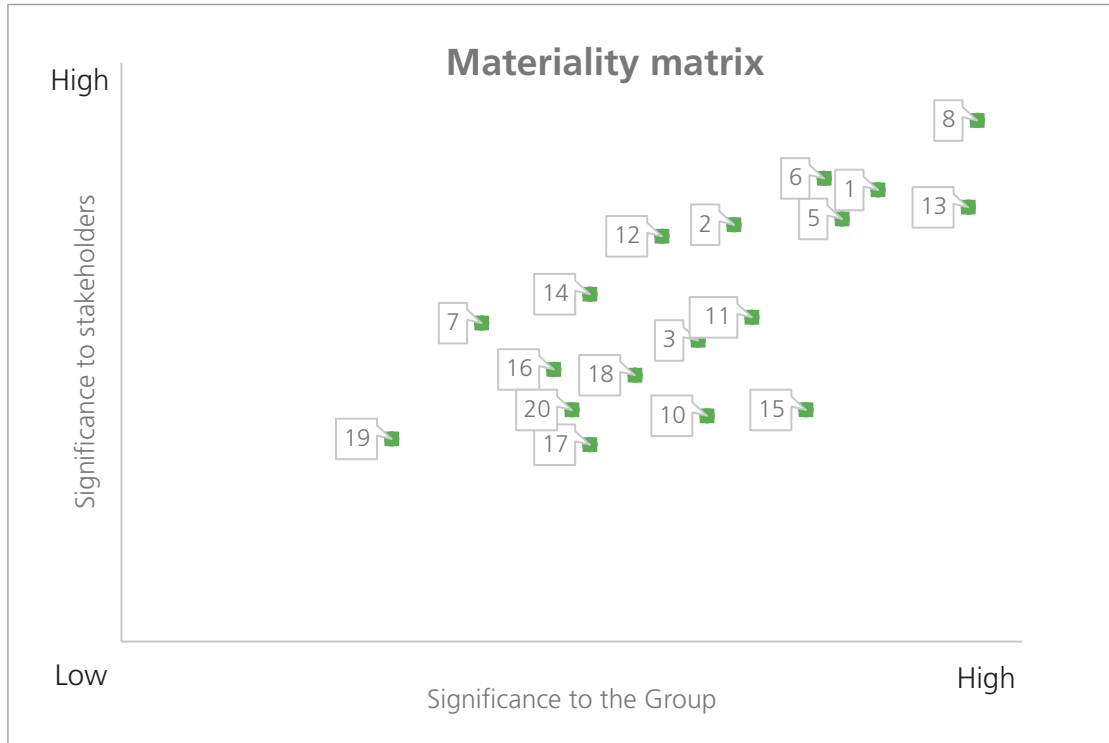
- The Group invites internal and external stakeholders to rate and comment on each environmental, social and governance issue through questionnaire.

Step 3: Confirmation — Determining issues with significance

- Based on the discussion with key stakeholders and the internal discussion among the management, the management of the Group ensures that every environmental, social and governance aspect that is critical and significant to the business development is reported and complied with the ESG Reporting Guide.

Environmental, Social and Governance Report

Significant environmental, social and governance issues of the Group are summarised in the following matrix:



The following five significant issues are identified in accordance with the scoring results from the stakeholder survey:

Number	Issue
1	Air pollutants and greenhouse gas emission management
5	Supply chain management
6	Business strategy and performance
8	Quality inspection on products
13	Employee benefit

Environmental, Social and Governance Report

TABLE OF ISSUES

Environmental protection and green operation	Operation management	Products and services	Quality on working environment	Social contribution
1. Air pollutants and greenhouse gas emission management	5. Supply chain management	8. Quality inspection on products	12. Employment practices (including procedures on recruitment, promotion and dismissal)	19. Participation in volunteer activity
2. Water discharge and waste management	6. Business strategy and performance	9. Protection of intellectual property rights	13. Employee benefit (including remuneration, number of working hours, holiday and welfare)	20. Charity donation
3. Management on water consumption	7. Anti-corruption system	10. After-sales services of products	14. Occupational safety and health	
4. Other energy management (including packaging materials, paper consumption)		11. Protection of privacy of clients	15. Development and training	
			16. Prevention of child and forced labour	
			17. Diversification and equal opportunities with anti-discrimination	
			18. Green working environment	

The Group implemented the above procedures during the reporting period, and significant areas of environmental, social and governance have been discussed in this report.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

A1. Emissions

Policies relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste

Environmental protection has become one of the important standards for measuring the operation and management level of the Group. The Group continued to push forward its plans such as “lean production” and “clean production”, and through optimising its production process, upgrading its machinery and equipment and eliminating its obsolete production capacity, the Group continued to improve its efficiency of energy use and reduce emissions, so as to facilitate the sustainable development and enhance the environmental performance of the business.

During the reporting period, the Group continued to push forward its “lean production” plan, including: (i) continuously carrying out the joint coordination system of production and sales, and efficiently coordinating the sales forecast and production plan; (ii) achieving centralised production, formulating production cycle and production plan through the production scheduling system, arranging small orders for centralised production, directly reducing single or small-process production arrangements in multiple periods, and improving production efficiency to reduce emissions; and (iii) efficiently coordinating with each department and workshop by the production department to centralise the use of water, electricity and gas to improve energy efficiency. The other functional departments effectively ensured the materials used in production by facilitating the material procurement plan, timely inspection and acceptance, and arranging materials preparation in advance, and ensured that the production plan was carried out efficiently through the normal operation of equipment in a timely manner by adopting the procurement plan of spare parts and the equipment maintenance plan. The Group was also committed to educating its employees to enhance their awareness of environmental protection and to comply with the relevant environmental laws and regulations.

During the reporting period, the Group was not aware of any serious violations of environment-related laws and regulations that have a significant impact on the Group. The environment-related laws and regulations include but are not limited to the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, the Cleaner Production Promotion Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and the Integrated Emission Standard of Air Pollutants.

Environmental, Social and Governance Report

Key performance indicator

1. Exhaust gas emission

The industrial exhaust gas generated during the production process of products, the heating boiler and the oily fumes from staff canteen are the main sources of exhaust gas produced by the Group. The Group has adopted various measures to reduce its exhaust gas emission, including but not limited to:

- 1) exhaust gas generated during the production process are filtered by using dust removal equipment in production workshops;
- 2) low nitrogen combustion is maintained for the heating boiler, the inlet water temperature for normal heating is controlled stably at around 40 degrees celsius during daytime, while during the period without production arrangement, the boiler is operated in low temperature, and the inlet water temperature is controlled at around 25 degrees celsius; and
- 3) oily fumes from staff canteen are emitted through the professional purification device after treatment.

Types of exhaust gas	Units	For the year ended 31 December 2025	For the year ended 31 December 2024
Nitrogen oxides	kg	90.22	108.09
Sulfur oxides	kg	2.35	2.82
Industrial exhaust gas	m ³	657,379.00	784,552.00
Intensity of industrial exhaust gas ^{Note 1}	m ³ /million revenue	1,324.29	1,619.97

Note 1: Calculated based on the revenue of the Group of RMB484.3 million in 2024 and RMB494.3 million in 2025. Same below.

Compared to 2024, the Group's exhaust gas emissions decreased in 2025, mainly due to the more refined management and flexible control of boiler temperatures in accordance with weather conditions, which reduced the consumption of natural gas during the year and, in turn, reduced the exhaust gas emissions.

Environmental, Social and Governance Report

2. Greenhouse gas emission

The Group emits greenhouse gas mainly during its daily activities, such as fuel consumed by vehicles, natural gas consumed during the operation of staff canteen (scope one), electricity bought from external sources (scope two), etc. The Group has adopted the following measures during its daily operation to reduce greenhouse gas emission, including but not limited to:

- 1) regularly inspecting and maintaining the purification device for oily fumes in canteen to ensure its efficient operation;
- 2) flexibly controlling the outlet water temperature of the heating boiler; and
- 3) strictly controlling the use of vehicles to minimise the unnecessary usage and wastage.

Indicators		Units	For the year ended 31 December 2025	For the year ended 31 December 2024
Scope one: direct emission	Amount of emission of greenhouse gas	tCO ₂ e	302.72	331.69
	Greenhouse gas emission intensity	tCO ₂ e/million revenue	0.61	0.68
Scope two: indirect emission	Amount of emission of greenhouse gas	tCO ₂ e	1,242.99	1,224.83
	Greenhouse gas emission intensity	tCO ₂ e/million revenue	2.50	2.53

Compared to 2024, the Group's direct greenhouse gas emissions decreased in 2025 due to the reduction in annual electricity and natural gas consumption, resulting in a decrease in greenhouse gas emissions.

The Group currently reports its greenhouse gas ("GHG") emissions on a Scope 1 and Scope 2 basis. The Group has not yet quantified its Scope 3 GHG emissions, which encompass indirect emissions across the Group's upstream and downstream value chain, including purchased raw materials, packaging, logistics and business travel.

The measurement of Scope 3 emissions requires complex data collection across multiple supply chain participants and the adoption of robust estimation methodologies that the Group has not yet fully established. The Group plans to commence the collection and estimation of Scope 3 emissions data during 2026, prioritising the most material Scope 3 categories relevant to its business with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and expects to provide further updates in future ESG reports.

Environmental, Social and Governance Report

3. Hazardous and non-hazardous waste

The Group's wastes are mainly generated from its production workshops, offices, staff canteens and laboratories, which are mainly scrapped raw materials and non-hazardous wastes such as damaged packaging materials, office wastes and after-meal wastes, as well as a small amount of hazardous wastes such as laboratory testing reagents and those substances generated during the pharmaceutical production.

The Group has adopted the following measures to reduce the emission of wastes and hazardous substances:

- 1) counting the number of people for meal accurately that meals are prepared by staff canteen in accordance with the actual meal consumption, and staff are encouraged to take food for a number of turns, with less quantity of food in each turn, to eliminate wastage;
- 2) encouraging staff to work paperless, use both sides of paper, recycle double-sided printed paper and use reusable cups and tableware to reduce the amount of waste generated in office operation;
- 3) promoting waste classification by setting up various recycling bins with different waste classification labels in its offices and production areas;
- 4) strengthening the reuse of packaging materials such as cartons in order to advocate resource conservation;
- 5) separating hazardous waste for collection and storage, strengthening daily management and maintenance for equipment and facility at storage to avoid the leakage of hazardous waste; and
- 6) entering into waste transportation and disposal contracts with qualified third party companies for the unified collection and disposal of waste, and strictly implementing waste transferal procedure.

Indicators		Units	For the year ended	For the year ended
			31 December 2025	31 December 2024
Hazardous waste	Total emissions	T	20.03	5.84
	Emission intensity	T/million revenue	0.04	0.01
Non-hazardous waste	Total emissions	T	140.00	140.00
	Emission intensity	T/million revenue	0.28	0.29

Environmental, Social and Governance Report

4. Sewage management

The Group's sewage is mainly generated from product production and daily office operation. The sewage is discharged to special sewage treatment companies through municipal pipeline network for centralised sewage treatment, ensuring the compliant treatment of sewage.

The Group has adopted various measures to reduce sewage discharge and ensure that the sewage treatment meets the requirement:

- 1) conducting regular inspections on the sewage discharge equipment to avoid leakage of sewage;
- 2) promoting the "multi-use of water" plan by improving the recycling and reuse of water resources; and
- 3) organising environmental protection and energy conservation production trainings regularly to improve its employees' operational skills and environmental awareness.

A2. Use of Resources

Policies on efficient use of resources

The Group fully understands the importance of efficient use of resources, energy saving and emission reduction management to sustainable development. The Group has formulated the policies and procedures relating to the use of resources, in order to enhance the efficiency on use of energy and water resources and reduce unnecessary use of resources. The Group implements "4R" strategy on use of resources, which focuses on "replace, reuse, reduce and recycle". The Group also reminds its staff to implement 4R strategy throughout the entire operational process of the Group, make every effort in resource conservation, and minimise the ecological footprint related to our consumption of resources.

Key performance indicator

1. Energy consumption and management

The energy consumed by the Group is mainly electricity, natural gas and fuel. The Group has minimised the impact of the operation on the environment through identifying and applying suitable measures. The Group has formulated energy policies, measures and practices to further minimise the energy consumption:

- 1) purchasing equipment and machinery with high energy efficiency when replacing equipment;
- 2) encouraging staff to use public transportation when travelling, and the capacity of vehicles shall be fully leveraged to its greatest extent;
- 3) posting notice near the switches and electrical appliances, in order to remind employees to reduce electricity consumption; and

Environmental, Social and Governance Report

- 4) expressly requiring staff to switch off all electrical appliances in idle and unnecessary lighting when leaving office, and executives will carry out inspection everyday to ensure that the electrical appliances in idle are switched off.

Indicators		Units	For the year ended	For the year ended
			31 December 2025	31 December 2024
Electricity	Total consumption	kWh	1,387,205.00	1,365,900.00
	Total consumption intensity	kWh/million revenue	2,794.53	2,820.36
Natural Gas	Total consumption	m ³	48,248.00	57,802.00
	Total consumption intensity	m ³ /million revenue	97.20	119.35
Fuel	Total consumption	L	26,120.00	30,000.00
	Total consumption intensity	L/million revenue	52.62	61.95

Compared to 2024, the Group's electricity consumption increased in 2025 due to the increase in production capacity, resulting in an increase in energy consumption.

2. *Water consumption and management*

Apart from energy conservation, the Group makes every effort to cultivate a culture of water conservation with staff together. Unnecessary water resource consumption is reduced by adopting the relevant measures, including: (i) adopting the "multi-use of water" system; (ii) fixing the bathing time for staff, and measuring the amount of bathing water consumed by tapping card; and (iii) installing separate water meter in each water consumption unit for separate measurement. The Group will also conduct regular inspections on the water consumption equipment to avoid leakage and wastage.

Environmental, Social and Governance Report

Through the implementation of strict policy, each department of the Group formulates water conservation measures by integrating the actual operational condition, which include upgrading and retrofitting water consumption equipment, placing emphasis on the daily repair and maintenance of water consumption equipment, in order to strengthen the conservation and management on water resources. The Group relies on water supply from the government, and has no and does not expect to encounter problems in sourcing water in its operation.

Indicators	Units	For the year ended 31 December 2025	For the year ended 31 December 2024
Water consumption	T	9,314.00	8,329.00
Water consumption intensity	T/million revenue	18.76	17.20

Compared to 2024, the Group's water consumption increased in 2025 due to the increase in water consumption of green plants in the plant area and the increase in production capacity.

3. *Packaging materials*

The packaging materials consumed by the Group during its production are mainly cartons, packaging boxes, iron boxes, and PE films. The Group continuously regulates the management of packaging material procurement, warehousing after inspection and acceptance, production material collection and usage and recycling so as to reduce consumption of packaging materials. Through measures such as upgrading and transforming production line equipment, repairing and maintaining packaging equipment regularly, promoting machine automation and recycling of outer packaging boxes, the Group has achieved its dual management goals of improving production efficiency and reducing the damage rate of packaging materials. The Group also holds regular operational training for staff in order to minimise the consumption of packaging materials caused by abnormal or unfamiliar operation. It no longer provides the manual inside the packaging boxes of therapeutic teas in order to minimise the consumption of paper packaging materials.

Indicators	Units	For the year ended 31 December 2025	For the year ended 31 December 2024
Packaging materials	T	590.00	710.00
Packaging material intensity	T/million revenue	1.19	1.47

Environmental, Social and Governance Report

Environmental goals

Through the measures for minimising impacts on the environment described in sections A1. Emissions and A2. Use of Resources, the Group controls the emission of exhaust gas and greenhouse gas, and minimises the generation of hazardous and non-hazardous wastes, thus achieving the continuous commitment on environmental protection.

The Group has set certain goals for the financial year ending 31 December 2030 ("**Year 2030**"), which constitute a target plan that lasts for five years.

The table below summarizes the sustainable development goals that are planning to be achieved by the Group by Year 2030.

Key performance indicators for environment	Goals on emission reduction	Benchmark year	Status
Exhaust gas emission intensity	A 5% decrease in exhaust gas emission intensity for 2030 as compared to 2025	2025	In progress
Greenhouse gas emission intensity	A 5% decrease in greenhouse gas emission intensity for 2030 as compared to 2025	2025	In progress
Intensity of hazardous wastes generated	A 5% decrease in intensity of hazardous wastes generated for 2030 as compared to 2025	2025	In progress
Intensity of non-hazardous wastes generated	A 5% decrease in intensity of non-hazardous wastes generated for 2030 as compared to 2025	2025	In progress
Energy consumption (electricity) intensity	A 5% decrease in electricity consumption intensity for 2030 as compared to 2025	2025	In progress
Energy consumption (natural gas) intensity	A 5% decrease in natural gas consumption intensity for 2030 as compared to 2025	2025	In progress
Energy consumption (fuel) intensity	A 5% decrease in fuel consumption intensity for 2030 as compared to 2025	2025	In progress
Water resource consumption intensity	A 3% decrease in water consumption intensity for 2030 as compared to 2025	2025	In progress

Environmental, Social and Governance Report

A3. The Environment and Natural Resources

Policies on minimising the Group's significant impacts on the environment and natural resources

The Group devotes itself to contributing to environmental protection, and minimising the impact of its business activity on environment. The Group assesses the environmental risk of its business model regularly, and minimises the direct or indirect impacts on environment and natural resources through policy management, which includes (i) ensuring its business operation complying with the environmental laws and regulations of the PRC; (ii) monitoring and minimising the emission of air pollutants and greenhouse gas, and the generation of hazardous and non-hazardous wastes; and (iii) making every effort in its daily business operation to conserve energy, water and other raw materials.

The Group continues to carry out a number of promotional activities to strengthen the awareness on environmental protection of its employees, including (i) a comprehensive promotion on environmental protection and waste management is being carried out in workplace; (ii) sufficient and suitable labels of environmental protection management are being posted and staff are being encouraged to participate in environmental protection activities; and (iii) the operational management rationale of "Green office and low-carbon lifestyle" is being advocated, and the smart office is vigorously promoted by adopting various systems, including OA system, cloud home system, and video conference system to reduce energy consumption.

Key performance indicator

Due to the continuous production and operation activities, the indirect emission of greenhouse gases resulting from significant consumption of electricity and natural gas may have an impact on the environment and natural resources. The Group is committed to adopting and implementing policies on minimising the significant impacts on the environment and natural resources set out in the environmental, social and governance report, so as to ensure the protection of environment and natural resources.

Environmental, Social and Governance Report

B. SOCIAL

B1. Employment

Recruitment, promotion and dismissal

The Group devotes to providing a working environment that staff are being respected and satisfied with. The Group complies with the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, and other relevant labour laws and regulations. Recruitment, probation, promotion, award, penalty and welfare are being carried out according to the principles of fairness and justice. All staff are provided with the Staff Manual on entry which sets out the policies of our employment terms, remuneration package, number of working hours, rest period and holiday, termination of employment, confidentiality, etc.

A recruitment management system is set up by the Group, and the principle of openness and fairness is adhered to during the recruitment process. Staff are recruited by the Group through professional headhunting companies, recruitment websites, job fairs, etc. Assessment on candidates has been carried out based on the candidate's suitability to the post, working experience, working skills and ability, but not their ethnics, gender, religion, marital status, etc.

The Group has formulated the Staff Promotion Management System to offer promotion and development opportunities to outstanding employees through an open and fair system of assessment, in order to explore the potentials of employees. Annual review on employee's performance is held by the Group and employees are provided with an opportunity to discuss their performance and career development with their supervisors. Results on performance review are used to review the remuneration of employees and for considering their promotion.

The Group does not tolerate any unreasonable dismissal, and the termination of any employment contract should be made on a reasonable and legal basis. The Group handles dismissal in accordance with the standard procedure under the relevant labour laws, and will provide reasonable compensation to staff being dismissed. The provisions related to the termination of employment relationship are contained in the employment contracts with each staff member.

Work-life balance

The Group has always been committed to creating a balanced environment between work and life, and has formulated policies in compliance with the relevant regulations to manage the working hours and holiday of employees. The Group has developed standardised working hour system (7.5 working hours per day) and flexible working system for its employees in different positions, and has ensured that its employees have adequate entitlements to annual leave, compensatory leave, personal leave, sick leave, marriage leave, maternity leave, compassionate leave, nursing leave, breastfeeding leave and various national statutory holidays.

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Policies on remuneration and welfare

The Group provides competitive remuneration to employees, including but not limited to basic salary, performance-based bonus, piece-rated salary, incentive package and profit sharing, while the remuneration and promotion are being linked to the competence in working and performance. Each department grants “white list” incentives and provides reasonable promotion opportunities and bonuses in accordance with the contribution to business from staff.

The Group strictly complies with the national social insurance policy to contribute to social insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance, housing provident fund, pension, etc. In addition, meal subsidy, travel subsidy, high temperature subsidy, festival welfare fund, team building, body check, birthday party and other welfare are provided to employees in order to enhance their cohesion.

Equal opportunity, policies on diversification and anti-discrimination

The Group regards staff as its most valuable and core asset, and high-calibre talents are recruited in accordance with the fair employment principles with fairness, justice and openness, so as to develop a talent pool for the business operation of the Group. Discrimination by nationality, age, gender, religion, disability, marital status or any other forms is prohibited by the Group, and the Group has zero tolerance for any discriminatory behaviour. The Group ensures that its employees can succeed and grow in a working environment that promotes diversity and inclusion.

Key performance indicator

1. Total number of workers

For the year ended 31 December 2025, the total number of workers by gender, employment type, age group and region are as follows:

		For the year ended 31 December 2025 (Number of people)
Gender	— Male	70
	— Female	53
Employment type	— Full-time	123
	— Part-time	0
Age group	— Below 30	20
	— 30 to 50	76
	— Above 50	27
Region	— Hong Kong	6
	— Mainland	117

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2. Employee turnover rate^{Note 2}

For the year ended 31 December 2025, the employee turnover rates by gender, age group and region are as follows:

		For the year ended 31 December 2025 (%)
Gender	— Male	2.45%
	— Female	4.48%
Age group	— Below 30	2.69%
	— 30 to 50	3.35%
	— Above 50	3.92%
Region	— Hong Kong	4.17%
	— Mainland	3.38%

Note 2: Employee turnover rate = Number of resigned employees in a category/monthly average number of employees in that category for the 12 months ended 31 December 2025 × 100%.

B2. Health and Safety

The Group devotes to providing a safe, happy and healthy working environment to its employees. The Group strictly complies with the laws and regulations including the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. The Group has formulated and issued the Occupational Safety and Health Guideline to create a safe working environment and to protect employees from occupational hazards.

The Group has formulated safety measures such as the Management Measures for Production Safety and the Accountability System for Production Safety for the daily production activity and addressing emergency. Safety supervisor monitors each stage of production process to ensure such measures are being complied with. The Group regularly inspects the production machinery and equipment to identify the potential safety hazards. In the meantime, through regular internal safety training, the Group actively enhances the occupational safety awareness of its employees. The Group plans its office layout in accordance with the relevant safety requirements to ensure no blockage to fire escape route and the office being kept clean regularly.

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Key performance indicator1. *Number and rate of work-related fatalities and lost days due to work injury*

	For the year ended 31 December 2025	For the year ended 31 December 2024	For the year ended 31 December 2023
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%
Lost days due to work injury	0	0	0

2. *Occupational health and safety measures*

The Group advocates the idea of “work-life balance” and provides care to staff on health, welfare and continuous education. The Group has also appointed an environment, health and safety officer (the “**EHS Officer**”) who is responsible for maintaining a clear communication between senior management and employees. In addition, the EHS Officer is responsible for overseeing the Group’s environment, health and safety goals and employee safety and for identifying any potential hazard that may emerge during the daily operating procedures. During the reporting period, the EHS Officer was not aware of any adverse issues that would affect the Group’s EHS and employee safety. The Group also provides a medical insurance plan to its employees to protect their health and safety.

B3. Development and Training

Skills and knowledge of employees are essential to the continuous growth and success of the business of the Group. By encouraging employees to participate in training courses, the Group pays effort to enhance the working performance, individual development and promotion opportunity of employees. The Group provides induction training to all new employees, as well as regular on-the-job training to all the employees of the Group. The induction training covers the corporate culture, code of conduct for all staff, corporate management policy, etc. The on-the-job training includes the business knowledge and skills required for the designated position, and aims to enhance the working performance of employees. The Group also encourages its employees to join suitable external training courses or seminars that relate to their working responsibility during office hours. If employees are taking an external examination related to their working responsibility, they may be granted a day off on the examination day. The Group makes every effort to ensure that all employees comply with the relevant job requirements in terms of education, training, skills and working experience.

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Key performance indicator1. *Percentage of employees trained*^{Note 3}

		For the year ended 31 December 2025 (%)
Gender	— Male	69.62%
	— Female	30.38%
Employee category	— Senior management	7.59%
	— Middle management	12.66%
	— Junior employees	79.75%

Note 3: Percentage of employees trained = Number of employees trained in a category ÷ total number of employees trained × 100%.

2. *Average training hours completed per employee*

		For the year ended 31 December 2025 (hours)
Gender	— Male	232
	— Female	166
Employee category	— Senior management	300
	— Middle management	98
	— Junior employees	76

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B4. Labour Standards

The Group strictly complies with the Employment Ordinance (Cap. 57 of the laws of Hong Kong), the Regulations on Labour Security Supervision issued by the State Council of the PRC and the relevant laws and regulations in order to eliminate child and forced labour. It is the rule of the Group that the age of employee must meet the minimum statutory working age requirement, and the candidate must provide academic certification and documentation of working experience for verification. Candidate who is suspected of providing false academic certification and working experience will not be recruited.

Key performance indicator

Avoid child and forced labour

The recruitment procedures of the Group must comply with the strict internal verification procedures, which include verifying the identity documentation of candidate, in order to ensure that the age of candidate meets the legal requirement. The Group prohibits the employment of child and forced labour, and during the reporting period, all the employees attained 18 years of age. If any non-compliance is found, the Group will immediately make rectifications to ensure compliance operations. During the reporting period, the Group was not aware of any non-compliance of laws and regulations related to recruitment of child and forced labour.

B5. Supply Chain Management

Suppliers' ability to fulfill the contract and the safety of materials supplied have a significant impact on the sustainable development of the Group. The Group has formulated its management guidance including the Supplier Management Procedures, the Procurement Management Measures, the List of Qualified Suppliers and the Supplier File Management Procedures, and has established a mature mechanism on procurement and bidding. The Group carries out strict appraisal and control over different aspects of suppliers, including their production capability, product quality and stability in product supply. The Group also carries out random quality inspection and performs tracking and recording on products supplied, in order to maintain a high-level supply chain management.

In order to promote the sustainable development of supply chain, the Group attaches great importance to the environmental risks and integrity operation of suppliers, assists suppliers in fulfilling their responsibilities and promotes the common progress of suppliers with the Group, including: (i) conducting environmental assessment during the supplier review process, requiring suppliers to make improvement commitments in areas such as reduction of packaging materials, energy conservation and emission reduction, chemical management, and product transportation; and (ii) putting forward integrity requirements and conducting disciplinary management on the integrity operation of suppliers, requiring suppliers to sign integrity clauses, including integrity and self-discipline and integrity operation, and strictly prohibiting any bribery in the procurement process.

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Key performance indicator

1. Suppliers by geographical region

For the year ended 31 December 2025, the Group made procurement from a total of 131 suppliers located in 18 provinces and 3 municipalities in China (including 2 suppliers located abroad), of which one is located in the United States, one from New Zealand, 41 from Guangdong Province, ten from Zhejiang Province, nine from Anhui Province, 13 from Jiangsu Province, three from Fujian Province, four from Henan Province, six from Hebei Province, five from Shandong Province, three from Hainan Province, six from Hubei Province, four from Jiangxi Province, three from Shanxi Province, one from Shaanxi Province, one from Yunnan Province, one from Liaoning Province, four from Sichuan Province, one from Heilongjiang Province, one from Jilin Province, one from Chongqing, four from Tianjin and eight from Beijing.

2. Practices relating to supplier engagement

The Group implements supplier management in strict accordance with the Supplier Management Procedures. It strictly examines each license and qualification of all suppliers before engaging, which includes production license, business license, qualification standard and quality control system. The Group regards the sustainability commitment of all suppliers as an important factor for consideration, and strongly emphasises their ability to adopt effective measures in reducing the adverse impacts of operation on the society and environment. The Group closely monitors the performance of all existing suppliers, and strict assessment is done on their performance in performing the liabilities under procurement contract, including cost, quality of product and service, delivery time, and stability in product supply. The Group also carries out irregular supervision and random inspection on the production or service process of all existing suppliers. Suppliers who failed to meet the standard will be disqualified, and claims will be made to any loss arising from failing in performing the contract.

3. Practices used to identify environmental and social risks along the supply chain

The Group assesses the environmental and social risks of its suppliers on an annual basis. Qualifications of suppliers like environmental impact assessment report and pollutant discharge permit are rigid qualifications for the Group in selecting suppliers, whereas industry-related requirements such as environmental system certification and safety production license are considered as supporting qualifications. The Group regularly monitors the environmental conditions of suppliers, including the sanitary condition of the production zone, the transfer and disposal of garbage produced, the maintenance and usage conditions of dangerous chemical goods, the recycle and disposal of waste, while their social conditions, including the award and penalty from industry and commerce administrative department, taxation and indebtedness condition and litigation, are also being regularly reviewed.

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4. *Practices used to promote environmentally friendly products and services when selecting suppliers*

The Group supports the purchase of environmentally friendly products in order to minimise the impact caused by business operation on the environment. The Group keeps close communication with suppliers through teleconferencing, site visit and e-mail, to ensure that they meet the Group's environmental standards in all aspects. The Group also concerns about the environmental protection awareness of its suppliers, and promotes good environmental protection performance and governance measures among its suppliers. For products that fulfil the relevant condition, the Group will suggest suppliers to use packaging materials that are environmentally friendly, degradable and recyclable.

B6. Product Responsibility

Maintaining product safety and service quality is crucial to the sustainable development of the Group. The Group strictly complies with the requirements of relevant laws and regulations such as the Food Safety Law of the People's Republic of China and the Drug Administration Law of the People's Republic of China, and has formulated different standards, mechanisms for quality inspection and management for products, in order to ensure that its products fulfil the quality requirement. The Group also implements the Service Quality Management Mechanism to enhance the service quality by providing training to its employees, monitoring the progress and formulating action plan.

The Group strictly complies with the relevant policies and regulations such as the Advertising Law of the People's Republic of China and the Interim Measures for the Administration of Internet Advertisements, to ensure all relevant marketing and promotion complying with all relevant laws and regulations formulated by government and the industry. The Group forms a designated department and its personnel are responsible for reviewing the information to be disseminated in advertisement, and eliminating any exaggerated and untrue promotional information. The Group regulates the choice of words in advertisement and prohibits any information that is deceptive or misleading to consumers in the advertisement. If there is any complaint from client, the Group will address and investigate in time, thus ensuring the continuous enhancement in satisfaction from client to our service and product quality. During the reporting period, the Group was not aware of any violation of laws and regulations on advertisement, label and privacy that is related to product and service provided, which have significant impact on the Group.

Key performance indicator

1. *Products sold or shipped subject to recalls for safety and health reasons*

During the reporting period, the Group had no products shipped subject to recalls for safety and health reasons.

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2. *Product and service related complaints*

The Group has established a professional customer services centre and set up a consumer consultation hotline, as well as formulated and strictly implemented the Consumer Complaint Management System to ensure that consumers can enjoy the rights under the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and other applicable laws.

The Consumer Complaint Management System explicitly sets out procedures and measures on handling complaint, in order to ensure that complaints can be accepted, communicated, handled and tracked in a timely manner, and to prevent such issues to occur again. If it is confirmed that complaint related to product quality is caused by supplier, the Group will terminate the relevant agreement with such supplier, and may take suitable legal action if necessary.

During the reporting period, no material complaint and litigation on product quality and service against the Group arose. A total of 15 complaints from consumers were received by the 400 consumer consultation hotlines, and such complaints were mainly related to logistics express delivery time and packaging damage. For complaints related to express delivery time, the customer service team proactively communicated with consumers through WeChat, and a certain amount of compensation was provided. For complaints related to packaging damage, the customer service team replaced well-packaged products in a timely manner.

3. *Practices relating to observing and protecting intellectual property rights*

The Group sets up and protects intellectual property rights, and has registered a number of brands and trademarks. The Group strictly complies with the relevant laws and regulations, including the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and the Patent Law of the People's Republic of China, and has formulated and implemented systems like the Intellectual Property Rights Management Approach, the Measures for Trademark Management and the Measures for Patent Management. The Group has formulated clear management procedures on the application, renewal, licensing management and use of licensing of trademark, and the use of trademark must pass a prescribed process for review and a written agreement must be signed. Licensees are required to use the trademark only in the scope authorised in the agreement. If any intellectual property right infringement is found, the Group will take legal action in a timely manner. In addition, the Group holds the promotion for common legal knowledge and training in relation to intellectual property rights, such that the legal knowledge on using and protecting intellectual property rights of staff is enhanced.

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4. *Quality assurance processes and recall procedures*

The Group insists on providing quality products, and devotes to reducing or preventing product quality problem. The Group has formulated systems and regulations on management and control related to quality standard and inspection for raw and other materials, packaging materials, semi-finished products and finished products, while the quality inspection process is strictly implemented so as to reduce the risk of unqualified products. The Group inspects and examines laboratory equipment every year, and organises inspection training for laboratory personnel, so as to ensure the accuracy of results on inspection and examination. In the meantime, the Group implements a strict product inspection system, inspection record and delivery inspection report, and samples from each batch of products delivered are kept for tracking and inspection in the future.

The Group establishes and implements the Return and Replacement Management System, which uniformly recalls the sub-standard products, unqualifiedly packaged products, near-expiration (including expired) and unsaleable products. Each business division submits the return application for products that fulfil return requirement, and the sales management department is responsible for reviewing and approving the documentation for product return. After the return procedures are approved, the products shall be returned to the factory for centralised scrap disposal, so as to prevent the circulation and sale of defective products in the market.

5. *Consumer data protection and privacy policies*

The Group strictly complies with the relevant laws and regulations including the Cybersecurity Law of the People's Republic of China and the Provisions on the Protection of Personal Information of Telecommunication and Internet Users, and has formulated the Administrative Measures for Protection of User Information Security to set up strict management process on personal information of consumer collected, in order to ensure that such personal information will not be disclosed. The Group explains to consumers on how personal information is collected and used, how technologies like Cookie, Beacon, Proxy are used, in order to provide a transparent privacy policy and way of protection, paving a way for the implementation and monitoring of privacy protection policy.

B7. Anti-corruption

The Group emphasises incorruptible and honest corporate environment, and devotes to preventing any form of corruptive behaviours, as well as holds a zero tolerance stand towards such behaviours. The Group strictly complies with the laws and regulations related to corruption, bribery, extortion and money laundering, including the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery. The Group continuously improves its management policies and controlling measures related to anti-bribery, extortion, deception, and money laundering in accordance with the latest related laws and regulations, and formulated the anti-corruption system. Such system summarises principles of ethic and compliance, and the relevant rule-breaking behaviours, the management responsibility and penalty of relevant departments are listed to regulate principles that should be abided by during daily operation. The Group also sets out in detail the terms of integrity, anti-fraud and anti-corruption and the corresponding punishment measures for violating the provisions in the Staff Manual. Each employee is given the Staff Manual and is required to strictly accept the relevant integrity provisions.

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Employees are not allowed to directly or indirectly receive any commission, rebate, monitoring fee, gift, money or other forms of benefits from any person, company or organisation who is a party to the transaction with the Group. For employees who receive or seek for any improper benefits without permission, the Group will take disciplinary action against them or report to related judiciary or regulatory authority. The Group also implements a whistle-blowing policy to encourage staff to report any money laundering, bribery and rule-breaking behaviour to Chairman.

Key performance indicator

1. Integrity-related system

In order to convey strict anti-corruption and anti-fraud requirements to employees, the Group has implemented a series of measures to achieve the goal of integrity, including formulating anti-fraud related integrity systems, clearly setting out anti-fraud and anti-corruption clauses in the Staff Manual, and regularly implementing anti-fraud system training and other measures. The Group advocates a corporate culture of integrity, and requires employees to abide by the legal supervision of regulatory authorities, strictly abide by the laws and regulations on anti-commercial bribery, and consciously safeguard the legitimate interests of the Company. The Group advocates employees to consciously resist fraud, enhances their awareness of fraud prevention, encourages and protects employees to report illegal, non-compliance and dishonest behaviours within the Company, so as to effectively prevent fraud. During the reporting period, no concluded case of corruption against the Group or its employees is discovered or reported.

2. Whistle-blowing procedures

The Group has formulated the Whistle-blowing Management System, and has established the reporting hotlines and reporting mailboxes to encourage employees to report any suspected corruption and fraudulent behaviours in an anonymous manner. The Group will make every effort in adopting every feasible measure to protect the identity of the whistle blower. During the reporting period, the Group strengthened the safety management measures for the reporting hotlines and reporting mailboxes, strictly separated the responsibilities of reporting information management and reporting investigation, and performed strict approval procedures for the use of information and files. The Group will investigate the issue in a prudent manner and the management will take appropriate action immediately once any fraudulent case is identified.

3. Anti-corruption training

To ensure a good corporate governance environment, the Group has established the audit committee and has engaged external legal advisers and auditors to review the financial report and statutory disclosure of the Group and to provide their opinions. During the reporting period, the Group provided two training sessions to middle and senior management and one training session on the latest laws and regulations on anti-bribery and corruption to all staff.

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B8. Community Investment

The Group devotes to performing its corporate citizenship, and is committed to contributing to the society actively. The Group focuses on stimulating the social responsibility of staff, and encouraging them to participate in any activity that is beneficial to the local community. The Group supports activities that satisfy the demand on community charity, culture, medical, education and other aspects through donation, sponsorship and charity works.

Key performance indicator

Focus areas of contribution and resources contributed

In order to thoroughly implement the spirit of the important speech of General Secretary Xi Jinping and implement the “Opinions on Consolidating and Expanding the Achievements of Poverty Alleviation and Effectively Connecting with Rural Revitalization” issued by the Central Committee of the Communist Party of China and the State Council, the Group continued to actively participate in the special poverty alleviation work of “Ten Thousand Enterprises Help Ten Thousand Villages” and “Ten Thousand Enterprises Revitalize Ten Thousand Villages”. Through economic support and industrial support, the Group assisted in pairing with Putaokou Village, Fanjiazhuang Town, Quyang County, Baoding City, Hebei Province, and Yangchanggou Village, Ulanhayesumu Town, Chayouzhongqi County, Inner Mongolia, to help them expand sales channels for agricultural products. At the same time, the Group issued assistance funds to poor families to help the sustainable development of industries in poverty-stricken areas, thereby revitalizing rural vitality and achieving common prosperity.

D. ADDRESSING CLIMATE CHANGE

Climate change is a global issue faced by mankind. In September 2020, China announced to the world the long-term goal of achieving carbon peak by 2030 and carbon neutrality by 2060 at the United Nations General Assembly. It will also actively respond to climate change as an important direction in the national “14th Five-Year Plan”. The Group believes that energy conservation, emission reduction, consumption reduction and carbon reduction will inevitably become a new development direction for enterprises, bringing new challenges and opportunities.

The Group fully acknowledges the significant impact of climate change on the steady development of the Company. It consistently adheres to the principles of green and sustainable development, continuously improves its climate governance structure, deepens the identification, analysis and assessment of climate change risks and opportunities, and constantly enhances its business operational resilience. With energy conservation and carbon reduction as core strategies, the Group actively pursues a comprehensive green and low-carbon transformation through measures such as strengthening environmental management systems, technical upgrades and transformations, optimizing energy structures, and effectively controlling pollutant emissions.

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D1. Governance

The Group integrates climate change considerations into its ESG strategy and planning by implementing a top-down management structure of “Board — ESG leading group — management departments — subsidiaries”. It develops strategies focused on green production, green operations, and green innovation, and has established appropriate and effective climate management systems and processes. Following the three levels of “Decision-making”, “Coordination” and “Execution”, the Group systematically manages climate-related issues, promotes the implementation of climate strategies, policies and targets, as well as the routine management of climate change risks and opportunities. During the reporting period, the Group has not yet included special climate change-related indicators in its remuneration incentive policies.

Board

The Board is the “decision-making” rank of the Group’s climate management work, which is responsible for developing the Group’s climate strategy, assessing climate-related risks and opportunities, reviewing and confirming the list of climate-related risks and opportunities, formulating corresponding climate response plans, and following up on the implementation progress of climate metrics and targets

ESG leading group

The ESG leading group is mainly responsible for the “coordination” of climate management work, with the Group’s chief executive officer as the group leader and the chief operating officer, heads of tier-one departments at the headquarter level and other persons with climate-related risk identification and management capabilities as members. The leading group strictly abides by the relevant guidelines, identifies the climate-related risks, regularly reviews the effectiveness of the Group’s climate-related management system, regularly reports to the Board on the current status of the climate management, and prepares the relevant climate reports

Management departments and subsidiaries

The management department and subsidiaries are responsible for “executing” the climate management, implementing the climate management policies, achieving the climate management objectives, collecting the relevant climate data, and reporting the relevant work results to the ESG leading group on a regular basis

The Board regularly receives professional training on climate change to enhance its knowledge in climate governance and its capacity to perform climate-related responsibilities. The Group will also continue to refine and optimize its climate management system and operational mechanisms to ensure efficient and effective climate management.

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D2. Strategy

The Group has developed a “dual carbon” strategic plan and implementation roadmap, integrating green and low-carbon transformation into its corporate strategy. It systematically promotes the establishment of a climate management system and defines a clear action plan to ensure strategic alignment, standardized practices and coordinated efforts. The Group actively enhances its capacity to address climate change by integrating analyses of key corporate operational activities with climate change-related risks and opportunities. It incorporates energy conservation and emission reduction into daily business operations, employs digital tools to analyze equipment energy consumption and carbon emission data, and researches and identifies emission reduction actions. The Group aims to achieve “precise emission reduction through intelligent control and management” to minimize its environmental impact.

Identified risks and response strategies

Risk type	Risk description	Potential financial impact	Response measures	Time horizon	
Physical risk	Acute risk	Climate change leads to extreme weather events (such as high temperatures, rainstorms, typhoons, etc.)	May cause damage to corporate buildings, facilities and equipment, and increase facility maintenance expenditures; rainstorms and typhoons pose risks to employee safety and may lead to higher insurance premiums; these events can disrupt supply chain, affecting the stability of raw material supply and product delivery	Strengthen routine inspections of buildings, facilities and equipment, and develop contingency plans; reduce reliance on a single source of supply, ensure proper warehouse management and procurement planning, and enhance the risk resilience of the supply chain	Medium term (3–10 years)
	Chronic risk	Long-term climate change will cause persistent impacts (such as extreme high and low temperatures, droughts, etc.)	Climate change causes rising temperatures or localized short-term temperature drops. As the production and storage of health foods and pharmaceuticals require appropriate temperature environments, increased energy consumption will result, leading to higher related costs; intensifying climate change may disrupt the supply of raw materials, causing price increases and higher costs	Enhance risk assessment and early warning mechanisms, promptly adjust response measures based on actual conditions, and establish collaborative relationships with suppliers across multiple locations	Long term (10–30 years)

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Risk type		Risk description	Potential financial impact	Response measures	Time horizon
Transition risk	Policy and legal risk	The State is accelerating the development of an economic system focused on green, low-carbon and circular development, with relevant policies and rules expected to become increasingly stringent	In terms of energy consumption, against the backdrop of the “dual carbon” strategy, multiple provinces and municipalities have issued implementation plans for carbon peak and initiated low-carbon actions, which will impact the Company’s energy consumption and expenditure, this will require the Company to accelerate the green and low-carbon transformation of its energy structure; due to the government’s commitment to combating deforestation and preventing land degradation, the Company’s cultivation of raw medicinal materials may face restrictions, affecting the output and supply of raw materials; in terms of supply chains, the Company may encounter more stringent requirements for raw material supply chain management and sustainable procurement; the Company’s investment decisions may overlook climate-related risks, or its emission activities may cause environmental pollution, resulting in fines and potential litigation risks from investors	The ESG leading group monitors changes in policies and regulations in a timely manner, reviews the Company’s compliance status, and actively seeks relevant policy support (such as green credit and tax incentives); pays attention to biodiversity conservation; and establishes an intelligent environmental protection monitoring platform to respond promptly to stakeholder inquiries	Medium term (3–10 years)
	Technology risk	Technical improvements and equipment upgrades may be necessary to address climate change	The Company may need to increase its research efforts in low-carbon technologies, which could lead to increased related expenses and higher operating costs	Conduct research and assessment in advance, properly plan cost investment, and implement low-carbon technology improvements while maintaining normal business operations	Medium term (3–10 years)

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Risk type	Risk description	Potential financial impact	Response measures	Time horizon
Market risk	Market consumption trends are likely to shift further toward green and healthy, and the market may show a greater preference for low-carbon and environmentally friendly products	The Company may face challenges in adapting to market changes and may fail to meet customer needs in a timely manner, which could negatively impact the Company's business, financial condition and results of operations; evolving market demands have raised the standards for the quality of health products and the scope of services offered by the Company, potentially leading to continued increases in research and development costs and operating costs	Implement energy-conservation and carbon-reduction measures and actions to reduce the carbon footprint of products by minimizing production energy consumption and using green logistics and green packaging, so as to respond to consumer demand for low-carbon products	Medium term (3–10 years)
Reputation risk	Stakeholders are increasingly concerned about climate issues, and the Company needs to take timely actions to respond	The Company may suffer reputational damage that could impact its investment and financing businesses, due to insufficient disclosure of carbon neutrality targets and data, failure to respond to stakeholder demands in a timely manner, or increased carbon emissions resulting from inadequate carbon management	Learn from advanced green and low-carbon industry practices, manage and disclose data effectively, and promptly understand and respond to stakeholders' expectations and demands concerning the Company's low-carbon development	Medium term (3–10 years)

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Identified opportunities and response strategies

Opportunity type	Opportunity description	Potential financial impact	Response measures	Time horizon
Products and services	Promote carbon reduction initiative throughout the upstream and downstream supply chains to minimize carbon emissions during the product production process	Reduce the negative environmental impact of products and services, meet market demand, and enhance sales performance	Continuously advance the green transformation of the industrial chain	Medium term (3–10 years)
Resource use efficiency	Optimize energy management systems, explore new technologies, and implement energy-saving measures to improve energy efficiency	May reduce carbon emission-related costs and corporate operating costs	Promote the development and use of intelligent energy management systems to continuously improve resource use efficiency	Medium term (3–10 years)
Energy source	Increase the use of clean energy and reduce the use of fossil fuels	Reduce energy consumption and conserve energy	Implement energy-conservation and carbon-reduction measures and actions through reducing production energy consumption, utilizing green logistics and green packaging, so as to lower product carbon footprints and satisfy consumer demand for low-carbon products	Medium term (3–10 years)

The Group is committed to transforming the climate risks it faces into opportunities and momentum for a green and low-carbon transformation. During the national “15th Five-Year Plan” period, the Group will lead its subordinate enterprises to complete the transformation of VOCs, shifting from “passive compliance” to “proactive transition” and upgrading from “single-point treatment” to “systematic optimization”, so as to promote efficient resource utilization, reduce pollutant emissions, and minimize ecological impact.

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Strategic actions to address climate change

No.	Action measures	Action plan
1	Enhancing carbon emission management capacity	Urge subordinate enterprises to carry out carbon verification work, strengthen the development of professional teams for carbon emission management, and explore the commencement of carbon asset management
2	Promoting energy structure transition	Implement the utilization of clean energy through the purchase of green electricity and promote the transition toward non-fossil energy
3	Improving energy use efficiency	Improve process technologies, strengthen energy efficiency monitoring, promote energy-conservation renovations through technological upgrades, and reduce energy consumption during the production process
4	Advocating a green and low-carbon culture	Strengthen employees' awareness and capabilities in pollution and carbon reduction by conducting specialized training, policy interpretation, case analysis, and field inspections
5	Facilitating the development of low-carbon industrial chains	Strengthen the management of energy conservation and consumption reduction in the upstream and downstream supply chains, guide suppliers to implement low-carbon practices, and promote the reduction of carbon emissions across the industrial chain
6	Promoting digital and intelligent applications	Establish an intelligent environmental protection monitoring platform to accurately identify emission reduction potential through the analysis of equipment energy consumption and carbon emission data

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D3. Impact, Risk and Opportunity Management

The Group continues to advance the integration of climate risk management within the framework of corporate risk management by identifying, assessing and monitoring responses to climate change-related risks and opportunities. Based on the Company's current development status and industrial structure, the Group formulates targeted management measures to mitigate the potential impacts of climate change on the Company's operations.

Identification and assessment

The Group collects and analyzes information on climate policies from governments, society, and international organizations, maintains comprehensive communication with the Company's management, heads of functional departments, leaders of subordinate enterprises, and external experts to gather information related to climate risks and opportunities. It also identifies climate risks and opportunities relevant to the Group based on industry characteristics and the Company's development plans, clearly defining their scope of impact and time horizons.

Monitoring and response

With reference to the requirements of Hong Kong Stock Exchange and the ISSB (International Sustainability Standards Board) regarding climate change recommendations, and aligned with industry trends, we continuously monitor and assess climate risks. We explore methods for the financial quantitative analysis of key risks and opportunities and collaborate with our subordinate enterprises to develop and implement response plans. Our goal is to ensure the sustainable development of the Company amid the challenges posed by climate change.

D4. Metrics and Targets

The Group actively responds to the national "dual carbon" strategy by establishing strategic targets and setting multiple intensity targets for energy use and pollutant emissions. It also plans to enhance oversight through an intelligent environmental protection monitoring platform to ensure the successful achievement of targets for greenhouse gas emission intensity and comprehensive energy consumption intensity.

No.	Target	Metric
1	Carbon peak and carbon neutrality	Achieve carbon peak for industrial enterprises by 2030 Achieve carbon neutrality for industrial enterprises by 2060
2	Reduction of greenhouse gas emission intensity	With 2025 as the base year, achieve a 20% reduction in greenhouse gas emission intensity by 2030
3	Reduction of comprehensive energy consumption	With 2025 as the base year, achieve a 20% reduction in comprehensive energy consumption intensity by 2030

Based on the business characteristics of the Company, the Company has not used carbon pricing in decision-making at present.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of The Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the year ended 31 December 2025, save as disclosed below.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From the beginning of the Reporting Period to 12 June 2025, the roles of both Chairman and Chief Executive Officer were performed by Mr. Zhao Yihong. Mr. Zhao is a co-founder of the Group and has 36 years of experience in food and beverage industry in the PRC. The Board believed that vesting the two roles in the same person provided the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies. The Board was of the view that as all major decisions were made in consultation with members of the Board which comprised experienced and professional individuals (including three independent non-executive Directors), a balance of power and authority was adequately ensured. With effect from 13 June 2025, Mr. Zhao Yihong has been re-designated from the chief executive officer of the Company to chief strategy officer of the Company, and Mr. Feng Bing has been appointed as the chief executive officer of the Company. Accordingly, since 13 June 2025, the Company has complied with all applicable code provisions as set out in the CG Code.

The Directors are committed to upholding the corporate governance and good corporate culture of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

CORPORATE CULTURE

The Group continues to practice the corporate culture of “innovation, breakthrough and development”, adhere to the corporate values of “integrity, pragmatism, efficiency and innovation” and promote business development. At the same time, it is committed to creating a healthy and positive sunshine working culture and atmosphere, improving the enthusiasm and consciousness of employees, enhancing the happiness index and sense of belonging of employees in work and life, and allowing employees to develop together with the Company.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own securities dealing code for the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code during the year ended 31 December 2025.

As designated staff, including the senior management, may be aware of inside information from time to time, the Company has further extended the scope of the Model Code to those staff.

Corporate Governance Report

BOARD OF DIRECTORS

Composition

As at 31 December 2025, the Board comprises seven Directors, including four executive Directors, namely Mr. Zhao Yihong (Chairman and Chief Strategy Officer), Ms. Gao Yan (Vice Chairman), Mr. Feng Bing (Chief Executive Officer) and Mr. Yu Hongjiang (Executive Vice President, Chief Operating Officer and Chief Financial Officer); and three independent non-executive Directors, namely Mr. He Yuanping, Mr. Shi Xiangxin and Dr. Chen Yang. Biographical details of the Directors are set out under the section headed "Directors and Senior Management Profile" of this annual report on pages 43 to 46.

Mr. Zhao Yihong is the spouse of Ms. Gao Yan. Save as disclosed in this annual report, to the knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board.

Roles and Responsibilities

The executive Directors are responsible for formulating the business strategies and development plans of the Group, and the senior management are responsible for supervising and executing the plans of the Group. The Company's executive committee is a permanent institution of the Company, which is the highest operation management institution established by the Company to implement the directives and decisions determined by the Board consistently. It is responsible for the planning and implementation of the Company's development strategies and directions. It also reports the corporate and business strategies of the Group to the Board, and formulates detailed implementation plans according to the approval by the Board.

The primary responsibilities of the Chairman are to provide leadership to the Board in setting corporate goals for the Company, to oversee the performance and effectiveness of the Board and to take a lead to ensure that the Board acts in the best interest of the Company and shareholders as a whole.

The primary responsibilities of the executive Directors are to provide leadership for the management of the Company, to take a lead to implement the Company's strategies and to oversee the performance of the management in achieving corporate goals.

The Board plays an important role in corporate governance and is responsible for performing the corporate governance duties set out in the CG Code. All Directors contribute to the Group by sharing their valuable expertise, in-depth knowledge and substantial management experience as well as making impartial judgment on issues discussed at the Board and committee meetings effectively.

Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company for a term of 3 years and is subject to retirement by rotation and eligible for re-election at least once every 3 years at the annual general meeting of the Company in accordance with article 16.18 of the articles of association of the Company.

The Company has received an annual written confirmation of independence from each of the independent non-executive Directors. The Board considers that all the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

Corporate Governance Report

All Directors have full and timely access to all relevant information and briefings on significant legal, regulatory or accounting issues affecting the Group. The Directors are able to seek independent professional advice at the Company's expense under appropriate circumstances and to have separate and independent access to the senior management.

Training

A kit of corporate information and an induction regarding the management, operations and governance practices of the Group and general compliance regulations under the Listing Rules have been provided to all Directors shortly upon their appointments as Directors of the Company. Dr. Chen Yang obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 13 June 2025, and has confirmed that he understands his obligations as a Director of the Company. Updates on the amendments of applicable rules and regulations have been given to the Directors from time to time. During the year, Mr. Zhao Yihong, Ms. Gao Yan, Mr. Feng Bing, Mr. Yu Hongjiang, Mr. He Yuanping, Mr. Shi Xiangxin and Dr. Chen Yang participated in comprehensive trainings on topics including Listing Rules compliance, director's duties, capital raisings, corporate governance and environment, social and governance, etc. by attending training courses conducted by qualified professionals and reading relevant updated materials. Each of the above-mentioned Directors received more than 15 hours of training in 2025. The company secretary, Mr. Yu Hongjiang, received more than 15 hours of professional training in 2025.

Procedures

At least four regular Board meetings have been held by the Company during the year, with additional meetings held as and when required. In respect of each regular meeting, unless less number of days has been consented by all Directors, a notice has been given to all Directors at least 14 days prior to such meeting so as to allow them an opportunity to include matters in the agenda and the Board papers have been sent to all Directors at least 3 days before the meeting. For all other meetings, reasonable notices have been given.

Corporate Governance Responsibilities

The Board is responsible for fulfilling the following corporate governance responsibilities:

- developing and reviewing the Company's corporate governance policies and practices and putting forward recommendations;
- reviewing and monitoring the training and continuing professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices regarding compliance with laws and regulatory provisions;
- developing, reviewing and monitoring code of conduct and compliance manual for staff and Directors (if any);
- reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- developing shareholders communication policy and regularly reviewing the policy to ensure its effectiveness.

Corporate Governance Report

Regarding the performance of the aforementioned functions, during the year, the following works, inter alia, were performed by the Board:

- (i) reviewed the Corporate Governance Report of the Company for 2024; and
- (ii) reviewed the trainings and continuous professional development undertaken by the Directors and senior management.

Board Independence

The Group has multiple mechanisms in place to ensure independent views and input are available to the Board. The Board currently comprises three independent non-executive Directors, all of whom are independent in accordance with Rule 3.13 of the Listing Rules. The independent non-executive Directors contribute to the Group by sharing their valuable expertise, in-depth knowledge and substantial management experience as well as making independent judgment on issues discussed at the Board and committee meetings effectively. Besides, the Directors are able to seek independent professional advice at the Company's expense under appropriate circumstances and to have separate and independent access to the senior management. The Board considers that the implementation of above mechanisms is effective.

COMMITTEES UNDER THE BOARD

Audit Committee

As at 31 December 2025, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. He Yuanping, a Director with the appropriate professional qualifications and serving as the chairman of the Audit Committee, Mr. Shi Xiangxin and Dr. Chen Yang. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025, reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

The primary responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements;
- reviewing the annual report and the interim report;
- monitoring and assessing the risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit, financial reporting and ESG reporting functions);
- reviewing and monitoring the responsibilities of risk management and internal control systems and the effectiveness of the internal audit function;
- monitoring the independence of the external auditor; and
- proposing to the Board the appointment, reappointment or removal of external auditor, and facilitating the communication between the external auditor and the internal audit function.

Corporate Governance Report

In the Audit Committee meetings held in 2025, the following works, inter alia, were performed by the Audit Committee:

- (i) reviewed and discussed with PricewaterhouseCoopers, the Group's external auditor, on the audit scope, audit approach and audit areas of focus for the financial years ended 31 December 2024 and 2025;
- (ii) reviewed and approved the audit fees;
- (iii) reviewed the 2024 auditors' report issued by PricewaterhouseCoopers;
- (iv) reviewed and approved the 2024 annual report and audited financial statements, the 2024 annual results announcement, the 2025 interim report and the 2025 interim results announcement; and
- (v) reviewed the risk management and internal control systems and the effectiveness of the internal audit function of the Group.

For the year ended 31 December 2025, the fees payment by the Group to Rongcheng (Hong Kong) CPA Limited and its member firm for audit services amounted to RMB1.8 million, while none of these is payable for non-audit services.

Remuneration Committee

As at 31 December 2025, the remuneration committee of the Company (the "**Remuneration Committee**") comprises three independent non-executive Directors, namely Dr. Chen Yang, who serves as the chairman of the Remuneration Committee, Mr. He Yuanping and Mr. Shi Xiangxin and two executive Directors, Mr. Zhao Yihong and Mr. Feng Bing.

The primary responsibilities of the Remuneration Committee include:

- reviewing and approving the management's remuneration proposals;
- determining, with delegated responsibility by the Board, the remuneration package of individual executive Director and senior management; and
- reviewing, approving and advising the Directors and senior management on the compensation arrangement.

In the Remuneration Committee meetings held in 2025, the following works, inter alia, were performed by the Remuneration Committee:

- (i) reviewed share-based remuneration arrangements;
- (ii) reviewed the performance of the executive Directors; and
- (iii) reviewed and determined the remuneration package of the Directors and senior management.

Corporate Governance Report

For details of directors' remuneration policy, details of directors' remuneration and details of remuneration payable to other members of senior management by band, please refer to the Directors' Report in this annual report.

Nomination Committee

As at 31 December 2025, the nomination committee of the Company (the "**Nomination Committee**") comprises three independent non-executive Directors, namely Mr. Shi Xiangxin, who serves as the chairman of the Nomination Committee, Mr. He Yuanping and Dr. Chen Yang and two executive Directors, Ms. Gao Yan and Mr. Yu Hongjiang.

The primary responsibilities of the Nomination Committee are to identify suitable individuals to become members of the Board and to advise on the selection of individuals nominated for Directors. The procedures on nomination of Directors are: 1. the Board shall, in accordance with the actual situation of the Company and the Board, decide whether it is necessary to appoint Directors and submit the requirements of the appointment to the Nomination Committee; 2. the Nomination Committee shall, in accordance with the requirements of the Board, seek qualified candidates for Directors through various channels, including recommendations from Directors, shareholders, management, consultants of the Company and external hunting firms; 3. upon preparing a list of prospective candidates and conducting communication or interviews, the Nomination Committee shall, in accordance with the selection criteria, the board diversity policy and other factors considered important, select the appropriate candidates from the shortlisted candidates, convene a Nomination Committee meeting for approval and making recommendations to the Board; 4. the Board considers the motion concerning the appointment of Directors and makes formal appointment.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company has adopted a Board diversity policy, which aims to set out the approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merits and contributions that the selected candidates can bring to the Board. The Board of the Company will comprise at least one female Director (currently, Ms. Gao Yan serves as the executive Director and Vice Chairman of the Company). The Group has implemented fair employment practices and the recruitment is merit-based and non-discriminatory. As at 31 December 2025, the gender ratio of the Group's workforce (including the senior management) was 57% (male) to 43% (female). The Group will strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to the shareholders' expectation and recommended best practices.

In the Nomination Committee meetings held in 2025, the following works, inter alia, were performed by the Nomination Committee:

- (i) reviewed the structure, size and composition of the Board;
- (ii) recommended to the Board on the appointment and re-appointment of Directors;
- (iii) reviewed the Board diversity policy adopted by the Company; and
- (iv) assessed the independence of the independent non-executive Directors.

Corporate Governance Report

Strategic Investment Committee

As at 31 December 2025, the strategic investment committee of the Company (the “**Strategic Investment Committee**”) comprises three executive Directors, namely Mr. Zhao Yihong, who serves as the chairman of the Strategic Investment Committee, Mr. Feng Bing and Mr. Yu Hongjiang and two independent non-executive Directors, Mr. He Yuanping and Dr. Chen Yang.

The primary responsibilities of the Strategic Investment Committee include:

- researching and reviewing for the long-term strategic development plans and major investment decisions of the Group; and
- managing and supervising the legal and compliance aspects of the Group’s investment activities.

In the Strategic Investment Committee meetings held in 2025, the following works, inter alia, were performed by the Strategic Investment Committee:

- reviewed the long-term strategic development plans of the Group; and
- reviewed and approved the investment projects of the Group.

Details of the attendance of the Directors at the meetings of the Board, its respective committees and the general meeting during the year are as follows:

DIRECTORS	Number of Attending/Convening Meetings					
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Strategic	General Meetings
					Investment Committee Meetings	
Executive Directors						
Mr. Zhao Yihong ⁽¹⁾	7/7	—	2/2	2/2	2/2	2/2
Ms. Gao Yan ⁽²⁾	7/7	—	—	2/2	—	2/2
Mr. Feng Bing ⁽³⁾	7/7	3/3	2/2	2/2	2/2	2/2
Mr. Yu Hongjiang ⁽⁴⁾	7/7	—	1/1	4/4	2/2	2/2
Independent Non-executive Directors						
Mr. He Yuanping	7/7	5/5	2/2	4/4	2/2	2/2
Mr. Shi Xiangxin	7/7	5/5	2/2	4/4	—	2/2
Dr. Chen Yang ⁽⁵⁾	3/3	2/2	1/1	2/2	2/2	1/1

Notes:

- (1) With effect from 13 June 2025, Mr. Zhao Yihong (a) has been appointed as the chairman of the Strategic Investment Committee; and (b) has resigned as a member of the Nomination Committee.
- (2) With effect from 13 June 2025, Ms. Gao Yan has been appointed as a member of the Nomination Committee.

Corporate Governance Report

- (3) With effect from 13 June 2025, Mr. Feng Bing (a) has been re-designated from an independent non-executive Director to an executive Director; (b) has been appointed as a member of the Strategic Investment Committee; (c) has resigned as the chairman of the Remuneration Committee but remains as a member of such committee; (d) has resigned as a member of the Audit Committee; and (e) has resigned as a member of the Nomination Committee.
- (4) With effect from 13 June 2025, Mr. Yu Hongjiang (a) has resigned as a member of the Remuneration Committee; and (b) has resigned as the chairman of the Strategic Investment Committee but remains as a member of such committee.
- (5) With effect from 13 June 2025, Dr. Chen Yang (a) has been appointed as an independent non-executive Director; (b) has been appointed as a member and the chairman of the Remuneration Committee; (c) has been appointed as a member of the Audit Committee; (d) has been appointed as a member of the Nomination Committee; and (e) has been appointed as a member of the Strategic Investment Committee.

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for each financial year, which gives a true and fair view of the state of affairs of the Group and of the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2025, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates which are reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position, results of operations, cash flows and changes in equity of the Group.

The Directors' and auditor's responsibilities for the financial statements of the Company are set out in the independent auditor's report on pages 116 to 117 of this annual report.

Risk Management and Internal Control

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group sets up and maintains appropriate and effective risk management and internal control systems to achieve the Group's strategic objectives. The Board acknowledges its responsibility for establishing, maintaining and reviewing the effectiveness of the Group's risk management and internal control systems.

Therefore, the management continues to optimise, implement and monitor the risk management and internal control systems, reports to the Audit Committee and confirms the effectiveness of such systems. The systems aim at providing reasonable, though not absolute, assurance against material misstatement or loss and managing rather than eliminating the risk of failure to achieve business objectives.

The Group and the operational environment are continually evolving together with the risks it faces. The Group continues to review the adequacy of its risk management and internal control framework and looks for opportunities to make improvements and add appropriate resources when necessary to cope with risks in an effort to achieve the Group's strategic objectives.

Corporate Governance Report

Risk Governance Structure

The Board is responsible for ensuring the establishment of risk management and internal control system by the Group, and reviewing its effectiveness every year through the Audit Committee. The Audit Committee assists the Board in monitoring the risk level sustained by the Group, the design, implementation and control of the relevant risk management and internal control systems. The Audit Committee supervises the following procedures on behalf of the Board:

- (i) assessing the major business risks and control measures in response to such risks on a regular basis, assessing the effectiveness of internal control system as a whole, as well as the action plans in response to control deficiency or improvement;
- (ii) reviewing the internal control assessment report submitted by the internal audit department on a regular basis, including the action plans in response to identified control deficiencies as well as the latest status and follow-up results of the implementation of the proposition; and
- (iii) communicating with the external auditor on control issues identified during its works on a regular basis, and discussing the review scope and results of various issues with the Audit Committee.

The Audit Committee shall report to the Board after the review of the effectiveness of the risk management and internal control systems of the Group. The Board will give opinion on the effectiveness of the risk management and internal control systems after considering the works and review results of the Audit Committee.

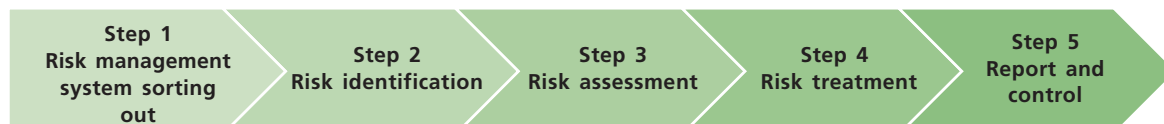
The internal control department collects information on the Group's risks and internal control, summarizes and analyzes risks, identifies risk countermeasures, issues reports and recommendations and reports to the president and the management for review. The internal control department and the internal audit department carry out risk assessment and internal control system assessment, independently review the effectiveness of risk management and internal control measures and communicate and report the results to the Audit Committee. The Audit Committee listens to a work report from the internal control department and internal audit department every half year, and regularly reviews the effectiveness of risk management and internal control. The Audit Committee supervises and reviews the work procedures and responsibility fulfillment of the internal control department and the internal audit department, including the effectiveness of internal audit functions. Such review has covered all material respects such as financial control, operation control and compliance control.

Corporate Governance Report

1. Risk Management Procedures

The Group has adopted the following risk management procedures to prudently manage the risks associated with the Group's business and operations:

Major contents of risk management procedures



- Step 1: sorting out the structure of the risk management system of the Group on a yearly basis, and determining the functions and responsibilities of the risk management department;
- Step 2: organizing internal research to identify risks with potential impacts on important procedures of business and identifying risk events and potential impacts;
- Step 3: analyzing and evaluating risk events through risk identification, including risk characteristics, risk causes, triggers, possibilities and degrees of impacts;
- Step 4: evaluating existing risk counter-measures, including the effectiveness of implementing the control measures;
- Step 5: preparing risk assessment reports, and reporting the same to and communicating with management at appropriate level.

2. Reviewing the effectiveness of risk management and internal control systems in 2025

The Board is highly concerned about the circumstances that led the Company's independent auditor to issue a qualified audit opinion, as detailed in the section headed "Response to the Independent Auditor's Audit Opinion." The Board notes that before investing in GOSP6, the decision was made following the Company's internal investment decision-making procedures. During the investment period, the Company reviewed the relevant information provided by GOSP6 quarterly and tracked and evaluated the investment situation according to the fund investment documents. The Company actively communicated with the Fund Manager and made every effort to provide the auditor with the necessary audit evidence. However, the Company was not involved in the investment and decision-making activities of the GOSP6, and its ability to manage the GOSP6's daily operations and obtain documents is limited. It could only rely on the cooperation of GOSP6 in providing necessary documents and information for audit purposes.

Corporate Governance Report

To prevent re-occurrence of similar audit issues in relation to GOSP6 or other investments in the future and generally mitigate investment management risks, the Company has adopted the following treasury management and investment measures to further strengthen its internal control procedure:

- (a) The Company will formulate a more stringent treasury management policy for its future investment, identifying the types of investments of low, medium and high risks, considering concentration risks (if any), and set out internal guidance on different types of investments. It will also remind directors and senior management to exercise extra prudence and caution in selecting its investment portfolios and strive to avoid high-risk investment products.
- (b) The Company will ensure that a sufficient safeguard mechanism is agreed upon with the investment target in writing, allowing the Company and its auditor access to all necessary documents and information to allow the Company to evaluate its investment in such target. The investment target must cooperate with the Company and its auditor for the Company's preparation of financial statements and audit. The Company will proceed with an investment only when it is satisfied that there is minimal, or no commercial, legal or financial risk involved.
- (c) The Company will ensure that investments align with its business strategies and will refrain from investing or re-investing in any target or financial products that deviate from the Company's business strategy or treasury management policy.
- (d) Senior management and the internal audit team will continue to enhance their knowledge and skills in financial and investment management, particularly regarding new requirements under applicable accounting standards related to new and complex financial products and industry changes.

Save as disclosed above, for the year ended 31 December 2025, the Board reviewed the effectiveness of the risk management and internal control systems and considered that the Group's risk management and internal control systems were effective and sufficient, and was not aware of any material matters which might affect the financial control, operation control, compliance control and risk management functions of the Group.

During the review process, the Board considered that the Group's resources, staff qualifications and experience, training programmes and budget in respect of the accounting, financial reporting, internal audit functions and those relating to the Group's ESG performance and reporting were adequate.

Corporate Governance Report

3. Significant Risks and Response Plans


In 2025, the Group reviewed each of the identified risks of the Group and assessed the potential risks arising from the existing and new businesses in accordance with the aforesaid risk management structure and risk management procedures.

The significant risks identified by the Group in 2025 are as follows:

Significant Risks and Response Plans			
Risk	Risk Description	Change in 2025	Risk Counter-measures and Plans
Risks relating to competition	<p>In the prevailing market environment, the influence of the Internet business model on the traditional business model is more prominent. The Group needs to pay close attention to the competitors on e-commerce platform as well as their over-aggressive competitive strategies such as low pricing, while taking active countermeasures.</p> <p>Currently there are more and more homogeneous products and alternative products in the market, which provide more options to consumers. In the meantime, the overall market demand and retail price for Orlistat show a downward trend, which in turn adversely affect the Group.</p>		<p>The Group keeps an eye on changes in the market environment and business model. Apart from continuous enhancement of the management, the Group also keeps abreast of the status of its competitors in different channels and sectors.</p> <p>The Group is continuously expanding into the e-commerce sector. While focusing on the depth and cohesiveness of the cooperation with Ali and JD, the Group commences its marketing cooperation with experienced external teams in order to attract new consumer groups. During the year, the Group continued to engage in an agency operation cooperation model on platforms such as Douyin and Kuaishou. Our self-broadcast team has steadily expanded, and the range of livestream-exclusive products has continued to grow. Furthermore, the ongoing operation of short video content has helped the Group drive increased user traffic.</p> <p>Going forward, the Group will improve its terminal coverage and penetration in existing markets and geographical regions, and actively explore new channels such as the cross-border e-commerce platform and new retail model, thus enabling the Group to provide quality health services to more consumers by offering its quality products.</p>


Corporate Governance Report

Significant Risks and Response Plans

Risk	Risk Description	Change in 2025	Risk Counter-measures and Plans
Risks relating to price and channel management	<p>Selling price of a product is a key factor affecting the results of the Group. In case of insufficient supervision on online and offline selling price and product flow, it may cause market price difference and affect sales.</p> <p>Positive inventory at channels and terminals is also a key factor affecting the sales results. In case any channel intentionally overstocking, certain effects may be achieved in a short term, but in the long run, such act will significantly hinder positive growth of sales.</p>		<p>The Group continues to enhance the implementation of requirements on selling price and unregulated transregional sale management. For customers with malicious low pricing and unregulated transregional sale, the Group may undertake measures such as warning and deduction of rebates. For serious violations, the qualification of sales agency would be revoked.</p> <p>The Group has set up an effective pricing and product flow supervision mechanism to constantly enhance the supervision on aspects such as selling price and channel inventory. Meanwhile, the Group strengthens its management on sales orders and delivery. Through setting safe inventory level and safe turnover days for its channel customers, the Group prevents the risks of overstocking and product return by channels to ensure positive growth of sales.</p>

Corporate Governance Report

Significant Risks and Response Plans

Risk	Risk Description	Change in 2025	Risk Counter-measures and Plans
Risks relating to precise advertising	The Group advertised on different major online media for the purpose of enhancing brand image and increasing market share of the brand, however according to the analysis on advertisement, the advertising effect of the current year cannot match with that of last year.		<p>In the era of digital marketing, optimizing advertising efficiency and effectiveness has consistently been a key focus for the Group. The Group is transitioning from a broad-based outreach approach to precise customer acquisition, deeply empowered by AI technology to usher in an “industrialized era” of content production. On the one hand, the Group continues to increase its effort in the marketing and promotion on e-commerce channels, including the further establishment of e-commerce channels on Xiaohongshu, TikTok, Kuaishou and private domains, to organize and establish live-streaming system by utilizing the popular live-streaming trend, and it also enters the social e-commerce sector by operating accounts for its brands and cooperating with KOLs in the pursuit of formulating a relatively complete online advertising matrix.</p> <p>On the other hand, the Group continues to deepen its development in new retail business, and to serve all C-end customers of the Company and enlarge the repurchase rate of its products.</p>

Corporate Governance Report


Significant Risks and Response Plans

Risk	Risk Description	Change in 2025	Risk Counter-measures and Plans
Risks relating to product structure	<p>In case that a new product is not marketable because its design is old-fashioned or overly-advanced and does not cater for the needs of the market and customers, it will significantly hamper the Company's performance results.</p> <p>New products should meet customers' demands, otherwise such products will become unsalable, and bring significant risk to the Company.</p>		<p>The Group continues to invest in research and development, and introduces new products, including cosmeceutical, food and medical devices, via OEM method to further enrich and optimize its product structure.</p> <p>During the year, the Group continued to optimize the profitability of products. In the future, the Group will continue to explore safe products that are more popular and meet the health needs of consumers based on market conditions and consumer demands, so as to further optimize the product structure and enhance the competitiveness of the Group.</p>
Social and economic risks	<p>The adjustments to relevant policies and the changes in market layout bring uncertainties to the development of health products and drug industries. The PRC will continue to strengthen the respective supervision on health products and drugs. Business GSP and GMP certifications will be more stringent,</p> <p>while the frequency of relevant unannounced inspection, random inspection and various specific inspections will also increase. With the improvement of people's living standard, the demand for big health products becomes increasingly urgent. In the meantime, as we are moving towards a deeply aging society, the demands for health and elder-care increase steadily, there are greater opportunities and challenges in the big health sector in the long run.</p>		<p>The Group tends to position its products as youthful, and on the basis of existing products, the Group continues to research and develop new products to cater for the demands from the young generation.</p> <p>Meanwhile, China is gradually entering the aging society, the continuous increase in demand for drugs and health products from the elderly provides new opportunities for the drugs and health products of the Group, which are being researched and developed to cater for the needs of the elderly.</p>

Corporate Governance Report

Significant Risks and Response Plans			
Risk	Risk Description	Change in 2025	Risk Counter-measures and Plans
Risk relating to external disasters	In 2025, the global economy was still on a trend of recession and uncertainties remained. Natural disasters occurred frequently around the world, which have varying degrees of impact on the production and lives of people.		Since 2022, the Group has reformed its offline sales and operation models and commenced community fission project. By utilizing all employees as well as upstream and downstream customer resources, the Group made use of WeChat and community platforms to realise consumer attraction and sales. In 2025, the Group continued to actively develop online sales channels and strengthen cooperation with emerging e-commerce platforms such as Douyin, Kuaishou and Pinduoduo, so as to cope with the impact of offline sales disruption.

Notes:

 "Internal Risk" increased (before taking into account the risk mitigation measures)

 "Internal Risk" decreased

 "Internal Risk" remained unchanged

MANAGEMENT OF INSIDE INFORMATION

The Company is fully aware of its relevant responsibilities required to be fulfilled under the Securities and Futures Ordinance and the Listing Rules. The Company has formulated the Management Rules for Inside Information to monitor the issues which may constitute inside information in any time and make timely judgement. When the Board or the inside information management team of the Company considers any information to be inside information, the Company will timely disclose the information to the public to a reasonable and practicable extent, unless such inside information is applicable under the "Safe Harbour Provision" of the Securities and Futures Ordinance. The Company also requires registration and filing of those who are aware of inside information, or requires them to sign confidentiality agreement, and timely reports the conditions of those who are aware of inside information to internal control department to conduct control over them. The Company reviews the effectiveness of such inside information management system from time to time to ensure the inside information to be addressed properly.

Corporate Governance Report

INDEPENDENCE OF EXTERNAL AUDITOR

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. All services provided by the external auditor are required to be approved by the Audit Committee. To ensure that the policy of restricting the non-audit work provided by the external auditor is strictly implemented by all entities within the Group, appropriate policies and procedures have been established for approval of engagement of the Group's independent external auditor, Rongcheng (Hong Kong) CPA Limited, to provide services to the Group.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Group believes accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with our shareholders, including institutional investors, is crucial. The Group manages investor relations systematically as an important part of our operations.

The Group maintains a website to keep our shareholders and the public investors informed of our latest business developments and to disseminate shareholder information.

During the year, the Group followed a policy of maintaining an open and regular dialogue with institutional and minority shareholders, fund managers, analysts and the media through different means, including meetings, presentations, telephone conferences, correspondence, media briefings and press releases to distribute information of the Group's latest developments and strategies. The Group is also proactive in responding to general enquiries raised by the public investors, individual and institutional investors and analysts. The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

The Company recognises and embraces the benefits of allowing the shareholders of the Company to participate in the Group's distributable profits and reserves and retaining adequate reserves for the Group's future development. The Company has adopted a dividend policy, according to which, the Board shall consider the following factors before approving declaration and payment, or recommendation for declaration and payment, of a dividend:

- the actual and expected financial performance of the Group;
- the distributable profits and reserves of the Group;
- the working capital requirements, capital expenditure requirements and future expansion plans of the Group;
- the liquidity position of the Group;
- macroeconomic conditions, the Group's business cycle and other internal or external factors that may have an impact on the business, financial performance and position of the Group; and
- other factors that the Board deems relevant.

Corporate Governance Report

The declaration and payment, or recommendation for declaration and payment, of a dividend is also subject to the applicable laws and regulations, including the laws of Cayman Islands and the memorandum and articles of association of the Company. The Company has no assurance for the amount, ratio and timing of payment of dividend, unless otherwise specified.

SHAREHOLDERS' RIGHTS

Shareholders may request for convening an extraordinary general meeting and putting forward proposals at a general meeting pursuant to article 12.3 of the articles of association of the Company.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company's place of business in Hong Kong.

MEMORANDUM AND ARTICLES OF ASSOCIATION

There was no change in the Company's memorandum or articles of association during the year.

Directors' Report

The Board hereby presents its report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture and sales of therapeutic tea products and pharmaceuticals. The particulars of the Company's principal subsidiaries are set out in note 12 to the consolidated financial statements.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, a discussion of the principal risks, uncertainties facing the Group, relationships with employees, customers and suppliers, an indication of likely future developments in the Group's business and the compliance with the relevant laws and regulations, can be found in the Chairman and CEO's Report, the Management Discussion and Analysis, and the Significant Risks and Response Plans (under the Corporate Governance Report) sections of this annual report. The above sections form part of this Directors' report.

RESULTS AND APPROPRIATIONS

Pursuant to the board resolution on 5 August 2025, the Board has resolved to recommend for declaration and payment of an interim dividend of HK\$0.15 per share (approximately HK\$18,340,000 in aggregate) for the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$0.9 per share). The shareholders of the Company approved the interim dividend at the extraordinary general meeting held on 25 August 2025. The interim dividend was paid on 12 September 2025 to the shareholders whose names appear on the register of members of the Company on 29 August 2025.

The results of the Group for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 118 of this annual report.

The Board has resolved not to recommend for declaration and payment of a final dividend for the year ended 31 December 2025.

There was no arrangement under which a shareholder waived or agreed to waive any dividends during the Reporting Period.

FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 200 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the issued share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

Directors' Report

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2025 amounted to RMB912 million.

Under the Companies Act of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

Movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 121 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025:

- (a) the revenue attributable to the five largest customers of the Group as a percentage of the goods sold or services rendered by the Group was 43%;
- (b) the revenue attributable to the largest customer of the Group as a percentage of the goods sold or services rendered by the Group was 13%;
- (c) the purchases attributable to the five largest suppliers of the Group accounted for 76% of the purchases of the Group;
- (d) the purchases attributable to the largest supplier of the Group accounted for 57% of the purchases of the Group; and
- (e) none of the Directors, their close associates or any shareholders of the Company (who or which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in any of the five largest customers or the five largest suppliers of the Group.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Zhao Yihong (*Chairman and Chief Strategy Officer*)

Ms. Gao Yan (*Vice Chairman*)

Mr. Feng Bing (*Chief Executive Officer*) (*re-designated on 13 June 2025*)

Mr. Yu Hongjiang (*Executive Vice President, Chief Operating Officer and Chief Financial Officer*)

Independent Non-executive Directors

Mr. He Yuanping

Mr. Shi Xiangxin

Dr. Chen Yang (*appointed on 13 June 2025*)

In accordance with article 16.2 of the articles of association of the Company, Dr. Chen Yang will retire at the forthcoming AGM and, being eligible, offer himself for re-election.

Directors' Report

In accordance with article 16.18 of the articles of association of the Company, Ms. Gao Yan and Mr. Shi Xiangxin will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors have a service contract with the Group which is not determinable by the Group within one year without the payment of compensation other than statutory compensation.

REMUNERATION OF THE DIRECTORS

The remuneration of each Director is determined with reference to his/her qualifications, duties and responsibilities with the Group and prevailing market conditions. Details of the remuneration of the Directors are set out in note 10 to the consolidated financial statements of this annual report. The emoluments of other members of senior management of the Company fell within the following bands:

Emolument bands (in HK\$)	Number of individuals in 2025	Number of individuals in 2024
Under HK\$1,000,000	3	—
HK\$1,000,001–HK\$1,500,000	—	3
HK\$1,500,001–HK\$2,000,000	—	—
HK\$2,000,001–HK\$2,500,000	—	—
HK\$2,500,001–HK\$3,000,000	—	—
HK\$3,000,001–HK\$3,500,000	—	—

EMOLUMENTS POLICY

The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in Hong Kong and the Mainland China, and will be reviewed regularly. Subject to the Group's profitability, the Group may also distribute discretionary bonus to its employees as an incentive for their contributions to the Group. The Group has adopted a share option scheme.

DIRECTORS' INTEREST IN CONTRACTS

No Director or his/her related entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and which subsisted during the year or at the end of the year.

RETIREMENT BENEFIT PLANS

The retirement benefit plans are set out in note 10 to the consolidated financial statements of this annual report.

Directors' Report

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

As at 31 December 2025, so far as known to the Directors, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of Director/ Chief Executive	Nature of interest	Number of Shares/options	Number of options granted under the Share Option Scheme	Approximate percentage of total issued Shares (%) ⁽⁸⁾
Mr. ZHAO Yihong	Beneficial owner, interest of his spouse, beneficiary of a discretionary trust and interest of corporation controlled by the Director ⁽¹⁾⁽³⁾	62,975,657 ^{(1)(L)}	200,000 ^{(1)(L)}	51.51%
Ms. GAO Yan	Beneficial owner, interest of her spouse and beneficiary of a discretionary trust ⁽²⁾⁽³⁾	62,975,657 ^{(2)(L)}	200,000 ^{(2)(L)}	51.51%
Mr. FENG Bing	Beneficial owner	100,000 ^{(4)(L)}	100,000 ^{(4)(L)}	0.08%
Mr. YU Hongjiang	Beneficial owner	1,280,025 ^{(5)(L)}	1,222,000 ^{(5)(L)}	1.05%
Mr. HE Yuanping	Beneficial owner	100,000 ^{(6)(L)}	100,000 ^{(6)(L)}	0.08%
Mr. SHI Xiangxin	Beneficial owner	100,000 ^{(7)(L)}	100,000 ^{(7)(L)}	0.08%

- (1) Mr. Zhao Yihong, executive Director, beneficially owns 100,000 options granted under the Share Option Scheme and 313,017 Shares directly. Mr. Zhao is the sole director of Foreshore Holding Group Limited and Better Day Holdings Limited. Mr. Zhao is also deemed or taken to be interested in the following Shares for the purposes of the SFO:
- (i) 61,219,437 Shares which are beneficially owned by Foreshore Holding Group Limited, a company which is deemed to be interested by Mr. Zhao;
 - (ii) 1,069,128 Shares which are beneficially owned by Better Day Holdings Limited, a company which is controlled by Mr. Zhao; and
 - (iii) 100,000 options granted under the Share Option Scheme and 174,075 Shares, which are beneficially owned by Ms. Gao Yan, Mr. Zhao's spouse.
- (2) Ms. Gao Yan, executive Director, beneficially owns 100,000 options granted under the Share Option Scheme and 174,075 Shares directly. Ms. Gao is also deemed or taken to be interested in the following Shares for the purposes of the SFO:
- (i) 100,000 options granted under the Share Option Scheme and 313,017 Shares, which are beneficially owned by Mr. Zhao Yihong, Ms. Gao's spouse;
 - (ii) 61,219,437 Shares which are beneficially owned by Foreshore Holding Group Limited, a company which is deemed to be interested by Ms. Gao; and

Directors' Report

- (iii) 1,069,128 Shares which are deemed to be beneficially owned by Mr. Zhao as controlling shareholder of Better Day Holdings Limited.
- (3) 8,414 shares (99.99%) of Foreshore Holding Group Limited are directly owned by Turtle and Snake Limited. The entire issued share capital of Turtle and Snake Limited is held by Green River Fiduciary Services, LLC, in its capacity as the trustee of a family trust established by Ms. Yang Aiying, mother of Mr. Zhao Yihong, as the settlor for the benefit of herself and her family members.
- (4) Mr. Feng Bing, executive Director, beneficially owns 100,000 options granted under the Share Option Scheme.
- (5) Mr. Yu Hongjiang, executive Director, beneficially owns 1,222,000 options granted under the Share Option Scheme and 58,025 Shares directly.
- (6) Mr. He Yuanping, independent non-executive Director, beneficially owns 100,000 options granted under the Share Option Scheme.
- (7) Mr. Shi Xiangxin, independent non-executive Director, beneficially owns 100,000 options granted under the Share Option Scheme.
- (8) This is calculated based on 122,265,585 Shares, being the number of Shares in issue as at 31 December 2025.
- * The letter "L" denotes the person's long position in such Shares.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as known to the Directors, persons (other than the Directors or chief executive of the Company) who had an interest in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Substantial Shareholders	Number of Shares	Approximate percentage of total issued Shares (%) ⁽³⁾
Foreshore Holding Group Limited ⁽¹⁾	61,219,437 ^(L)	50.07%
Turtle and Snake Limited ⁽¹⁾	61,219,437 ^(L)	50.07%
Green River Fiduciary Services, LLC ⁽¹⁾	61,219,437 ^(L)	50.07%
Ms. PENG Wei ⁽²⁾	10,279,150 ^(L)	8.41%
Everyoung Investment Holdings Limited ⁽²⁾	9,281,250 ^(L)	7.59%

- (1) 8,414 shares (99.99%) of Foreshore Holding Group Limited are directly owned by Turtle and Snake Limited. The entire issued share capital of Turtle and Snake Limited is held by Green River Fiduciary Services, LLC, in its capacity as the trustee of a family trust established by Ms. Yang Aiying, mother of Mr. Zhao Yihong, as the settlor for the benefit of herself and her family members.
- (2) The entire issued share capital of Everyoung Investment Holdings Limited is directly owned by Ms. Peng Wei. Ms. Peng beneficially owns 997,900 Shares.
- (3) This is calculated based on 122,265,585 Shares, being the number of Shares in issue as at 31 December 2025.
- * The letter "L" denotes the person's long position in such Shares.

Directors' Report

Save as disclosed above, as at 31 December 2025, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The adoption of the share option scheme of the Company (the “**Share Option Scheme**”) has been approved by the Board on 8 March 2024 and by the shareholders at the extraordinary general meeting held on 11 April 2024. The Share Option Scheme shall be valid for a period of ten years from the date of shareholders' approval. Except for the Share Option Scheme, the Company does not adopt any other share schemes as at the date of this report.

Purpose

The purpose of the Share Option Scheme is to provide an incentive to motivate, attract and retain eligible participants and to encourage eligible participants to optimize their performance efficiency, enhance the value of the Company and promote the long-term growth of the Company. The Share Option Scheme will provide the eligible participants to have a personal stake in the Company to achieve its intended purpose.

Eligible participants

Eligible participants for the Share Option Scheme include: (a) directors and employees of the Company or any of its subsidiaries (including persons who are granted share options under the scheme as an inducement to enter into employment contracts with these companies) (the “**Employee Participants**”); and (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

Number of Shares available for issue

The maximum number of Shares available for issue under the Share Option Scheme is 12,226,558, being 10% of issued Shares of the Company on the date of this report.

Maximum entitlement of each participant

For any twelve-month period up to and including the grant date, the aggregate number of Shares issued and to be issued in respect of all share options granted to such Eligible Participant (excluding any share options lapsed in accordance with the terms of the Share Option Scheme) shall not in aggregate exceed 1% of the total number of Shares in issue on the grant date.

Consideration for the acceptance of share option

An offer shall be accepted by an Eligible Participant by delivering to the Company a copy of the duly signed offer letter comprising acceptance of the offer (stating the number of share options to be accepted), together with a remittance of HK\$1.00 as consideration for the grant of the share options, on or before the relevant acceptance date. Such remittance shall in no circumstances be refundable.

Vesting period

The vesting period of the share options shall be at least twelve months, and the Board may at its discretion grant a shorter vesting period to an Employee Participant in the following circumstances: (a) grants of “make-whole” share options to new joiners to replace the share options they forfeited when leaving the previous employers; (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out-of-control event; (c) grants that are made in batches during a year for administrative and compliance reasons, which include share options that should have been granted earlier if not for such administrative or compliance reasons had to wait for the subsequent batch; (d) grants of share options with a mixed or accelerated vesting schedule such as where the share options may vest evenly over a period of twelve months; or (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant.

Directors' Report

Exercise period

Subject to any provisions for early termination contained in the Share Option Scheme, the share options may be exercised any time during the period determined by the Board in its absolute discretion, provided that such period shall not exceed the period of ten years from the grant date.

Exercise price

The Exercise price shall be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of: (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the grant date of share options, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five consecutive business days immediately preceding the grant date of share options; and (c) the nominal value of the Share on the grant date of share options.

OPTIONS DETAILS

On 8 May 2024, the Company granted 12,226,000 share options under the Share Option Scheme. Please see the table below for details.

Date of grant	Share options granted	Date of vesting	Lapse date	Exercise Price	Fair value of option at grant date
				HK\$	HK\$
8 May 2024	1,222,000	7 May 2025	7 May 2034	2.822	599,000
	11,004,000	17 October 2024			4,405,000

The following table discloses the movement of the Company's options held by the Directors, employees and related entity participant under the Share Option Scheme for the year ended 31 December 2025:

	Date of grant (note 1)	Date of vesting	Outstanding at 01/01/2025	Cancelled during the period	Lapsed during the period	Exercised during the period	Outstanding at 31/12/2025
Executive directors							
Zhao Yihong	8 May 2024	17 October 2024	100,000	—	—	—	100,000
Gao Yan	8 May 2024	17 October 2024	100,000	—	—	—	100,000
Feng Bing	8 May 2024	17 October 2024	100,000	—	—	—	100,000
Yu Hongjiang	8 May 2024	17 October 2024	1,222,000	—	—	—	1,222,000
			1,522,000	—	—	—	1,522,000
Independent non-executive directors							
He Yuanping	8 May 2024	17 October 2024	100,000	—	—	—	100,000
Shi Xiangxin	8 May 2024	17 October 2024	100,000	—	—	—	100,000
			200,000	—	—	—	200,000
Employees aggregate							
Related entity participant (note 3)	8 May 2024	7 May 2025	1,222,000	—	—	—	1,222,000
			10,504,000	—	—	—	10,504,000
	Total		12,226,000	—	—	—	12,226,000
Exercise price (HK\$)			2.822	—	—	—	2.822
Exercisable at the end of the period							—

Directors' Report

Notes:

1. The closing price of the Company's shares immediately before the date of grant was HK\$2.61.
2. On 8 May 2024, the Company granted a total of 12,226,000 share options to 16 eligible participants in accordance with the terms of the Share Option Scheme. The share options will be vested on the business day immediately following the date on which the relevant vesting conditions are satisfied and 12 months from the date of grant for employee participants (including Directors) and related entity participants, respectively. The exercise period of these share options is ten years from the date of grant. According to the vesting condition notification letter issued by the Company on 29 September 2024, the vesting condition (for employee participants (including Directors)) is that the net profit of the Group for the nine months ending 30 September 2024 reach RMB2 million. The management of the Company calculated the net profit for such period on 16 October 2024 and confirmed that the vesting condition had been satisfied.
3. As disclosed in the announcement of the Company dated 8 May 2024, the 1,222,000 Share Options were granted to Mr. Zhao Yiyin, the general manager of e-commerce business of an associated company of the Company. The Board is of the view that maintaining stable cooperation with and procuring continuous contributions from such Related Entity Participant is crucial to the sustainable development of the Group. Such associated company provides the Group with business operating services related to e-commerce and marketing as well as service guarantee.
4. As at 1 January 2025 and 31 December 2025, the number of shares available for future grant under the Share Option Scheme was 558 shares and 558 shares, respectively, and the number of shares which may be issued during the Reporting Period in respect of share options granted under the Share Option Scheme divided by the weighted average number of shares of the Company in issue was approximately 9.9995%.
5. As disclosed in the announcement of the Company dated 8 May 2024, the vesting period for the grant of the share options to the employee participants (including Directors) is shorter than 12 months because the Options are subject to performance-based vesting conditions in lieu of time-based vesting criteria. The Remuneration Committee is of the view that such arrangement aligns with the purpose of the share option scheme as it provides an incentive to motivate, attract and retain employee participants and to encourage employee participants to optimize their performance efficiency, enhance the value of the Company and promote the long-term growth of the Company.
6. The vesting of the share options granted by the Company to Mr. Zhao Yiyin on 8 May 2024 was completed on 7 May 2025 as 12 months have passed from the date of grant. The closing price of the Company's shares immediately before 7 May 2025 was HK\$2.23.

The Group recognised total expense of approximately RMB312,000 (2024: RMB4,198,000) in relation to share options granted by the Company for the year ended 31 December 2025.

Directors' Report

CONNECTED TRANSACTIONS

Pursuant to the requirements of the Listing Rules, the transactions between the Company and the connected person (as defined in the Listing Rules) constitute a connected transaction of the Company. The Company monitors and manages these transactions in accordance with the Listing Rules. There were no non-exempt connected transactions carried out by the Group for the year ended 31 December 2025.

For the year ended 31 December 2025, there is no related party transaction or continuing related party transaction as set out in note 38 to the consolidated financial statements that constitutes discloseable "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. During the reporting period, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business and administration of the Company during the year.

CONTRACTS OF SIGNIFICANCE

No contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

So far as the Directors were aware, none of the Directors or their associates had any interest in a business that competes or may compete with the business of the Group during the year.

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors might be liable arising from their actual or alleged misconduct. The Directors' liability insurance was in force during the year ended 31 December 2025 and as of the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Act of the Cayman Islands where the Company is incorporated.

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company or sell any treasury shares during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

Directors' Report

DONATION

The Group made charitable donations of RMB0.8 million in aggregate during the year ended 31 December 2025.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group considers building a resource-saving, environment-friendly and green enterprise as an important strategic goal for its sustainable and healthy development. The Group strictly abides by related laws, regulations and standards, highly values enterprises' responsibility to the environment and adheres to the philosophy of scientific and green development. The Group is dedicated to use clean energy, actively promotes "cleaner production", continues to optimise production processes, improves environmental protection facilities, practises energy conservation and emission reduction, and enhances recycling. At the same time, the Group also advocates "green office and low-carbon life", improves energy saving and environmental protection awareness of staff, and encourages employees to take part in charity events for environmental protection. The Group has continuously reduced the adverse impacts on environment by the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the Directors' knowledge, as at the date of this annual report, the Company has maintained sufficient public float during the year and up to the date of this annual report.

RESPONSE TO THE AUDIT OPINION OF THE INDEPENDENT AUDITOR

The independent auditor has issued a qualified opinion in the independent auditor's report in respect of the consolidated financial statements of the Group for the year ended 31 December 2025. As described in Note 5 to the results announcement, the qualified opinion relates to, among other things: the auditor's inability to obtain sufficient appropriate audit evidence to verify the fair value measurement of Central China Dragon Global Opportunity Fund SP6 (the "Fund") as a single financial asset at fair value through profit or loss in the Group's consolidated financial statements.

(I) The views of the management

Regarding the deconsolidation of the Fund

As disclosed in Note 5 to the results announcement of the Group for the year ended 31 December 2024 (the "2024 Annual Results Announcement"), the Group consolidated the Fund as a controlled structured entity in its consolidated financial statements based on the facts that the Company was the only participating shareholder of the Fund and the fees paid to the Fund Manager are comparable to the consideration for the services provided by it as an agent of the Company. The above consolidation treatment was audited by the predecessor auditor for the year ended 31 December 2024. In view of the expiry of the lock-up period of the Fund, the Board passed a resolution in March 2025 to authorize the initiation of redemption, and accordingly submitted a notice of full redemption to the Fund Manager on 26 March 2025 in accordance with the provisions of the fund documents.

Directors' Report

However, in 2025, the following new facts and circumstances, which had a decisive impact on the management's assessment of whether the Group could continue to maintain effective control over the Fund, successively arose in the actual operation of the Fund:

- (i) The Group submitted a notice of full redemption to the Fund Manager on 26 March 2025 in accordance with the private placement memorandum, with the redemption date being 2 July 2025. However, the Fund Manager has only returned HK\$10,000,000 (representing approximately 10% of the total investment amount) in August 2025, and the remaining investment balance remains outstanding as at the date of this announcement; and
- (ii) Despite the Group's repeated urgings through written communications since early 2025 and the issuance of formal demand letters to the Fund Manager through its legal representatives starting from December 2025, requesting the provision of information related to the underlying assets of the Fund and a specific and feasible redemption payment plan, the Fund Manager only provided part of the documents requested by the Group on 31 December 2025 (namely, the audited financial statements of the Fund for the year 2024, the net asset value report for the third quarter of 2025, and the fund asset statement for the third quarter of 2025). The Fund Manager failed to respond adequately to the Group's request for all necessary information and documents regarding the underlying assets of the Fund and the redemption payment arrangements. This resulted in the Group being unable to ascertain the asset status of the Fund and to obtain the underlying supporting materials required by the auditor to perform its audit work.

After a comprehensive consideration of the new facts and circumstances mentioned above, the management is of the view that its original assumption that the Fund Manager was acting as an agent in managing the Fund in accordance with the contractual terms is no longer tenable. The management has accordingly reassessed the Group's control over the Fund in accordance with the requirements of IFRS 10 — Consolidated Financial Statements, and concluded that the Group no longer had control over the Fund in 2025. Accordingly, the Fund ceased to be consolidated in 2025, and the carrying amounts of the relevant assets and liabilities held by the Fund were combined and reclassified as a single financial asset, presented as a financial asset at fair value through profit or loss at its aggregate carrying amount as at the date of reclassification. Management is of the view that the aforementioned deconsolidation is a reassessment based on new facts and circumstances that arose in 2025, and is in compliance with the requirements of the relevant IFRSs.

Regarding the measurement of the financial asset at fair value through profit or loss

The Fund Manager has provided the Group with a revaluation statement regarding the overall net asset value of the Fund, but has not provided the detailed methodology, significant assumptions and key judgements supporting the valuation, resulting in the auditor being unable to obtain sufficient appropriate audit evidence to verify the aforementioned fair value measurement. Management acknowledges the auditor's professional requirement for valuation transparency and has continued to actively engage with the Fund Manager, but has been unable to obtain further valuation details.

Directors' Report

Given that the management is unable to determine the status and value of the underlying assets of the Fund based on the information provided by the Fund Manager, the management is of the view that using the carrying amount of the investment as at 31 December 2024 as the measurement basis provides a better representation of the Group's investment in the Fund than any valuation derived from inputs that cannot be independently verified, and facilitates a proper understanding of the Group's financial position by users of the financial statements.

Management respects the professional judgment of the auditor and agrees on the qualified opinion issued by the auditor on the above matters due to the insufficiency of available audit evidence.

(II) The views of the Audit Committee

The Audit Committee has continuously followed up on relevant matters relating to the Fund, including raising its concerns with the management, receiving periodic update reports from the management, and conducting in-depth discussions and a rigorous review with the Company's independent auditor regarding the matters giving rise to the qualified opinion.

The Audit Committee noted that the scope of the qualified opinion for the current year has narrowed compared to that for 2024: the qualified opinion for 2024 related to the existence, measurement and impairment assessment of various underlying assets of the Fund (including loan receivable and preference share investment); the qualified opinion for the current year focuses on the verifiability of the fair value measurement of the Fund as a single financial asset at fair value through profit or loss following its deconsolidation. The Audit Committee concurred with the position held by the management regarding the key accounting judgements mentioned above and confirmed that the deconsolidation does not affect the figures in the financial statements for the year 2024.

The Audit Committee noted that the failure of the Fund Manager to provide sufficient documents and information is a significant reason for the qualified opinion arising in the current year. The Audit Committee acknowledges and agrees with the qualified opinion issued by the auditor based on its professional and independent assessment, and has requested the management to continue to proactively pursue the full recovery of the investment in the Fund in a manner that is in the best interests of the Company and its shareholders as a whole.

(III) The Group's actions and plans

Management confirms that the redemption arrangements disclosed in the "Subsequent Event" section of the 2024 Annual Results Announcement ultimately failed to materialize. With respect to the cash and equity redemption, the Fund Manager failed to complete the payment and share transfer in the manner described. As for the asset swap, given that the arrangement involved exchanging fund units for shares in a third-party private company, the Group, after reassessment upon due diligence, considered that such arrangement was not in the best interests of the Company and its shareholders as a whole. Consequently, the Group explicitly rejected it and, since July 2025, has consistently insisted on requesting recovering the entire investment principal and related returns in cash in full.

Directors' Report

As at the end of 2025, the management had taken the following proactive measures to advance the recovery of the investment in the Fund:

- (i) Since the beginning of 2025, the Group has repeatedly urged the Fund Manager via email and in writing to provide relevant documents and proceed with the redemption arrangements. The Group's legal representatives issued formal demand letters to the Fund Manager on 18 December 2025 and 29 December 2025, respectively, making a stern demand regarding the overdue redemption payments and the obligation to cooperate with the audit, and requesting the submission of a specific written redemption plan (further actions taken after the reporting period are described in the section headed "Subsequent Event" below); and
- (ii) The Group's primary objective remains to achieve a full cash recovery of the investment in the Fund as soon as possible, and it will evaluate and pursue feasible recovery plans in a manner that is in the best interests of the Company and its shareholders as a whole.

SUBSEQUENT EVENT

Subsequent to 31 December 2025 and up to the date of this announcement, in respect of matters concerning the Fund, the Group held a meeting with the Fund Manager on 3 February 2026. In addition, the Group's legal representatives issued demand letters to the Fund Manager on 9 January 2026, 28 January 2026 and 17 March 2026, respectively, continuously demanding action on the long-overdue redemption payments and audit cooperation matters. The letters also requested the Fund Manager to submit a specific, enforceable and legally binding written redemption plan, and to provide a written undertaking regarding its future audit cooperation obligations.

As at the date of this announcement, the Fund Manager has not yet made any substantive response to the aforementioned redemption requests and letters, nor has it submitted any specific and feasible written redemption plan. The Group will continue to actively pursue the full cash recovery of its investment in the Fund in a manner that is in the best interests of the Company and its shareholders as a whole, and will, depending on developments, take further escalated actions, including but not limited to making a formal complaint to the Securities and Futures Commission of Hong Kong and/or initiating litigation or arbitration proceedings. The Group will make timely disclosure of any material developments regarding the Fund.

Save as disclosed above, no other significant event affecting the Group has occurred subsequent to 31 December 2025 and up to the date of this announcement.

AUDITOR

Taking into account that the former auditor (PricewaterhouseCoopers) has served as the Company's auditor for ten consecutive years, and after thorough consideration of the Company's business development, cost-effectiveness, and requirements for audit services, the Company has appointed Rongcheng (Hong Kong) CPA Limited as the auditor of the Company for the year ended 31 December 2025. The Company has engaged Rongcheng (Hong Kong) CPA Limited to act as the auditor of the Company since 2025.

On behalf of the Board

ZHAO Yihong

Chairman and Chief Strategy Officer

Hong Kong, 20 March 2026

Independent Auditor's Report

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To the Shareholders of Besunyen Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Besunyen Holdings Company Limited (“the **Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 118 to 199, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Limitation of scope — valuation of investments in a segregated portfolio of a fund

As disclosed in Note 12(c) to the consolidated financial statements, the Group invested in a segregated portfolio of a fund (the “**Fund**”) managed by a third-party asset management company (the “**Fund Manager**”). The carrying value of the investments in the Fund was RMB86,505,000 at 31 December 2025. As disclosed in Note 12(c) to the consolidated financial statements, the Fund was consolidated in the Group’s consolidated financial statements since its establishment in October 2023 due to management believing the Group had control over the Fund and the Fund Manager. During 2025, as described in Note 12(c), management has reassessed and considered the Group already has no control over the Fund. Consequently, the Fund was deconsolidated in 2025, and the carrying amounts of the underlying assets and liabilities, held by the Fund, were combined and reclassified as a single financial asset as an investment in a financial asset measured at fair value through profit or loss. The reclassification was recorded at their aggregate carrying amount on the date of reclassification.

Independent Auditor's Report

The carrying value of the Fund as at 31 December 2025 is determined by the management based on the information provided by the Fund Manager. The basis for determining the fair value of the Fund as at 31 December 2025, including the methodology and assumptions adopted in the valuation were not available. Also as disclosed in Note 12(c), management was unable to obtain information of the investments of the Fund including but not limited to the details of the Fund's investments, methodology adopted in determining fair value of the investments, and a report on the development of the Fund's investments.

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed a qualified opinion due to limitation of audit scope in relation to the investments in a segregated portfolio of the Fund as to the limitation of scope in obtaining sufficient and appropriate evidence to support: 1) the existence, classification, measurement, impairment and related disclosures of the Loan Receivable (including principal and accrued interest) of RMB69,793,000; and 2) the fair value and the disclosures on the fair value assessment of the Preferred Share Investment amounting to HK\$13,981,000 (equivalent to approximately RMB12,947,000).

As a result of the matters described above, we were not able to obtain sufficient and appropriate evidence and there were no alternative audit procedures that we could perform to satisfy ourselves as to (1) whether the fair value of the Fund as at 31 December 2025 and the related fair value change recognised in profit or loss account and whether disclosures on the fair value assessment of the Fund in the consolidated financial statements for the year ended 31 December 2025 were sufficient and appropriate, (2) whether the effects of the transactions related to the Fund, including the related cashflows, have been properly accounted for and disclosed in the consolidated financial statements for the year ended 31 December 2025 and (3) whether the existence, classification, measurement, impairment, fair value and related disclosures in relation to the investments in a segregated portfolio of the Fund in the consolidated financial statements for the year ended 31 December 2024 were sufficient and appropriate. Furthermore, any adjustments to the figures as described above in relation to the Fund as at 31 December 2024 might have a consequential effect on the financial position of the Group as at 31 December 2024 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**") as issued by the International Auditing and Assurance Standards Board. 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**"), as applicable to audits of financial statements of public interest entities. We have also 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 qualified opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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

Key Audit Matter

Revenue recognition: Sales of goods

Refer to Note 5 to the consolidated financial statements.

During the year ended 31 December 2025, the Group recognised revenue from sales of goods amounted to approximately RMB494,322,000. The Group manufactures and sells a range of tea, weight-loss and other medicine products.

Revenue is recognised when control of the products has been transferred, being when the products are delivered to customers.

We identified the revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing and amount of revenue recognition by management to meet targets or expectations.

How our audit addressed the Key Audit Matter

Our procedures in relation to revenue recognition from sales of goods included:

- Evaluating the design and implementation effectiveness of management's internal controls over revenue recognition from sales of goods;
- Assessing the appropriateness of the accounting policies for revenue recognition in accordance with IFRS 15;
- Inspecting on a sample basis, sales contracts with major customers to understand key terms and conditions and assessed their implications for revenue recognition;
- Testing on a sample basis, sales transactions that took place shortly before and after the reporting date, by reconciling recognised revenue with the goods delivery notes and goods receipt records, to assess whether revenue was recognised in the proper reporting periods;

Independent Auditor's Report

Key Audit Matter

How our audit addressed the Key Audit Matter

- Testing revenue transactions, on a sample basis, by examining the relevant supporting documents such as customer contracts, orders, goods delivery notes, goods receipt records, invoices and cash receipts;
- For wholesale customers, performing confirmation procedures, on a sample basis, to confirm the trade receivable balances and revenue transactions with customers.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed a qualified opinion on those statements on 26 March 2025 as referred to in the Basis for Qualified Opinion section above.

OTHER INFORMATION

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence to support the fair value of the Fund, as at 31 December 2025 and the effects of the transactions related to the Fund have been properly accounted for and disclosed in the consolidated financial statements for the year ended 31 December 2025 and the existence, classification, measurement, impairment, fair value and related disclosures in relation to the investments in a segregated portfolio of the Fund in the consolidated financial statements for the year ended 31 December 2024. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Independent Auditor's Report

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

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

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

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

Independent Auditor's Report

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

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

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

From the matters communicated with those charged with governance, we determine 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.

Rongcheng (Hong Kong) CPA Limited

Certified Public Accountants

Lee Wai Chi

Practising Certificate Number: P07830

Hong Kong, 20 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	494,322	484,301
Cost of sales		(147,740)	(158,459)
Gross profit		346,582	325,842
Selling and marketing expenses		(238,583)	(199,377)
Administrative expenses		(66,626)	(89,512)
Research and development costs		(9,497)	(29,359)
Impairment losses under expected credit loss model, net		(3,780)	(1,699)
Other income	8	3,921	11,835
Other expenses		(1,775)	(517)
Other (losses) gains, net	9	(2,746)	4,664
Losses on disposal of subsidiaries	26	—	(326)
Operating profit		27,496	21,551
Finance income		374	1,121
Finance costs		(370)	(228)
Finance income, net	11	4	893
Share of profit of joint ventures	13	4,650	5,077
Profit before income tax	7	32,150	27,521
Income tax expense	14	(11,707)	(12,717)
Profit for the year attributable to owners of the Company		20,443	14,804
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		—	2,028
Total comprehensive income for the year attributable to owners of the Company		20,443	16,832
Earnings per share attributable to owners of the Company for the year (RMB):			
Basic and diluted	15	0.17	0.12

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

		As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	16	99,394	108,087
Right-of-use assets	17	20,669	21,752
Intangible assets	18	1,720	1,774
Interests in joint ventures	13	8,129	10,689
Financial assets measured at fair value through profit or loss	22	140,960	79,434
Loan receivable	23	—	69,793
Deferred income tax assets	31	24,515	33,802
Total non-current assets		295,387	325,331
Current assets			
Inventories	19	29,098	26,411
Trade receivables	20	28,281	20,592
Deposits, prepayments and other receivables	21	32,612	40,547
Restricted bank deposits	24	—	13,657
Cash and cash equivalents	25	177,926	134,155
Total current assets		267,917	235,362
Total assets		563,304	560,693

Consolidated Statement of Financial Position

	Notes	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	27	288	288
Share premium		911,622	939,484
Other reserves	28	348,285	347,973
Accumulated losses		(791,926)	(812,369)
Total equity		468,269	475,376
LIABILITIES			
Non-current liabilities			
Deferred government grants	30	1,915	2,051
Lease liabilities	34	1,780	2,474
Deferred income tax liabilities	31	1,396	1,407
Total non-current liabilities		5,091	5,932
Current liabilities			
Trade payables	32	3,191	3,156
Other payables and accrued expenses	33	77,535	66,156
Contract liabilities	6	6,056	6,487
Lease liabilities	34	3,159	3,207
Current income tax liabilities		3	379
Total current liabilities		89,944	79,385
Total liabilities		95,035	85,317
Total equity and liabilities		563,304	560,693

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 118 to 199 were approved by the Board of Directors on 20 March 2026 and were signed on its behalf.

Zhao Yihong
Director

Gao Yan
Director

Consolidated Statement of Changes In Equity

	Notes	Attributable to owners of the Company				Total RMB'000
		Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000 (Note 28)	Accumulated losses RMB'000	
Balance at 1 January 2024		288	1,039,108	341,747	(827,173)	553,970
Comprehensive income						
Profit for the year		—	—	—	14,804	14,804
Other comprehensive income for the year		—	—	2,028	—	2,028
Total comprehensive income for the year		—	—	2,028	14,804	16,832
Total transactions with owners in their capacity						
as owners:						
Dividends	36	—	(99,624)	—	—	(99,624)
Share-based payments	29	—	—	4,198	—	4,198
Balance at 31 December 2024		288	939,484	347,973	(812,369)	475,376
Balance at 1 January 2025		288	939,484	347,973	(812,369)	475,376
Comprehensive income						
Profit for the year		—	—	—	20,443	20,443
Total comprehensive income for the year		—	—	—	20,443	20,443
Total transactions with owners in their capacity						
as owners:						
Dividends	36	—	(27,862)	—	—	(27,862)
Share-based payments	29	—	—	312	—	312
		—	(27,862)	312	—	(27,550)
Balance at 31 December 2025		288	911,622	348,285	(791,926)	468,269

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

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	35(a)	63,387	14,130
Income taxes paid		(2,807)	(4,713)
Interest received		374	1,121
Net cash generated from operating activities		60,954	10,538
Cash flows from investing activities			
Purchases of wealth management products and structured deposits measured at fair value through profit or loss ("FVTPL")		(763,000)	(639,200)
Proceeds from disposals of wealth management products and structured deposits measured at FVTPL		764,773	641,192
Proceeds from maturity/disposals of debt securities measured at FVTPL		—	21,800
Capital injection of investments in funds measured at FVTPL		—	(13,400)
Distribution from investments in funds measured at FVTPL		585	1,756
Placement of loan receivable		—	(63,663)
Redemption of investments held by GOSP6 (as defined in Note 12)		9,148	—
Redemption of investments in funds		2,609	—
Withdrawal of term deposits		—	64,800
Decrease in restricted bank deposits		109	43,220
Purchases of property, plant and equipment		(6,079)	(4,994)
Purchases of intangible assets		(319)	—
Dividend received from joint ventures		7,210	3,268
Proceeds from liquidation of joint ventures		—	2,312
Proceeds from disposals of property, plant and equipment	35(b)	1,060	2,608
Proceeds from disposals of subsidiaries, net	26	—	(339)
Net cash generated from investing activities		16,096	59,360
Cash flows from financing activities			
Repayment of lease liabilities		(5,047)	(3,985)
Interests paid		(370)	(228)
Dividends paid to owners of the Company	36	(27,862)	(99,624)
Net cash used in financing activities		(33,279)	(103,837)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		134,155	169,082
Exchanges losses on cash and cash equivalents		—	(988)
Cash and cash equivalents at end of year, represented by bank balances and cash		177,926	134,155

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Besunyen Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Its immediate holding company is Foreshore Holding Group Limited, which is incorporated in the British Virgin Islands. Its ultimate holding company is Green River Fiduciary Services, LLC which is incorporated in the United States of America. Its ultimate controlling parties are Zhao Yihong, who is the Chairman of the board of directors (the “**Board**”) and Chief Strategy Officer of the Company, and Gao Yan, who is the Vice Chairlady of the Board. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are manufacturing and sales of therapeutic tea products, including Detox tea, Slimming tea, Fit tea, Relief tea and other tea products, and sales of weight-loss and other medicines.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. 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 (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

(a) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which were measured at fair value through profit or loss (“**FVTPL**”).

(b) New and amended IFRS Accounting Standards adopted by the Group

The Group has applied the following amendment to an IFRS Accounting Standard for the first time for its annual reporting period commencing on 1 January 2025:

- Lack of Exchangeability — Amendments to IAS 21

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION *(Continued)***(c) New and amendments to standards not yet adopted**

Certain new and amendments to IFRS Accounting Standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company (the “**Directors**”) anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION *(Continued)***(c) New and amendments to standards not yet adopted** *(Continued)****IFRS 18 Presentation and Disclosure in Financial Statements***

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 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. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3 FINANCIAL RISK MANAGEMENT**3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and security prices risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group.

3.1.1 Market risk***(a) Foreign exchange risk***

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar ("**US\$**") and the HK dollar ("**HK\$**"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency other than the RMB.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)***3.1 Financial risk factors** *(Continued)***3.1.1 Market risk** *(Continued)**(a) Foreign exchange risk (Continued)*

The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2025 RMB'000	2024 RMB'000
US\$ Assets	675	185
HK\$ Assets	10,258	1,641

As at 31 December 2025, if RMB strengthened/weakened by 5% against US\$ and HK\$ with all other variables held constant, the pre-tax profit for the year would have been approximately RMB547,000 higher/lower (2024: pre-tax profit RMB91,000 higher/lower), mainly as a result of foreign exchange gain or loss on translation of US\$ and HK\$ denominated cash and cash equivalents and other receivables.

(b) Price risk

The Group's exposure to price risk arises from corporate fixed rate bonds held by the Group and classified as financial assets measured at FVTPL (Note 22). The Group is not exposed to commodity price risk. The sensitivity analysis is performed by management, see Note 3.3 for detail.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)***3.1 Financial risk factors** *(Continued)***3.1.2 Credit risk**

For cash and cash equivalents, restricted bank deposits and financial assets measured at FVTPL, the Group manages the credit risk by placing bank deposits in or performing short-term investments from state-owned financial institutions or reputable commercial banks. In view of the sound rating of bond issuers, management believes that the credit risk of such investments are not significant. The Group's credit risk arises primarily from trade receivables, other receivables and loan receivable. Aging analysis of the Group's trade receivables is disclosed in Note 20. The Group assesses the credit quality of its customers by taking into account various factors including their financial position, past experience and forward-looking information. Management does not expect any significant losses from non-performance by these counterparties except for those recognised. The Group's other receivables as at 31 December 2025 mainly consisted of receivables for trademark applications, deposits for rental of properties and deposits for the use of e-commerce platform. The Group's loan receivable as at 31 December 2024 consisted of a private loan to a third party. The credit risk of such receivable is assessed by taking into the ability of repayment of counter parties, nature of the receivables, etc.

(a) Impairment of financial assets

The Group only has following types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of goods,
- other receivables, and
- loan receivable.

While cash and cash equivalents and restricted bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)***3.1 Financial risk factors** *(Continued)***3.1.2 Credit risk** *(Continued)**(a) Impairment of financial assets (Continued)**Trade receivables*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2025 or 1 January 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the business climate index in China, including Gross Domestic Product (“GDP”), Producer Price Index (“PPI”) and Consumer Price Index (“CPI”) etc., and collection schedule of the trade receivables to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

	Current	Less than 1 year past due	1–2 years past due	More than 2 years past due	Total
As at 31 December 2025					
Expected loss rate	—	1.09%	23.39%	49.84%	0.03%
Gross carrying amount — trade receivables	22,625	5,672	28	48	28,373
Loss allowance	—	62	6	24	92
As at 31 December 2024					
Expected loss rate	0.03%	0.41%	22.73%	—	0.20%
Gross carrying amount — trade receivables	15,422	5,145	66	—	20,633
Loss allowance	5	21	15	—	41

The Group was exposed to concentration of credit risk on its trade receivables. As at 31 December 2025, the top trade receivables balance due from a single external customer amounted to approximately RMB5,947,000, representing 21% of total trade receivables (2024: RMB3,725,000, representing 18% of total trade receivables). The single external customer is a reputable organization. Management considers that the credit risk is limited in this regard.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)***3.1 Financial risk factors** *(Continued)***3.1.2 Credit risk** *(Continued)**(a) Impairment of financial assets (Continued)**Other receivables*

For the other receivables, the Group applies the IFRS 9 three-stages model to assess the expected credit loss for other receivables. The Group performs periodic collective and individual assessments of other receivables' recoverability, considering historical settlement records, past experience, external credit ratings, and industry non-performing loan ratios of commercial banks to determine expected credit loss rates. The Group has identified the business climate index in China, including GDP, PPI and CPI etc. to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Loan receivable

For the loan receivable, the Group considered the credit risk based on whether the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. The Group makes individual assessment on the recoverability of loan receivable based on the mortgage value of the collateral.

3.1.3 Liquidity risk

The Group manages liquidity risk by maintaining adequate cash and cash equivalents.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)***3.1 Financial risk factors** *(Continued)***3.1.3 Liquidity risk** *(Continued)*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows:

	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 to 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2025					
Trade payables	3,178	13	—	3,191	3,191
Other payables and accrued expenses (excluding non-financial liabilities)	55,532	4,111	—	59,643	59,643
Lease liabilities	1,192	2,286	1,611	5,089	4,939
	59,902	6,410	1,611	67,923	67,773
As at 31 December 2024					
Trade payables	3,087	69	—	3,156	3,156
Other payables and accrued expenses (excluding non-financial liabilities)	42,088	8,986	—	51,074	51,074
Lease liabilities	901	2,561	2,875	6,337	5,681
	46,076	11,616	2,875	60,567	59,911

3.2 Capital management

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

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

The Group monitors capital on the basis of the liability-to-asset ratio. As at 31 December 2025, the Group's liability-to-asset ratio was approximately 16.87% (2024: 15.22%).

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment in wealth management products and structured deposits, fund and unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

The Group had three types of financial assets measured at fair value which are investments in GOSP6, equity investment in private companies and investments in funds as at 31 December 2025 (31 December 2024: three types of financial assets measured at fair value which are preferred share investment in a private company held by GOSP6, equity investment in private companies and investments in funds), and had no financial liabilities measured at fair value.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)**3.3 Fair value estimation** (Continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Assets				
Financial assets measured at FVTPL (Note 22)	—	—	140,960	140,960
	—	—	140,960	140,960
At 31 December 2024				
Assets				
Financial assets measured at FVTPL (Note 22)	—	—	79,434	79,434
	—	—	79,434	79,434

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

	Financial assets measured at FVTPL RMB'000	Financial assets measured at FVOCI RMB'000
Opening balance as at 1 January 2024	68,947	4,864
Additions	652,600	50,087
Disposals	(642,948)	(54,951)
Loss recognised in "Fair value changes on investment measured at FVTPL"	(1,749)	—
Gains recognised in "Other (losses) gains, net"	2,306	—
Currency translation differences	278	—
Closing balance as at 31 December 2024	79,434	—
Opening balance as at 1 January 2025	79,434	—
Additions	763,000	—
Disposals	(767,967)	—
Gains recognised in "Other (losses) gains, net"	(7,272)	—
Redemption of investments held by GOSP6	(9,148)	—
Deconsolidation of fund (Note 12(c))	82,913	—
Closing balance as at 31 December 2025	140,960	—

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The Group determines the fair value of the investments in GOSP6/ investments held by GOSP6 based on the information provided by the Fund Manager (Note 12(c)).

For equity investment in private companies as at 31 December 2025, the fair values are determined by recent transaction price at US\$1 per share (2024: using the market approach, and the significant unobservable inputs include the discount for lack of marketability ("**DLOM**") of 20%). As at 31 December 2024, management determines the valuation multiples with reference to the respective multiples of comparable companies, as adjusted by the lack of marketability that market participants would consider when estimating the fair value of these investments. As at 31 December 2024, if increased DLOM by 5% with all other variables held constant, the fair value would have decreased RMB1,438,000. Conversely, if decreased DLOM by 5% with all other variables held constant, the fair value would have increased RMB719,000.

The Group determines the fair value of the investments in funds as at 31 December 2025 and 2024 based on the net asset values of the private equity funds with underlying assets and liabilities measured at fair value as reported by the general partners of the funds.

There were no changes in valuation techniques during the years ended 31 December 2025 and 2024. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Current and deferred income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax expense and deferred income tax provisions in the period in which such determination is made. In addition, the realisation of deferred income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates would result in adjustments to the value of future income tax assets and liabilities, which could have a significant effect on the income tax expenses.

(b) Recoverability of property, plant and equipment

The property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of property, plant and equipment is determined based on the higher of its fair value less costs of disposal and its "value-in-use" amounts. In determining fair values, various applicable valuation techniques (e.g. market approach or income approach) are used, with certain unobservable inputs including terminal yield, revisionary yield, market unit rent of individual unit, etc. In assessing "value-in-use" amounts, the net present value of the future cash flows is calculated while certain assumptions are required to be made in respect of highly uncertain matters including management's expectation of revenue growth rate, sales margin, and pre-tax discount rate.

Judgment is required to identify any impairment indicators existing for any of these property, plant and equipment to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models, including discounted cash flows, market approach and income approach. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

4 CRITICAL ESTIMATES AND JUDGEMENTS *(Continued)***(c) Fair value of financial assets measured at FVTPL**

The fair value of financial assets that are not traded in an active market (for example, investments in private companies) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments.

5 REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, identified as the chief operating decision makers (“**CODM**”), review the Group’s internal reporting in order to assess performance and allocate resources.

The CODM had identified the manufacturing and sales of tea products (including Detox tea, Slimming tea, Fit tea, Relief tea and others) and sales of weight-loss and other medicines as separate reportable segments, namely the tea products segment and the weight-loss and other medicines segment.

The CODM evaluates the performance of the reportable segments based on their revenue, gross profit and operating results which derived from gross profit deducting selling and marketing expenses and research and development costs. The CODM does not assess the assets and liabilities of the operating segments to allocate resources.

(a) Revenue

The revenue segment information reported to CODM for the years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
Tea products segment		
— Detox tea	49,804	79,911
— Slimming tea	106,182	98,935
— Fit tea	86,196	71,219
— Relief tea	5,413	6,571
— Others	49,611	69,547
	297,206	326,183
Weight-loss and other medicines segment		
— Weight-loss medicines	184,866	147,999
— Other medicines	12,250	10,119
	197,116	158,118
	494,322	484,301

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)***(a) Revenue** *(Continued)***Information about major customers**

Revenue from customer contributing over 10% of the total revenue of the Group for the respective years is as follow:

	2025 RMB'000	2024 RMB'000
Customer A	115,153	N/A (Note (a))

Note:

(a) The corresponding revenue did not contribute over 10% of the total revenue of the Group in 2024.

Accounting policies of revenue recognition*Sales of goods**Wholesales*

The Group produces and sells therapeutic tea products (including Detox tea, Slimming tea, Fit tea, Relief tea and other tea products) and weight-loss and other medicines in the wholesale market. Revenue are recognised when control of the products has transferred. Control is considered to be transferred at the point in time when the products have been delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery has occurred when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the goods.

The products are often sold with volume rebates based on aggregate sales over a specific period as defined in the contracts. Revenue from sales of goods to wholesaler is recognised based on the price specified in the sales contracts, net of the estimated volume rebates at the time of sale. Accumulated experience is used to estimate and provide for the rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Expected volume rebates payable to customer (included in other payables and accrued expenses) in relation to sales made until the end of reporting period are assessed based on anticipated annual purchases. During the years ended 31 December 2025 and 2024, the wholesalers have no right to return any goods after its acceptance of the products, therefore there was no refund liability and right to returned goods that has been recognised.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)***(a) Revenue** *(Continued)***Accounting policies of revenue recognition** *(Continued)**Sales of goods (Continued)**Wholesales (Continued)*

Receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

In addition, if a customer pays consideration that is unconditional, before the entity transfers a good to the customer, the entity shall present the contract as a contract liability when the payment is made. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer.

Internet sales

Revenue from the sale of goods on the internet is recognised when control of the products has been transferred, being the acceptance of the delivery of the products by the customer. Payment of the transaction price is due immediately when the customer places the order for the products online. It is the PRC regulation to sell any products online to the end customer with a right of return within 7 days. Therefore, a refund liability (included in other payables and accrued expenses) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale. As of 31 December 2025 and 2024, there was no any refund liability and right to returned goods have been recognised since the estimated return is immaterial.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for a significant financing component or the time value of money.

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION *(Continued)***(b) Segment information**

The segment results for the year ended 31 December 2025 are as follows:

	Tea products segment RMB'000	Weight-loss and other medicines segment RMB'000	Total RMB'000
Total revenue	297,206	197,116	494,322
Revenue from external customers	297,206	197,116	494,322
Timing of revenue recognition			
At a point in time	297,206	197,116	494,322
Cost of sales	(62,900)	(84,840)	(147,740)
Gross profit	234,306	112,276	346,582
Selling and marketing expenses	(136,066)	(102,517)	(238,583)
Research and development costs	(5,407)	(4,090)	(9,497)
Segment results	92,833	5,669	98,502
Administrative expenses			(66,626)
Impairment losses under expected credit losses model, net			(3,780)
Other income			3,921
Other expenses			(1,775)
Other losses, net			(2,746)
Operating profit			27,496
Finance income			374
Finance costs			(370)
Finance income, net			4
Share of profit of joint ventures			4,650
Profit before income tax			32,150
Income tax expense			(11,707)
Profit for the year			20,443
Other segment information:			
Depreciation	(18,490)	(1,062)	(19,552)
Amortisation	(356)	(17)	(373)

Notes to the Consolidated Financial Statements

5 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment results for the year ended 31 December 2024 are as follows:

	Tea products segment RMB'000	Weight-loss and other medicines segment RMB'000	Total RMB'000
Total revenue	326,183	158,118	484,301
Revenue from external customers	326,183	158,118	484,301
Timing of revenue recognition			
At a point in time	326,183	158,118	484,301
Cost of sales	(77,749)	(80,710)	(158,459)
Gross profit	248,434	77,408	325,842
Selling and marketing expenses	(114,191)	(85,186)	(199,377)
Research and development costs	(8,045)	(21,314)	(29,359)
Segment results	126,198	(29,092)	97,106
Administrative expenses			(89,512)
Impairment losses under expected credit losses model, net			(1,699)
Other income			11,835
Other expenses			(517)
Other gains, net			4,664
Losses on disposal of subsidiaries			(326)
Operating profit			21,551
Finance income			1,121
Finance costs			(228)
Finance income, net			893
Share of profit of joint ventures			5,077
Profit before income tax			27,521
Income tax expense			(12,717)
Profit for the year			14,804
Other segment information:			
Depreciation	(16,446)	(1,130)	(17,576)
Amortisation	(310)	(66)	(376)

As at 31 December 2025, non-current assets of the Group except for those amounting to RMB2,965,000 (2024: RMB2,888,000) are all located in the PRC.

Non-current assets excluded financial assets measured at FVTPL, loan receivable, deferred income tax assets and interests in joint ventures.

Notes to the Consolidated Financial Statements

6 CONTRACT LIABILITIES

Contract liability is recognised when a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, preceding the Group's performance. The Group recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligations as at 31 December 2025 and 2024 are expected to be recognised within one year.

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Tea products	4,502	2,106
Weight-loss and other medicines	1,554	4,381
	6,056	6,487

The Group's contract liabilities balance at the beginning of the year were all recognised as revenue in 2025 and 2024. All revenue are for periods for a year or less. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contacts is not disclosed.

7 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2025 RMB'000	2024 RMB'000
Cost of inventories recognised as expense	121,938	133,980
Write-off of inventories (included in cost of sales)	1,445	1,425
Employee benefit expenses (Note 10)	37,124	56,874
Selling and marketing expenses (Note (b))	238,583	199,377
Depreciation and amortisation (Notes 16, 17 and 18)	19,925	17,952
Loss on liquidation of joint ventures	—	3,596
Loss on disposal of subsidiaries	—	326
Outsourced researching and development expenses (included in research and development costs)	5,094	22,982
Expenses relating to short-term leases (Note (a) and Note 34)	1,063	2,127
Expenses relating to leases of low-value assets excluding short-term leases of low-value assets (Note (a) and Note 34)	—	31
Auditors' remunerations		
— audit services	1,800	2,890

Notes:

- (a) Rental expenses for the years ended 31 December 2025 and 2024 derived from short-term leases and leases of low-value assets which were recognised on a straight-line basis as an expense in profit or loss (Note 34(b)).
- (b) For the year ended 31 December 2025, included in selling and marketing expenses are marketing, advertising and promotional expenses of approximately RMB31,600,000 (2024: RMB57,646,000) and outsourced operating services fees of approximately RMB181,773,000 (2024: RMB117,761,000).

Notes to the Consolidated Financial Statements

8 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants	1,734	2,982
Recognition of deferred government grants	136	136
Interest income from loan receivable (Note 12(c))	—	4,899
Interest income from short-term bank deposits	—	1,835
Others	2,051	1,983
	3,921	11,835

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. There are no unfulfilled conditions and other contingencies attached to the receipts of subsidies for the years ended 31 December 2025 and 2024. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchases of property, plant and equipment and land use rights are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

Interest income

Interest income from financial assets at FVTPL is included in change in fair value of short-term investments measured at FVTPL, presented in "other (losses) gains, net", further details are described in Note 9.

Interest income on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income ("FVOCI") calculated using the effective interest method is recognised in consolidated statement of profit or loss and other comprehensive income and included in "other income".

Interest income from short-term bank deposits of approximately RMB1,835,000 for the year ended 31 December 2024 (2025: Nil) is presented as "other income".

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Notes to the Consolidated Financial Statements

9 OTHER (LOSSES) GAINS, NET

	2025 RMB'000	2024 RMB'000
Net fair value (losses) gains on financial assets measured at FVTPL (Note 22)	(7,272)	972
Donation	(230)	(790)
Net gains (losses) on disposals of property, plant and equipment and land use rights	452	(39)
Net foreign exchange losses	(760)	(1,694)
Net gains on termination of lease	—	42
Others	5,064	6,173
	(2,746)	4,664

10 EMPLOYEE BENEFIT EXPENSES

	2025 RMB'000	2024 RMB'000
Salaries, bonus and other allowances	34,510	43,001
Share-based payments	—	3,970
Severance payment	312	6,624
Pension cost — defined contribution plan	2,302	3,279
	37,124	56,874

The employee benefit expenses are included in selling and marketing expenses, administrative expenses and research and development costs.

The Group did not have any forfeited contribution for the years ended 31 December 2025 and 2024 in connection with the defined contribution plan operated by the PRC governments. The Group did not have defined benefit plan for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

10 EMPLOYEE BENEFIT EXPENSES (Continued)**Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year include four (2024: three) directors whose emoluments are reflected in the analysis shown in Note 39. The emoluments paid to the remaining one (2024: two) individual during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other allowances	610	1,660
Share-based payments	—	882
Pension cost — defined contribution plan	68	133
	678	2,675

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands (in HK\$)		
Nil to HK\$1,000,000	1	—
HK\$1,000,001–HK\$1,500,000	—	2

11 FINANCE INCOME, NET

	2025 RMB'000	2024 RMB'000
Bank interest income	374	1,121
Finance income	374	1,121
Interest expense		
— lease liabilities (Note 34(b))	(370)	(228)
Finance costs	(370)	(228)
Finance income, net	4	893

Notes to the Consolidated Financial Statements

12 MAJOR SUBSIDIARIES AND INVESTMENTS IN A SEGREGATED PORTFOLIO OF FUND

(a) Subsidiaries

The Group's principal subsidiaries at 31 December 2025 and 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares/equity interests that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business of each entity.

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Ownership interest held by the Group	
				2025	2024
Besunyen Investment (BVI) Co., Ltd. ("Besunyen BVI")	British Virgin Islands ("BVI"), limited liability company	Investment holding in BVI	US\$1	100%	100%
Besunyen (Hong Kong) Co., Ltd. 碧生源(香港)有限公司	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$1	100%	100%
Zenith City Limited 運眾有限公司	Hong Kong, limited liability company	Sales of therapeutic tea products in PRC	HK\$1	100%	100%
Beijing Outsell Health Product Development Co., Ltd. ("Beijing Outsell") (note i) 北京澳特舒爾保健品開發有限公司	The PRC, limited liability company	Manufacture and sales of therapeutic tea products in PRC	RMB829,413,849	100%	100%
Beijing Pincha Online Ecommerce Co., Ltd. (note ii) 北京品茶在線電子商務有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB80,000,000	100%	100%
Guangdong Runliang Pharmaceutical Co., Ltd. (note ii) 廣東潤良藥業有限公司	The PRC, limited liability company	Sales of weight-loss medicine in PRC	RMB133,000,000	100%	100%
Zhuhai Aolixin Pharmaceutical Co., Ltd. (note ii) 珠海奧利新醫藥有限公司	The PRC, limited liability company	Sales of medicine in PRC	RMB54,000,000	100%	100%

Notes to the Consolidated Financial Statements

12 MAJOR SUBSIDIARIES AND INVESTMENTS IN A SEGREGATED PORTFOLIO OF FUND (Continued)

(a) Subsidiaries (Continued)

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Ownership interest held by the Group	
				2025	2024
Beijing Besunyen E-Commerce Co., Ltd. (note ii) 北京碧生源電子商務有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB45,000,000	100%	100%
Guangdong Runze Supply Chain Management Co., Ltd. (note ii) 廣東潤澤供應鏈管理有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB5,000,000	100%	100%
Hangzhou Besunyen Ecommerce Co., Ltd. (note ii) 杭州碧生源電子商務有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB1,000,000	100%	100%
Guangzhou Bihai Health Industry Co., Ltd. (note iii) 廣州碧海健康產業有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB1,000,000	—	100%
Jiangxi Outsell Trading Co., Ltd. (note ii) 江西澳特舒爾商貿有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB5,000,000	100%	100%
Jiangsu Besunyen Ecommerce Co., Ltd. ("Jiangsu Besunyen Ecommerce") (note ii) 江蘇碧生源電子商務有限公司	The PRC, limited liability company	Sales of therapeutic tea products in PRC	RMB10,000,000	100%	100%

Notes:

- i. The subsidiary was registered as wholly foreign owned enterprises under PRC law.
- ii. These subsidiaries are registered as wholly owned enterprises under PRC law.
- iii. The subsidiary was deregistered by the Group in 2025.

Notes to the Consolidated Financial Statements

12 MAJOR SUBSIDIARIES AND INVESTMENTS IN A SEGREGATED PORTFOLIO OF FUND
(Continued)**(b) Significant restrictions**

Cash and cash equivalents and term deposits of approximately RMB166,993,000 (2024: RMB132,373,000) were held in the Mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

(c) Investments in a segregated portfolio of Fund (the "Fund")

On 5 October 2023, the Group subscribed the 100% participating shares of Central China Dragon Global Opportunity Fund SPC ("**SPC Fund**") at HK\$100 million (equivalent to approximately RMB91,747,000) in respect of Central China Dragon Global Opportunity Fund SP6「中州龍騰環球機會六號基金」, which is a segregated portfolio of the SPC Fund ("**GOSP6**"), in accordance with the subscription application form signed with the SPC Fund and a third party asset management company, Central China Asset Management Company Limited (the "**Fund Manager**") for the purpose of wealth management. As the Company is the only equity holder of GOSP6, and the fee paid to the Fund Manager is comparable to its service provided as an agent, the Group was considered to have control over GOSP6. As a result, the directors of the Company considered that it is appropriate to consolidate the GOSP6, since the establishment of the investment.

At 31 December 2024, the composition of the underlying major investments in the Fund included (i) restricted bank deposits of approximately RMB13,548,000 (Note 24); (ii) amount of approximately RMB12,947,000 represented an investment of 3,318,470 preferred shares in a private pharmaceutical company amounting to US\$1,800,000, which was acquired in November 2023 ("**Preferred Share Investment**") (Note 22); and (iii) amount of approximately RMB69,793,000 (including principal of approximately RMB64,823,000 and accrued interest of approximately RMB4,970,000) of a three-year private loan to a third-party (the "**Loan Receivable**"), a company incorporated in BVI (the "**Borrower**") (Note 23). According to a term sheet of the loan provided by the Fund Manager, the loan principal amounted to HK\$70,000,000 and the loan is secured by the Borrower's indirect equity interests in a private company incorporated in the PRC and guaranteed by an individual who is a 100% shareholder of the Borrower. The interest rate of the private loan is fixed at 8% per annum. During the year ended 31 December 2024, the Group accrued related interest amounting to HK\$5,367,000 (equivalent to approximately RMB4,899,000). The private loan is measured at amortised cost net of impairment charge. Based on a net asset value statement provided by the Fund Manager, the Company considers the recoverable amount of the private loan approximates its carrying value, accordingly no provision for impairment charge was made for the loan.

Notes to the Consolidated Financial Statements

12 MAJOR SUBSIDIARIES AND INVESTMENTS IN A SEGREGATED PORTFOLIO OF FUND
*(Continued)***(c) Investments in a segregated portfolio of Fund (the "Fund")** *(Continued)*

On 26 March 2025, the Group submitted a redemption notice to the Fund Manager to redeem the Group's investments in the Fund according to the Private Placement Memorandum. However, the Fund Manager had only returned HK\$10 million in August 2025, which approximates 10% of the Group's investments in the Fund. Up to the date of this report, Management was unable to obtain the requested information about the Fund and the return of the remaining balance of the Group's investments in the Fund. In December 2025, the Group's legal representative issued two legal letters to the Fund Manager demanding the provision of the following information:

- (i) the 2024 audited financial statements of the Fund;
- (ii) the Net Asset Value Report for the third quarter of 2025 of the Fund;
- (iii) valuation statement of the Preferred Share Investment;
- (iv) details of the Fund's investments, methodology adopted in determining fair values of the investments, and a report on the development of the Fund's investments;
- (v) minutes and decision of the board of directors or investment committee on the Group's redemption request; and
- (vi) plan and timetable for the return of the Group's investment.

Management reassessed the Group's power over the Fund and concluded that the Group is unable to direct the Fund Manager or remove them. Therefore, the Group does not have control over the Fund. Consequently, the Fund was deconsolidated in 2025, and the carrying amounts of the underlying assets and liabilities, held by the Fund, were combined and reclassified as a single financial asset as an investment in financial asset measured at fair value through profit or loss. The reclassification was recorded at their aggregate carrying amount on the date of reclassification.

In circumstance of the aforesaid, the Group has initiated, with the support of independent legal advice, a number of measures including the demand of information, instruction to redeem the investment. Up to the date of this report, a specific redemption plan has not yet been provided by the Fund Manager.

At 31 December 2025, the investments in the Fund is recognised as a single financial asset in financial assets measured at fair value through profit or loss amounting to approximately RMB86,505,000 (Note 22). The composition of the underlying major investments in the Fund at 31 December 2025 included (i) restricted bank deposits of approximately RMB4,288,000, (ii) amount of approximately RMB12,947,000 represented the Preferred Share investment; and (iii) amount of approximately RMB69,793,000 (including principal of approximately RMB64,823,000 and accrued interest of approximately RMB4,970,000) represented the Loan Receivable.

Notes to the Consolidated Financial Statements

13 INTERESTS IN JOINT VENTURES

The amounts recognised in the consolidated statement of financial position are as follows:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Joint ventures	8,129	10,689

The amounts of recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2025 RMB'000	2024 RMB'000
Joint ventures	4,650	5,077

	RMB'000
Carrying amounts at 1 January 2024	14,788
Dividends from joint ventures	(3,268)
Share of profit	5,077
Liquidation of joint ventures (note i)	(5,908)
Carrying amounts at 31 December 2024	10,689
Carrying amounts at 1 January 2025	10,689
Dividends from joint ventures	(7,210)
Share of profit	4,650
Carrying amounts at 31 December 2025	8,129

Notes to the Consolidated Financial Statements

13 INTERESTS IN JOINT VENTURES (Continued)**Aggregated information of joint ventures that are not individually material**

	2025 RMB'000	2024 RMB'000
The Group's share of profit	4,650	5,077

The Group's investments in joint ventures are all incorporated in the PRC and measured using the equity method. Details of the joint ventures as at 31 December 2025 and 2024 are as below:

Name of entity	Initial investments RMB	% of equity interest	
		2025	2024
Ningbo Yuanyuan Liuchang Investment Management Co., Ltd ("Yuanyuan Liuchang") (note i) 寧波源遠流長投資管理有限公司	50,000	50%	50%
Ningbo Yuanyuan Liuchang Investment Centre (Limited Partnership) (the "Yuanyuan Liuchang Fund") (note i) 寧波源遠流長投資中心(有限合夥)	79,210,000	89.5%	89.5%
Beijing Bishengjuyuan Enterprise Management Consulting Co., Ltd. ("Bishengjuyuan") (note ii) 北京碧生聚源企業管理諮詢有限公司	1,800,000	30%	30%
Jiangsu Besunyen Trading Co., Ltd. ("Jiangsu Trading") (note ii) 江蘇碧生源商貿有限公司	1,500,000	39%	39%
Jiangxi Besunyen Biotechnology Co., Ltd. ("Jiangxi Biotechnology") (note ii) 江西碧生源生物有限公司	1,500,000	39%	39%

Notes to the Consolidated Financial Statements

13 INTERESTS IN JOINT VENTURES (Continued)

Aggregated information of joint ventures that are not individually material
(Continued)

Name of entity	Initial investments RMB	% of equity interest	
		2025	2024
Jiangxi Besunyen Trading Co., Ltd. ("Jiangxi Trading") (note ii) 江西碧生源商貿有限公司	1,500,000	39%	39%
Jiangxi Besunyen Technology Co., Ltd. ("Jiangxi Technology") (note ii) 江西碧生源科技有限公司	1,500,000	39%	39%
Guangzhou Bihan Network Technology Co., Ltd. ("Guangzhou Bihan Network") (note ii) 廣州碧瀚網路科技有限公司	300,000	30%	30%
Hangzhou Bihan Network Technology Co., Ltd. ("Hangzhou Bihan Network") (note ii) 杭州碧瀚網路科技有限公司	300,000	30%	45%
Beijing Bihan E-commerce Co., Ltd. ("Beijing Bihan E-commerce") (note ii) 北京碧瀚電子商務有限公司	300,000	30%	30%
Beijing Zhongke Huikai Technology Co., Ltd. ("Zhongke Huikai Technology") 北京中科匯凱科技有限公司 (note ii)	90,000	30%	30%

Notes:

- i. Yuanyuan Liuchang was established on 8 March 2016 and is a joint venture of the Group. The Yuanyuan Liuchang Fund has a total capital commitment of RMB100,000,000 and is owned by the Group, other shareholders and the Fund Management Company as to 89%, 10% and 1%, respectively.

The principal business of the Yuanyuan Liuchang Fund is investments in portfolio companies specialising in the health care industry, TMT (technology, media and telecommunications) industry and consumer industry, etc., as well as the investment in certain early-stage partnership companies.

In 2024, the Yuanyuan Liuchang Fund and Yuanyuan Liuchang was in the process of liquidation. In August 2024, the Group received related proceeds of approximately RMB2,312,000, and a loss on liquidation of joint ventures of RMB3,596,000 was recognised. In 2025, the Yuanyuan Liuchang Fund and Yuanyuan Liuchang are still under the liquidation process and pending for the updated status in statutory record.

- ii. In 2023, in order to realise the co-creation and co-sharing incentive model, the Group has made strategies to the business operation model and staff structure (the "Strategies") by inviting the Group's core personnels to jointly establish certain joint venture entities. Meanwhile, the Group has entered into series services/distribution agreements with the new established joint ventures which became customers/vendors of the Group to distribute the Group's product offline or provide operational services related to OTC, e-commerce as well as marketing.

The joint ventures were all established following the Group's Strategies.

Commitments and contingent liabilities in respect of joint ventures

There is no contingent liability relating to the Group's interests in the joint ventures.

Notes to the Consolidated Financial Statements

14 INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current year		
— PRC Corporate Income Tax	2,431	4,273
Deferred income tax	9,276	8,444
Income tax expense	11,707	12,717

Notes:

- (i) Certain subsidiaries of the Group were incorporated in the Cayman Islands and the BVI and they are tax exempted under the tax laws of the Cayman Islands and the BVI respectively.
- (ii) Certain subsidiaries of the Group are Hong Kong tax residents and subject to Hong Kong profits tax. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group does not have assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2025 and 2024.

- (iii) The provision for PRC Corporate Income Tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Tibet Besunyen Trading Co., Ltd. and Beijing Qianruiwanfu Technology Co., Ltd. (formerly known as Tibet Qianruiwanfu Venture Investment Co., Ltd) (“**Qianruiwanfu**”) established by the Group in February 2017, were entitled to the preferential policy of Encouraged Industries in the West Regions in Tibet from the date of establishment to 31 December 2024, for which the applicable income tax rate is 15% (2025: 25%).

In October 2023, Beijing Outsell obtained the High and New Technology Enterprise (“**HNTE**”) qualification for three years from 2023 to 2026, for which the applicable income tax rate is 15% (2024: 15%).

Hangzhou Aoteshuer E-Commerce Co., Ltd is entitled to the preferential policy of Small and Micro-sized enterprises from the date of establishment to 31 December 2025, for which the applicable income tax rate is 5% (2024: 25%).

All other PRC subsidiaries of the Group are subject to the statutory corporate income tax rate of 25% (2024: 25%).

Notes to the Consolidated Financial Statements

14 INCOME TAX EXPENSE (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the PRC statutory enterprise income tax rate as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	32,150	27,521
Tax at statutory income tax rate of 25% (2024: 25%)	8,038	6,880
Effect of preferential tax rate granted	(6,486)	(2,373)
Tax effect of tax losses not recognised	17,919	3,636
Utilisation of tax losses previously not recognised	(12,224)	(2,096)
Additional tax deduction for research and development expenses according to the laws and regulations	(551)	(863)
Dividend tax provision for distributable profits of PRC subsidiaries	—	3,703
Tax effect of expenses not deductible for tax purposes	6,553	5,879
Tax effect of income not taxable for tax purposes	(1,542)	(2,049)
Income tax expense	11,707	12,717

15 EARNINGS PER SHARE**(a) Basic**

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

	2025	2024
Profit attributable to owners of the Company (RMB'000)	20,443	14,804
Weighted-average number of ordinary shares in issue (thousands)	122,266	122,266
Basic earnings per share (RMB)	0.17	0.12

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding by assuming that the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options granted in 2025 and 2024 as the exercise prices of the share options were higher than the average market price of the Company's shares for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities RMB'000	Plant and machinery RMB'000	Furniture and others RMB'000	Construction in progress RMB'000	Total RMB'000
COST					
At 1 January 2024	157,136	200,028	50,451	2,178	409,793
Additions	563	62	4,058	1,535	6,218
Transfer	3,713	—	—	(3,713)	—
Disposals/write-off	(2,163)	(29,079)	(1,481)	—	(32,723)
Disposals of subsidiaries (Note 26)	(9,537)	—	(711)	—	(10,248)
At 31 December 2024	149,712	171,011	52,317	—	373,040
At 1 January 2025	149,712	171,011	52,317	—	373,040
Additions	2,890	2,639	550	—	6,079
Disposals/write-off	—	(5,740)	(431)	—	(6,171)
At 31 December 2025	152,602	167,910	52,436	—	372,948
ACCUMULATED DEPRECIATION					
At 1 January 2024	72,178	186,627	32,744	—	291,549
Charge for the year	8,997	1,655	2,404	—	13,056
Disposals/write-off	(1,948)	(27,228)	(1,349)	—	(30,525)
Disposals of subsidiaries (Note 26)	(8,420)	—	(707)	—	(9,127)
At 31 December 2024	70,807	161,054	33,092	—	264,953
At 1 January 2025	70,807	161,054	33,092	—	264,953
Charge for the year	9,667	3,033	1,790	—	14,490
Disposals/write-off	—	(5,502)	(387)	—	(5,889)
At 31 December 2025	80,474	158,585	34,495	—	273,554
ACCUMULATED IMPAIRMENT					
At 1 January 2024	1,028	—	—	—	1,028
Disposals of subsidiaries (Note 26)	(1,028)	—	—	—	(1,028)
At 31 December 2024 and 2025	—	—	—	—	—
NET BOOK VALUE					
At 31 December 2025	72,128	9,325	17,941	—	99,394
At 31 December 2024	78,905	9,957	19,225	—	108,087

Notes to the Consolidated Financial Statements

16 PROPERTY, PLANT AND EQUIPMENT *(Continued)***(a) Depreciation methods and useful lives**

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 as follows:

Buildings and facilities	10–30 years
Plant and machinery	5–10 years
Furniture and others	2–5 years

(b) Depreciation charges are recognised in profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Cost of sales	7,502	4,693
Administrative expenses	4,860	6,533
Research and development costs	1,094	411
Selling and marketing expenses	1,034	1,419
	14,490	13,056

Notes to the Consolidated Financial Statements

17 RIGHT-OF-USE ASSETS

	Leased properties		Total RMB'000
	Land use rights RMB'000 (note a)	Office premises and staff quarters RMB'000	
At 1 January 2024	16,956	5,172	22,128
Additions	—	5,529	5,529
Depreciation	(396)	(4,124)	(4,520)
Termination	—	(936)	(936)
Disposals	(449)	—	(449)
At 31 December 2024	16,111	5,641	21,752
At 1 January 2025	16,111	5,641	21,752
Additions	—	4,305	4,305
Depreciation	(387)	(4,675)	(5,062)
Disposals	(326)	—	(326)
At 31 December 2025	15,398	5,271	20,669

Depreciation charges are recognised in profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Cost of sales	7	433
Research and development costs	—	148
Selling and marketing expenses	1,045	971
Administrative expenses	4,010	2,968
	5,062	4,520

Note:

(a) As at 31 December 2025 and 31 December 2024, the Group has no pledges of assets.

Notes to the Consolidated Financial Statements

18 INTANGIBLE ASSETS

	Goodwill	Trade- marks and brand name	Computer software	Exclusive medicine distribution right	Patents	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2024	4,116	15,587	10,879	2,938	313	33,833
Disposals	—	—	(78)	—	—	(78)
Disposals of subsidiaries (Note 26)	(4,116)	(1,900)	(730)	—	—	(6,746)
At 31 December 2024	—	13,687	10,071	2,938	313	27,009
At 1 January 2025	—	13,687	10,071	2,938	313	27,009
Additions	—	—	319	—	—	319
Write-off	—	—	(622)	—	—	(622)
At 31 December 2025	—	13,687	9,768	2,938	313	26,706
ACCUMULATED AMORTISATION						
At 1 January 2024	—	13,891	10,006	2,938	83	26,918
Charge for the year	—	215	141	—	20	376
Disposals	—	—	(78)	—	—	(78)
Disposals of subsidiaries (Note 26)	—	(1,203)	(778)	—	—	(1,981)
At 31 December 2024	—	12,903	9,291	2,938	103	25,235
At 1 January 2025	—	12,903	9,291	2,938	103	25,235
Charge for the year	—	286	67	—	20	373
Write-off	—	—	(622)	—	—	(622)
At 31 December 2025	—	13,189	8,736	2,938	123	24,986
ACCUMULATED IMPAIRMENT						
At 1 January 2024	4,116	—	—	—	—	4,116
Disposals of subsidiaries (Note 26)	(4,116)	—	—	—	—	(4,116)
At 31 December 2024 and 2025	—	—	—	—	—	—
NET BOOK VALUE						
At 31 December 2025	—	498	1,032	—	190	1,720
At 31 December 2024	—	784	780	—	210	1,774

Notes to the Consolidated Financial Statements

18 INTANGIBLE ASSETS *(Continued)***(a) Amortisation methods and periods**

The Group amortises intangible assets with a finite useful life by using the straight-line method as follows:

Trademarks and brand name	5–10 years
Computer software	3–5 years
Exclusive medicine distribution right	10 years
Patents	5–10 years

See Note 41.5 for the other accounting policies relevant to intangible assets.

(b) Amortisation charges are recognised in the profit or loss as follows:

	2025 RMB'000	2024 RMB'000
Cost of sales	373	135
Administrative expenses	—	188
Research and development costs	—	12
Selling and marketing expenses	—	41
	373	376

19 INVENTORIES

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Raw materials and packaging materials	5,599	3,743
Work in progress	1,943	1,648
Finished goods	21,556	21,020
	29,098	26,411
Less: Provision for impairment	—	—
	29,098	26,411

The cost of inventories recognised as expense and included in “cost of sales” and “research and development costs” amounted to approximately RMB121,877,000 and RMB61,000 (2024: RMB133,932,000 and RMB48,000), respectively.

Notes to the Consolidated Financial Statements

20 TRADE RECEIVABLES

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Trade receivables	28,373	20,633
Less: Loss allowance	(92)	(41)
	28,281	20,592

The Group allows a credit period of 30–90 days to its customers. The following is an aging analysis of trade receivables (net of loss allowance) based on the dates of deliveries of the related goods to the customers, which are approximate to their invoice date:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
0–90 days	27,613	20,398
91–180 days	589	57
181–365 days	33	86
Over 365 days	46	51
	28,281	20,592

Movement in the allowance for impairment of trade receivables is as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance as at 1 January	41	91
Impairment loss (reversal of impairment loss) recognised during the year	51	(50)
At 31 December	92	41

As at 31 December 2025 and 2024, the carrying amounts of trade receivables approximate their fair values due to the short maturities of the related assets.

Notes to the Consolidated Financial Statements

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Prepayment to suppliers	14,487	14,987
Other receivables	18,253	22,575
Value added tax ("VAT") recoverable	4,492	3,903
Rental deposits	858	831
	38,090	42,296
Less: loss allowance	(5,478)	(1,749)
	32,612	40,547

Movement in the allowance for impairment of other receivables is as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance as at 1 January	1,749	—
Impairment loss recognised during the year	3,729	1,749
At 31 December	5,478	1,749

As at 31 December 2025 and 2024, the carrying amounts of other receivables approximate their fair values due to the short maturities of the related assets.

Notes to the Consolidated Financial Statements

22 FINANCIAL ASSETS MEASURED AT FVTPL

Financial assets mandatorily measured at FVTPL include the following:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Non-current assets		
Investments in GOSP6 / Investments held by GOSP6 (note c and Note 12(c))	86,505	12,947
Equity investment in private companies (note d)	1,673	18,471
Investments in funds (note e)	52,782	48,016
	140,960	79,434

During the year, the following were recognised in profit or loss:

	2025 RMB'000	2024 RMB'000
Realised fair value gains recognised in "Other (losses) gains, net"		
Wealth management products and structured deposits (note a and Note 9)	1,773	1,992
Investments in debt securities (note b and Note 9)	—	415
Investments in funds (note e and Note 9)	585	314
	2,358	2,721
Unrealised fair value (losses)/gains		
Investments in GOSP6/ Investments held by GOSP6 (note c, Note 9 and Note 12(c))	(207)	(68)
Equity investment in private companies (note d and Note 9)	(16,798)	(1,409)
Investments in funds (note e and Note 9)	7,375	(272)
	(9,630)	(1,749)
	(7,272)	972

Notes:

- a. The Group's wealth management products and structured deposits purchased from commercial financial institutes are denominated in RMB, with expected rates of return ranging from 1.40% to 2.45% per annum for the year ended 31 December 2025 (2024: 2.14% to 2.90%). The returns of these wealth management products and structured deposits are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at FVTPL. The wealth management products and structured deposits were matured during the years ended 31 December 2025 and 2024. As at 31 December 2025, the carrying amounts is nil (2024: nil).
- b. The investments in debt securities are fixed-rate corporate bonds denominated in US\$, and are mainly issued by corporates and banks and the fair value of such debt securities was determined based on quoted price on bond market. As at 31 December 2024, the abovementioned investments have been fully redeemed (2025: Nil).
- c. As at 31 December 2025, the fair values of the investments in GOSP6 are determined by the management based on the readily available information provided by the Fund Manager. As at 31 December 2024, the fair values of Preferred Share Investment held by GOSP6 are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.

Notes to the Consolidated Financial Statements

22 FINANCIAL ASSETS MEASURED AT FVTPL (Continued)

- d. The equity investment in private companies represents the Group's equity interests in two independent unlisted companies, which are incorporated in the United States ("US") and the PRC. The Group holds 2.48% (2024: 3.15%) equity interest in the unlisted US company, which is engaged in pre-clinical and clinical research activities. The Group holds 5% (2024: 5%) equity interest in the unlisted PRC company, which is engaged in technical development activities. The Group did not have significant influence on these invested entities. The fair values of equity investment in private companies are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.
- e. As at 31 December 2025, the investments in funds represent the Group's interests in three independent funds, which are incorporated in the PRC.

The Group holds 3.14% (2024: 3.14%) shareholdings in Vstar Investment Fund Limited Partnership.

The Group holds 14.2857% (2024: 14.2857%) shareholdings in Nanjing Jinbi Venture Capital Partnership (Limited Partnership).

In August 2024, Beijing Outsell, a subsidiary of the Group, invested RMB13.4 million in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) to acquire 16.067% equity interest of Yuanxing. As at 31 December 2025, the Group holds 16.067% (2024: 16.067%) shareholdings in Yuanxing.

The Group did not have significant influence on these invested entities. The fair values of investments in funds are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy. For detail valuation techniques, please refer to Note 3.3.

23 LOAN RECEIVABLE

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Loan receivable (Note 12(c))	—	69,793

This represented a private loan advanced to an independent third party. The details of the loan receivable are disclosed in Note 12(c).

24 RESTRICTED BANK DEPOSITS

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Cash and cash equivalent held in GOSP6 (Note 12(c))	—	13,548
Cash in transit	—	109
	—	13,657

Notes to the Consolidated Financial Statements

25 CASH AND CASH EQUIVALENTS

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Cash at bank and on hand	177,926	134,155

Cash and cash equivalents carry interest at market rates.

Cash and cash equivalents which are denominated in currencies other than RMB are as follow:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
US\$	675	185
HK\$	10,258	1,589

26 DISPOSALS OF SUBSIDIARIES**Disposals of Zhuhai Kangbaina Pharmaceutical Co., Ltd. ("Kangbaina")**

Pursuant to an equity transfer agreement entered into by Qianruiwanfu and an independent third party, Zhuhai Hengqin Duomei Medical Technology Co., Ltd. ("**Hengqin Duomei**"), dated on 20 November 2023, Qianruiwanfu has agreed to dispose of 100% equity interests in Kangbaina, which is a wholly-owned subsidiary of Qianruiwanfu, to Hengqin Duomei, at a cash consideration of RMB3,000,000. On 10 April 2024, the disposal of Kangbaina was completed and resulted in a net loss of approximately RMB326,000.

(i) Details of net loss on the disposal were as below:

	2024 RMB'000
Total cash consideration (note)	3,000
Carrying amount of net assets of Kangbaina at the date of disposal	(3,326)
Net loss on the disposal of Kangbaina	(326)

Note:

The consideration of RMB3,000,000 was paid by Hengqin Duomei on 29 December 2023.

Notes to the Consolidated Financial Statements

26 DISPOSALS OF SUBSIDIARIES *(Continued)***Disposals of Zhuhai Kangbaina Pharmaceutical Co., Ltd. (“Kangbaina”)**
(Continued)

(ii) The carrying amounts of net assets of Kangbaina as at the date of disposal was as below:

	As at 10 April 2024 RMB'000
Property, plant and equipment	93
Intangible assets	649
Inventories	101
Trade receivables	2,629
Deposits, prepayments and other receivables	348
Cash and cash equivalents	339
Total assets	4,159
Deferred income tax liabilities	(162)
Trade and bills payables	(80)
Other payables and accrued expenses	(438)
Contract liabilities	(153)
Total liabilities	(833)
Carrying amount of net assets of Kangbaina at the date of disposal	3,326

(iii) The cash flows from the disposal of Kangbaina were as below:

	2024 RMB'000
Cash received	—
Cash and cash equivalents disposed	(339)
Cash outflow from disposal of Kangbaina, net	(339)

Notes to the Consolidated Financial Statements

27 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary share RMB'000
<i>Authorised:</i>			
Ordinary shares of US\$0.0003333332 each			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	150,000,000	50,000	341
<i>Issued and fully paid:</i>			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	122,265,585	40,755	288

28 OTHER RESERVES

	Merger reserve RMB'000 (Note a)	Capital redemption reserve and capital reserve RMB'000 (Note b)	Statutory surplus reserve RMB'000 (Note c)	Share-based payment reserve RMB'000 (Note 29)	Exchange reserve RMB'000	Total RMB'000
At 1 January 2024	230,864	(9,886)	78,410	43,483	(1,124)	341,747
Share-based payments	—	—	—	4,198	—	4,198
Currency translation differences	—	—	—	—	2,028	2,028
At 31 December 2024	230,864	(9,886)	78,410	47,681	904	347,973
At 1 January 2025	230,864	(9,886)	78,410	47,681	904	347,973
Share-based payments	—	—	—	312	—	312
At 31 December 2025	230,864	(9,886)	78,410	47,993	904	348,285

Notes to the Consolidated Financial Statements

28 OTHER RESERVES (Continued)

Notes:

(a) Merger reserve

Merger reserve represents the aggregate of (i) the difference between the nominal value of the Company's share, issued upon Reorganisation in 2009 and the net assets as at 31 December 2009 of Beijing Outsell and Besunyen Food and Beverage, and (ii) a deemed distribution of RMB2,200,000 to the shareholder during the year ended 31 December 2009.

(b) Capital redemption reserve and capital reserve

On 2 September 2016, the Group acquired the remaining 20% of the equity interests of Guangzhou Runliang Pharmaceutical Co., Ltd. ("**Runliang**"), a subsidiary of the Group at a consideration of RMB10,000,000. The carrying amount of the non-controlling interest acquired at the date of acquisition amounted to approximately RMB108,000 (the "**NCI Acquired**") and the consideration paid in excess of NCI Acquired of approximately RMB9,892,000 has been debited to the capital reserve.

(c) Statutory surplus reserve

According to the relevant laws in the PRC, the enterprises established in the PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a general reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The general reserve fund can be used to offset the previous year losses, if any. The general reserve fund is non-distributable other than upon liquidation.

29 SHARE-BASED PAYMENTS

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 11 April 2024 for the purpose of providing incentives or rewards for eligible participants for their contribution to the Group. Under the Share Option Scheme, the eligible employees are the directors and employees of the Group (the "**Employee Participant**") and an employee of Hangzhou Bihan E-commerce Co., Ltd, a wholly owned subsidiary of a joint venture of the Group (the "**Related Entity Participant**"), to subscribe for the shares of the Company within 10 years.

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 12,226,000 shares (2024: 12,226,000 shares), representing 9.9995% (2024: 9.9995%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Notes to the Consolidated Financial Statements

29 SHARE-BASED PAYMENTS (Continued)

Set out below are summaries of options granted under the Share Option Scheme:

	Share Option Scheme		
	Average exercise price (HK\$)	Number of options	Total number of options
At 1 January 2024	—	—	—
Granted	2.82	12,226,000	12,226,000
As at 31 December 2024 and 31 December 2025	2.82	12,226,000	12,226,000
Exercisable as at 31 December 2024 and 31 December 2025	2.82	12,226,000	12,226,000

Details of specific category of options are as follows:

Option type	Grant Date	Number of share option granted	Vesting period	Expiry date	Exercise price HK\$	Fair value of option at grant date HK\$
Batch I	8 May 2024	1,222,000	29 September 2024 to 7 May 2025	7 May 2034	2.822	0.49
Batch II	8 May 2024	11,004,000	29 September 2024 to 17 October 2024	7 May 2034	2.822	0.40

Pursuant to the Share Option Scheme, up to 100% of the Batch I option type granted to the Related Entity Participant on 29 September 2024 shall be exercisable during the period from the date of grant to 7 May 2025 and ending on the expiry of the option period.

Pursuant to the Share Option Scheme, up to 100% of the Batch II option type granted to Employee Participant on 29 September 2024 shall be exercisable during the period from the business day immediately after the date of satisfaction of the relevant vesting conditions that the Group as a whole achieves one or more key performance indicators and/or financial indicators for the six months ended 30 June 2024, and ending on the expiry of the option period.

Notes to the Consolidated Financial Statements

29 SHARE-BASED PAYMENTS *(Continued)*

Fair values of options were estimated by the directors with reference to valuations carried out by an independent firm of professional valuer. The binomial option pricing model has been used to estimate the fair value of the options at the grant date. The following assumptions were used to calculate the fair value of share options granted during the year ended 31 December 2024:

	Option types	
	Batch I	Batch II
Exercise price (HK\$)	2.822	2.822
Expected volatility	51.22%	51.22%
Time to maturity (years)	9.61	9.61
Dividend yield	5.39%	5.39%
Risk-free interest rate	2.70%	2.70%
Total estimated fair value of the options granted (RMB'000)	540	3,970

Expected volatility: the selected volatility was estimated based on the annualized standard deviation of the daily return embedded in historical stock prices of the Company with a time horizon close to the expected term as of each grant date.

Risk-free interest rate: The risk-free interest rates are yield to maturity of Hong Kong government bond with time to maturity close to expected term of the options as of each grant date.

Dividend yield: the selected dividend yield was estimated based on the management's best estimation and historical dividend yield of the Company with a term close to the remaining time to maturity as of each grant date.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expense of approximately RMB312,000 (2024: RMB228,000) in relation to Batch I share options granted by the Company for the year ended 31 December 2025.

The Group recognised total expense of approximately RMB3,970,000 in relation to Batch II share options granted by the Company for the year ended 31 December 2024 (2025: Nil).

Notes to the Consolidated Financial Statements

30 DEFERRED GOVERNMENT GRANTS

The government grants were received for subsidising the Group's construction/purchases of certain property, plant and equipment and land use rights and are recognised over the estimated useful lives of the relevant assets. Movements of these asset-related government grants are as below:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
At 1 January	2,051	2,187
Recognised during the year	(136)	(136)
At 31 December	1,915	2,051

31 DEFERRED INCOME TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred income tax assets and liabilities have been offset. The following is the analysis of the deferred income tax balances for financial reporting purposes:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Deferred income tax assets	24,515	33,802
Deferred income tax liabilities	(1,396)	(1,407)
	23,119	32,395

Notes to the Consolidated Financial Statements

31 DEFERRED INCOME TAX (Continued)

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

Deferred income tax assets

	Accrued expenses and other payables (Note (b)) RMB'000	Lease liabilities RMB'000	Deferred government grants RMB'000	Tax losses (Note (a)) RMB'000	Unrealised profit for intra-group transaction (Note (d)) RMB'000 (Note)	Total RMB'000
At 1 January 2024	5,058	686	12	33,708	3,161	42,625
(Charge)/credit to profit or loss	(2,277)	199	(12)	(5,835)	(54)	(7,979)
At 31 December 2024	2,781	885	—	27,873	3,107	34,646
At 1 January 2025	2,781	885	—	27,873	3,107	34,646
Charge to profit or loss	(307)	(885)	—	(8,856)	(83)	(10,131)
At 31 December 2025	2,474	—	—	19,017	3,024	24,515

Deferred income tax liabilities

	Withholding tax on undistributed earnings (Note (c)) RMB'000	Unrealised fair value change RMB'000	Right-of-use assets RMB'000	Non-current assets identified in business combination RMB'000	Total RMB'000
At 1 January 2024	—	(1,112)	(660)	(176)	(1,948)
Disposal of subsidiaries	—	—	—	162	162
(Charge)/credit to profit or loss	(703)	419	(195)	14	(465)
At 31 December 2024	(703)	(693)	(855)	—	(2,251)
At 1 January 2025	(703)	(693)	(855)	—	(2,251)
Credit/(charge) to profit or loss	703	(703)	855	—	855
At 31 December 2025	—	(1,396)	—	—	(1,396)

Notes to the Consolidated Financial Statements

31 DEFERRED INCOME TAX *(Continued)*

Notes:

- (a) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefits through future taxable profits is probable.

At the end of the reporting period, the Group has unused tax losses of approximately RMB644,123,000 (2024: RMB728,327,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB76,763,000 (2024: RMB122,253,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB567,360,000 (2024: RMB606,074,000) due to the unpredictability of future profit streams. The unused tax losses of the Group were mainly from the subsidiaries incorporated in the Mainland China, where the accumulated tax losses will normally expire within 5 years.

- (b) As at 31 December 2025, the Group has unrecognised deductible temporary differences related to certain accrued expenses and other payables of approximately RMB9,896,000 (2024: RMB9,306,000).
- (c) In accordance with the related PRC Corporate Income Tax Law and regulations effective from 1 January 2008, a withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding tax at 5% on dividends distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

For the year ended 31 December 2024, a deferred tax liability has been recognised for the temporary differences associated with the undistributed earnings of a PRC subsidiary, amounting to approximately RMB2,812,000 (2025: Nil). No deferred taxation has been provided in the consolidated financial statements in respect of temporary differences attributable to the undistributed earnings of other PRC subsidiaries amounting to approximately RMB227,000 (2024: RMB320,000), as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

- (d) The unrealised profit for intra-group transaction mainly comprised the gain on the transfer to certain properties within the Group's subsidiaries and the unrealised profits resulted from intra-group sales transaction.

Notes to the Consolidated Financial Statements

32 TRADE PAYABLES

The aging analysis of the trade payables based on their respective invoice and issue dates are as follows:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
0-90 days	3,178	3,087
Over 180 days	13	69
	3,191	3,156

The carrying amounts of trade payables are considered to be reasonable approximations of their fair values due to the short maturities of the related liabilities.

The trade payables are all denominated in RMB.

The average credit period on purchases of goods is 90 days.

33 OTHER PAYABLES AND ACCRUED EXPENSES

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Payroll and welfare payable	8,053	8,459
Accrued expenses	7,428	7,013
Accrued sales rebates	7,575	5,336
Taxes and surcharges payable	9,839	6,623
Payable to suppliers for:		
— advertisement	10,034	—
— E-commerce platform service	12,402	16,465
— purchases of property, plant and equipment	1,499	4,890
Others	20,705	17,370
	77,535	66,156

Notes to the Consolidated Financial Statements

34 LEASE LIABILITIES**(a) Amounts recognised in the consolidated statement of financial position**

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Lease liabilities		
Current	3,159	3,207
Non-current	1,780	2,474
	4,939	5,681

Liabilities arising from a lease are initially measured on a present value basis and are discounted at a rate of 5.59%. The finance cost of leases is charged to consolidated statement of profit or loss and other comprehensive income over the lease period.

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets (Note 17)	4,675	4,124
Interest expense (included in finance costs) (Note 11)	370	228
Total cash outflow for leases	5,417	4,213
Expenses relating to short-term leases (Note 7)	1,063	2,127
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets (Note 7)	—	31

Notes to the Consolidated Financial Statements

35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Reconciliation of profit before income tax to cash generated from operations**

	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Profit before income tax	32,150	27,521
Adjustments for:		
Depreciation of right-of-use assets	5,062	4,520
Amortisation of intangible assets	373	376
Depreciation of property, plant and equipment	14,490	13,056
Finance cost	370	228
Interest income	—	(6,734)
Finance income	(374)	(1,121)
Net fair value losses (gains) on financial assets measured at FVTPL	7,272	(972)
Net (gains) losses on disposals of property, plant and equipment and land use rights	(452)	39
Net gains on termination of lease	—	(42)
Recognition of deferred government grants	(136)	(136)
Impairment losses under expected credit loss model, net	3,780	1,699
Write-off of inventories	1,445	1,425
Loss on disposal of subsidiaries	—	326
Foreign exchange losses	—	1,466
Share of profit of joint ventures	(4,650)	(5,077)
Share-based payments	312	4,198
Operating cash flows before changes in working capital	59,642	40,772
Increase in inventories	(4,132)	(4,371)
(Increase)/decrease in trade receivables	(7,740)	29,888
Decrease in deposits, prepayments and other receivables	4,112	9,971
Increase/(decrease) in trade payables	35	(13,310)
Increase/(decrease) in other payables and accrued expenses	11,901	(53,409)
(Decrease)/increase in contract liabilities	(431)	4,589
Cash generated from operations	63,387	14,130

Notes to the Consolidated Financial Statements

35 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

- (b) In the consolidated statement of cash flows, proceeds from sale of land use rights and property, plant and equipment comprise:

	2025 RMB'000	2024 RMB'000
Net book amount (Notes 16, 17 and 18)	608	2,647
Net gain/(losses) on disposals of property, plant and equipment and land use rights (Note 9)	452	(39)
Proceeds from disposals of property, plant and equipment and land use rights	1,060	2,608

(c) Reconciliation of Liabilities Arising from Financing Activities

	Lease liabilities Note 34 RMB'000
At 1 January 2024	5,114
Financing cash flow	(3,985)
New leases entered/lease modified	5,529
Termination of leases	(977)
At 31 December 2024	5,681
Financing cash flow	(5,047)
New leases entered	4,305
At 31 December 2025	4,939

(d) Major Non-cash transaction

During the year ended 31 December 2025, the Group entered into new lease agreements for use of leased properties for 2–3 years (2024: 2–5 years). On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB4,305,000 (2024: RMB5,529,000) and RMB4,305,000 (2024: RMB5,529,000) respectively.

During the year ended 31 December 2024, the acquisition of property, plant and equipment of RMB1,224,000 was settled through other receivables.

Notes to the Consolidated Financial Statements

36 DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 Interim — HK\$0.15 (2024: 2024 interim dividend HK\$0.9) per ordinary share	16,725	99,624
2024 Final — HK\$0.10 (2024: 2023 final dividend: nil) per ordinary share	11,137	—
	27,862	99,624

On 25 August 2025, the Board has declared a dividend of HK\$0.15 per share, amounting to a total dividend of HK\$18,340,000 (equivalent to approximately RMB16,725,000).

Subsequent to the end of the reporting period, no dividend was proposed for ordinary shareholders of the Company in respect of the year ended 31 December 2025 (2024: final dividend in respect of the year ended 31 December 2024 of HK\$0.1 per ordinary share, in an aggregate amount of HK\$11,137,000 was subject to approval by the shareholders in the annual general meeting).

37 COMMITMENT**(a) Capital commitment**

Capital expenditures contracted for at end of year but not yet incurred are as follows:

	2025 RMB'000	2024 RMB'000
Property, plant and equipment	248	213

38 RELATED PARTY TRANSACTIONS**(a) Key management compensation**

Key management includes Chief Strategy Officer, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Executive Vice President and Vice Presidents. The compensation paid or payable to key management for employee services is shown as below:

	2025 RMB'000	2024 RMB'000
Salaries, bonus and other allowances	3,403	8,431
Share-based payments	—	1,835
Pension cost — defined contribution plan	9	309
	3,412	10,575

Notes to the Consolidated Financial Statements

38 RELATED PARTY TRANSACTIONS (Continued)**(a) Key management compensation (Continued)**

During the year ended 31 December 2025, no remuneration was paid by the Group as an inducement to the five highest paid individuals for joining or upon joining the Group (2024: Nil).

During the year ended 31 December 2025, no remuneration was paid by the Group as a compensation to the five highest paid individuals for loss of office (2024: Nil).

During the year ended 31 December 2025, no discretionary and performance-related bonuses were paid by the Group (2024: Nil).

(b) Transactions with related parties

Other than related parties as mentioned in Note 13, the directors are of the view that the following parties are major other related parties:

Name	Relationship with the Group
Jiangxi Yide Trading Co., Ltd. ("Jiangxi Yide Trading") 江西壹得商貿有限公司	Wholly owned subsidiary of a joint venture of the Group
Jiangxi Bishengyuan Health Food Sales Co., Ltd. ("Jiangxi Health Food") 江西碧生源保健食品銷售有限公司	Wholly owned subsidiary of a joint venture of the Group
Guangzhou Bihan E-commerce Co., Ltd. ("Guangzhou Bihan E-commerce") 廣州碧瀚電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group
Hangzhou Bihan E-commerce Co., Ltd. ("Hangzhou Bihan E-commerce") 杭州碧瀚電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group
Hangzhou Biyu E-commerce Co., Ltd. ("Hangzhou Biyu E-commerce") 杭州碧語電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group
Hangzhou Bixing E-commerce Co., Ltd. ("Hangzhou Bixing E-commerce") 杭州碧興電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group
Hangzhou Biwan Network Technology Co., Ltd. ("Hangzhou Biwan Network") 杭州碧萬網路科技有限公司	Wholly owned subsidiary of a joint venture of the Group
Beijing Biyu E-commerce Co., Ltd. ("Beijing Biyu E-commerce") 北京碧語電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group
Hangzhou Biwan E-commerce Co., Ltd. ("Hangzhou Biwan E-commerce") 杭州碧萬電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group
Hangzhou Bilai Network Technology Co., Ltd. ("Hangzhou Bilai Network Technology") 杭州碧來網絡科技有限公司	Wholly owned subsidiary of a joint venture of the Group
Beijing Bixing E-commerce Co., Ltd. ("Beijing Bixing E-commerce") 北京碧興電子商務有限公司	Wholly owned subsidiary of a joint venture of the Group

Notes to the Consolidated Financial Statements

38 RELATED PARTY TRANSACTIONS *(Continued)***(b) Transactions with related parties** *(Continued)*

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of goods and services to:		
— Jiangxi Trading	16,174	39,720
— Jiangsu Trading	13,253	32,191
— Jiangxi Technology	14,513	31,283
— Jiangxi Biotechnology	10,118	28,782
— Jiangxi Yide Trading	5,255	7,705
— Jiangxi Health Food	5,133	7,492
— Others	—	132
	64,446	147,305
Purchases of online services from:		
— Hangzhou Bihan Network	5,213	4,581
— Beijing Bihan E-commerce	3,114	4,473
— Guangzhou Bihan Network	2,306	4,763
— Guangzhou Bihan E-commerce	3,272	1,331
— Hangzhou Bihan E-commerce	2,371	4,697
— Hangzhou Biyu E-commerce	3,239	3,687
— Hangzhou Bixing E-commerce	2,964	4,471
— Hangzhou Biwan Network	2,501	2,337
— Beijing Biyu E-commerce	2,015	4,343
— Zhongke Huikai Technology	4,930	3,600
— Hangzhou Biwan E-commerce	3,057	—
— Hangzhou Bilai Network Technology	3,383	—
— Beijing Bixing E-commerce	4,064	—
— Others	—	752
	42,429	39,035

Notes to the Consolidated Financial Statements

38 RELATED PARTY TRANSACTIONS (Continued)**(c) Outstanding balances arising from sales/purchases of goods and services:**

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Balances due from related parties		
Accounts receivable from:		
— Others	—	95
	—	95
Deposits from:		
— Zhongke Huikai Technology	18	—
	18	—
	18	95
Balances due to related parties		
Advance payment received from:		
— Others	—	77
Other payables from:		
— Hangzhou Bihan Network	—	1,050
— Others	—	2,006
	—	3,056
	—	3,133

As at 31 December 2025, there were no non-trade balances with related parties, and all balances with related parties were non-interest bearing and of a trade nature. Due to their short maturity period, their fair values approximate to their carrying amounts.

Notes to the Consolidated Financial Statements

39 BENEFITS AND INTERESTS OF DIRECTORS**(a) Directors' 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:

For the year ended 31 December 2025:

Name	Fees RMB'000	Salaries and other allowances RMB'000	Bonuses RMB'000	Share-based payments RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
<i>Executive directors:</i>						
Zhao Yihong	271	1,947	—	—	16	2,234
Gao Yan	271	1,517	—	—	16	1,804
Yu Hongjiang	271	592	—	—	—	863
Feng Bing (Note i)	271	2,812	—	—	9	3,092
	1,084	6,868	—	—	41	7,993
<i>Independent non-executive directors:</i>						
He Yuanping	271	—	—	—	—	271
Shi Xiangxin	271	—	—	—	—	271
Chen Yang (Note ii)	149	—	—	—	—	149
	691	—	—	—	—	691
	1,775	6,868	—	—	41	8,684

Notes to the Consolidated Financial Statements

39 BENEFITS AND INTERESTS OF DIRECTORS (Continued)**(a) Directors' emoluments** (Continued)

For the year ended 31 December 2024:

Name	Fees RMB'000	Salaries and other allowances RMB'000	Bonuses RMB'000	Share-based payments RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
<i>Executive directors:</i>						
Zhao Yihong	276	2,711	—	36	49	3,072
Gao Yan	276	2,091	—	36	—	2,403
Yu Hongjiang	276	1,278	—	441	61	2,056
	828	6,080	—	513	110	7,531
<i>Independent non-executive directors:</i>						
He Yuanping	276	—	—	36	—	312
Shi Xiangxin	276	—	—	36	—	312
Feng Bing (Note i)	276	—	—	36	—	312
	828	—	—	108	—	936
	1,656	6,080	—	621	110	8,467

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

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

Notes:

- (i) Appointed as an independent non-executive director of the Company in October 2023 and re-appointed as an executive Director on 13 June 2025.
- (ii) Appointed on 13 June 2025.

The chief executives of the Company are also the executive directors and the emoluments disclosed above include the services rendered by them as chief executives.

During the year ended 31 December 2025, no directors waived or agreed to waive any emoluments (2024: Nil).

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

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

Notes to the Consolidated Financial Statements

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY**Statement of Financial Position of the Company**

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	307,721	316,869
Financial assets measured at FVTPL	1,673	17,971
Property, plant and equipment	—	2,888
Amounts due from subsidiaries	571,884	621,222
	881,278	958,950
Current assets		
Deposits, prepayments and other receivables	6,736	6,680
Cash and cash equivalents	8,094	526
	14,830	7,206
Total assets	896,108	966,156
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	288	288
Share premium	911,622	939,484
Other reserves	47,999	47,687
Accumulated losses	(65,673)	(22,918)
Total equity	894,236	964,541
LIABILITIES		
Current liabilities		
Other payable and accrued expenses	1,149	874
Amounts due to subsidiaries	723	741
Total liabilities	1,872	1,615
Total equity and liabilities	896,108	966,156

The Statement of Financial Position of the Company was approved by the Board of Directors on 20 March 2026 and was signed on its behalf.

Zhao Yihong
Director

Gao Yan
Director

Notes to the Consolidated Financial Statements

40 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)***Reserve movement of the Company**

	Share premium RMB'000	Share-based payment reserve RMB'000	Capital redemption reserve RMB'000	Total other reserves RMB'000
At 1 January 2024	1,039,108	43,483	6	43,489
Share-based payments	—	4,198	—	4,198
Dividends	(99,624)	—	—	—
At 31 December 2024	939,484	47,681	6	47,687
At 1 January 2025	939,484	47,681	6	47,687
Share-based payments	—	312	—	312
Dividends	(27,862)	—	—	—
At 31 December 2025	911,622	47,993	6	47,999

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

41.1 Principles of consolidation and equity accounting

(a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Joint arrangements

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. For the years ended 31 December 2025 and 2024, the Group only had joint ventures.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)***41.1 Principles of consolidation and equity accounting** *(Continued)***(c) Equity method**

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 41.6.

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of the Company has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The CODM has been identified as the executive directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources.

41.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "other (losses) gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at FVOCI are recognised in other comprehensive income ("**OCI**").

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)***41.3 Foreign currency translation** *(Continued)***(c) Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and
- all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associate or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.4 Property, plant and equipment

Property, plant and equipment, other than construction in progress (“**CIP**”), are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Construction in progress is property, plant and equipment on which construction work has not been completed and is stated at cost less accumulated impairment losses, if any. Depreciation is not provided on CIP until such time as the related assets are completed and ready for intended use. When the assets being constructed are ready for their intended use, the CIP is transferred to the appropriate categories of property, plant and equipment.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 41.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss and presented in the consolidated statement of profit or loss and other comprehensive income within “other (losses) gains, net”.

41.5 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)***41.5 Intangible assets** *(Continued)***(b) Computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

(c) Research and development costs

Research and development costs incurred by the Group to design and testing of new or improved products comprised of salaries, employee benefits and other headcount-related costs, raw material consumable and depreciation associated with the research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditure is incurred. Development costs are recognised as assets if they can be directly attributable to development project and all the following can be demonstrated:

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

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(d) Trademarks, brand name, patents, distribution right, licenses and other intangible assets

Separately acquired trademarks, patents and other intangible assets are shown at historical cost. Trademarks, brand name, patents, distribution right and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, brand name, patents, distribution right and licenses have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)***41.6 Impairment of non-financial assets**

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets that are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

41.7 Investments and other financial assets**(a) Classification**

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through FVOCI or FVTPL); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.7 Investments and other financial assets *(Continued)*

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other (losses) gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flow and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other (losses) gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other (losses) gains, net" in the consolidated statement of profit or loss and other comprehensive income, and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other (losses) gains, net" in the period in which it arises.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)***41.7 Investments and other financial assets** *(Continued)***(d) Impairment**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 20 for further details.

Impairment on other financial assets, mainly including other receivables, is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

41.8 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

41.9 Inventories

Raw materials, packing materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.10 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 41.8 for a description of the Group's impairment policies.

41.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

41.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

41.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

41.15 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)***41.16 Current and deferred income tax** *(Continued)***(b) Deferred income tax** *(Continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current income tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

41.17 Employee benefits**(a) Short-term obligations**

Liabilities for wages and salaries, including medical care, welfare subsidies, unemployment insurance and pension benefits through a PRC government mandated multi-employer defined contribution plan, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current other payables and accrued expenses in the consolidated statement of financial position.

According to the relevant rules and regulations in the PRC, the contributions borne by the Group under the PRC government mandated multi-employer defined contribution plan are principally determined based on certain percentages of the salaries of employees, subject to certain ceilings. The Group's liability in respect of the funds is limited to the contributions payable in each year.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when employment is terminated.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.18 Share-based payments

Share-based compensation benefits are provided to employees via the Group employee share option scheme, the executive short-term incentive scheme and share appreciation. Information relating to these schemes is set out in Note 29.

Employee options

The fair value of options granted under the Group employee share option scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (such as the entity's share price),
- excluding the impact of any service and non-market performance vesting conditions (such as profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (such as the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. The Group recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

41.19 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.20 Lease

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option,
- lease payments to be made under an extension option if the Group is reasonably certain to exercise the option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.20 Lease *(Continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Notes to the Consolidated Financial Statements

41 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

41.20 Lease *(Continued)*

Land use rights were reclassified as right-of-use assets since the initial adoption of IFRS 16 on 1 January 2019. All land in the PRC is state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights. Land use rights which are held for self-use are stated at cost and amortised over the use terms using straight-line method with definite useful lives of 34–64 years.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

41.21 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Five-year Financial Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Turnover	1,101,150	801,342	542,876	484,301	494,322
Gross profit	698,550	492,591	346,220	325,842	346,582
(Loss)/profit from operating	(90,964)	(37,110)	(150,651)	22,770	27,500
Loss on disposal of subsidiaries	—	—	—	(326)	—
Impairment loss on intangible assets	—	—	—	—	—
Reversal of impairment of property, plant and equipment	—	—	—	—	—
Investment profit/(loss) accounted for using the equity method	240	(10,450)	970	5,077	4,650
(Loss)/profit before income tax	(90,724)	(47,560)	(149,681)	27,521	32,150
Total comprehensive (loss)/income	(113,991)	(104,389)	(358,638)	16,832	20,443
(Loss)/earnings per share (RMB)					
Basic	(3.65)	(1.76)	(2.45)	0.12	0.17
Diluted	(3.65)	(1.76)	(2.45)	0.12	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Non-current assets	1,017,554	794,366	277,073	325,331	295,387
Net current assets	228,762	392,763	282,209	155,977	177,973
Total assets less current liabilities	1,246,316	1,187,129	559,282	481,308	473,360
Non-current liabilities	190,926	134,719	5,312	5,932	5,091
Net assets	1,055,390	1,052,410	553,970	475,376	468,269
Share capital	94	288	288	288	288
Reserves	827,423	854,049	553,682	475,088	467,981
	827,517	854,337	553,970	475,376	468,269
Non-controlling interests	227,873	198,073	—	—	—
Total equity	1,055,390	1,052,410	553,970	475,376	468,269



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