

Stock Code:6601

CHEERWIN
朝雲集團有限公司

Cheerwin Group Limited
(Incorporated in Cayman Islands with limited liability)



2025 ANNUAL REPORT



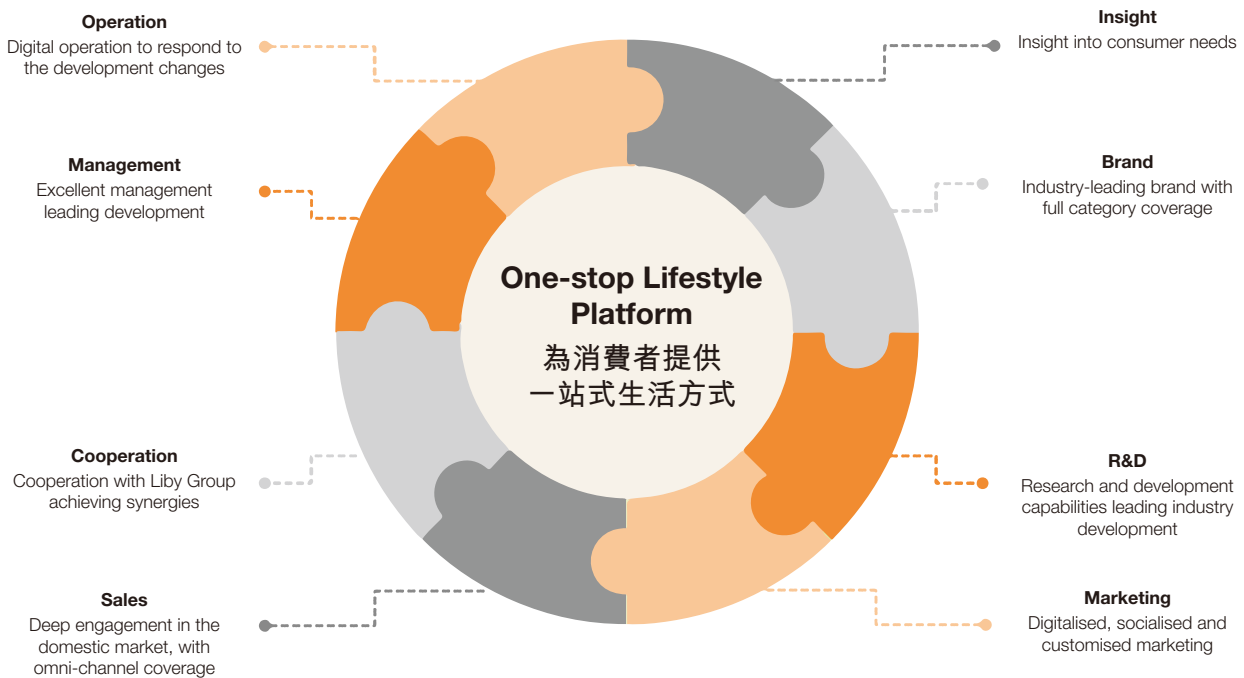
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COMPANY INTRODUCTION

Cheerwin Group Limited (the “**Company**”) and its subsidiaries (together, the “**Group**” or “**we**” or “**our**”) are a leading one-stop multi-category household care, pet business and personal care platform in China, developing and manufacturing a variety of household care products, pet products and personal care products, and owning several physical pet stores.

We are committed to providing consumers with a one-stop lifestyle offering through our focus on the eight pillars to underpin our organisational, operational and business structures, which we believe have delivered our success to date. The eight pillars are Insight, Brand, R&D, Marketing, Sales, Cooperation, Management and Operation, under which we operate a fully integrated business process in delivering a one-stop lifestyle offering, from consumer and market research, research and development, procurement and production, to sales and marketing.



Our success to date has been driven by our ability to create new products and expand into new categories that meet consumer needs. We have successfully launched various categories, covering household care, pet products and personal care product, among which our pet business category is developing rapidly. We owned ten core brands, namely, Vewin (威王), Superb (超威), Babeking (貝貝健), Naughty Buddy (倔強尾巴), Naughty Mouth (倔強嘴巴), Cyrin (西蘭), Rikiso (潤之素), Zhuazhua Cat Planet (爪爪貓星球), Mele Family (米樂乖乖) and Xiaochong (小寵), each targeting different aspects of household care demands and specific consumer segments.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Chen Danxia (*Chairman and Chief Executive Officer*)
Ms. Wang Dong
Mr. Zhong Xuyi
Mr. Lv Yongji

Non-executive Director

Mr. Chen Zexing

Independent Non-executive Directors

Dr. Yu Rong
Mr. Guo Sheng
Mr. Chan Wan Tsun Adrian Alan

AUDIT COMMITTEE

Mr. Chan Wan Tsun Adrian Alan (*Chairman*)
Mr. Guo Sheng
Mr. Chen Zexing
Dr. Yu Rong

REMUNERATION COMMITTEE

Mr. Guo Sheng (*Chairman*)
Ms. Chen Danxia
Dr. Yu Rong

NOMINATION COMMITTEE

Ms. Chen Danxia (*Chairman*)
Mr. Guo Sheng
Dr. Yu Rong

JOINT COMPANY SECRETARIES

Ms. Leung Shui Bing (*ACG, HKACG*)
Mr. Zheng Canjie

AUTHORISED REPRESENTATIVES

Ms. Chen Danxia
Ms. Leung Shui Bing (*ACG, HKACG*)

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place 88 Queensway
Hong Kong

LEGAL ADVISOR

As to Hong Kong law
Eric Chow & Co. in association with
Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road
Central, Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

No. 2, Luju Road, Liwan District
Guangzhou, Guangdong Province
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Nanyang Commercial Bank, Limited

STOCK CODE

6601

COMPANY'S WEBSITE

www.cheerwin.com

LISTING DATE

10 March 2021



FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)			
Revenue	1,769,157	1,446,638	1,615,585	1,820,108	1,988,232
Gross profit	787,426	601,374	718,258	894,341	1,045,928
Profit before tax	120,289	86,473	217,266	242,519	266,738
Profit for the year	90,765	65,456	172,817	195,249	215,308
Earnings per share					
– Basic and diluted (RMB cents)	7.25	4.96	13.13	15.25	16.78

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2021	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)			
Assets					
Non-current assets	318,967	417,855	694,086	480,025	552,440
Current assets	3,103,683	3,160,304	3,142,059	3,321,678	3,329,670
Total assets	3,422,650	3,578,159	3,836,145	3,801,703	3,882,110
Equity and liabilities					
Equity attributable to owners of the Company	2,733,761	2,817,271	2,927,365	2,990,882	3,023,847
Non-controlling interests	1,498	7,297	10,107	(1,648)	(4,960)
Total equity	2,735,259	2,824,568	2,937,472	2,989,234	3,018,887
Non-current liabilities	9,392	18,682	30,930	30,493	30,306
Current liabilities	677,999	734,909	867,743	781,976	832,917
Total liabilities	687,391	753,591	898,673	812,469	863,223
Total equity and liabilities	3,422,650	3,578,159	3,836,145	3,801,703	3,882,110



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I am pleased to present our annual results for the year ended 31 December 2025 (the “**Reporting Period**”).

In 2025, the Group focused on market opportunities by prioritising customer value, leading to an overall enhancement in business performance. We adhered to the business principle of high quality, sustainability and stable profit, and implemented effective cost management measures to ensure a continued, steady increase in revenue, cash and profits.

The breakdown of revenue by product categories are as follows:

- For the household care products category, which includes household repellent and insecticide products, household cleaning and air care products, revenue for the year ended 31 December 2025 was RMB1,714.9 million, representing an increase of 5.0% as compared to the year ended 31 December 2024;
- For the pet business category (including pet stores and pet products), revenue for the year ended 31 December 2025 was RMB221.6 million, representing an increase of 74.3% as compared to the year ended 31 December 2024; and
- For the personal care products category, revenue for the year ended 31 December 2025 was RMB45.9 million, representing a decrease of 13.9% as compared to the year ended 31 December 2024.

The breakdown of revenue by sales channels are as follows:

- For online channels, revenue for the year ended 31 December 2025 was RMB873.7 million, representing an increase of 30.2% as compared to the year ended 31 December 2024; and
- For offline channels, which comprises offline distributors, corporate and institutional customers, overseas distributors, retail channel (Liby Channel), OEM business and physical pet stores, etc., revenue for the year ended 31 December 2025 was RMB1,114.6 million, representing a slight decrease of 3.0% as compared to the year ended 31 December 2024.



CHAIRMAN'S STATEMENT

In 2025, the Group implemented several measures to achieve high-quality, sustainable, and stable profit development across its overall performance:

- **Online sales channels:** The Group continuously enhances its brand and market presence across Taobao (淘寶) related platforms, JD.com (京東), Pinduoduo (拼多多) and Douyin (抖音) channels, while optimizing its online channel mix. We continued to increase the sales proportion of trending products such as outdoor mosquito repellents, portable mosquito repellents, liquid air purifier, household cleaning and pet food, focusing on building the brand operation capabilities of our own team on major platforms. Meanwhile, we optimised production to enhance the efficiency and profitability of our online operations.
- **Offline sales channels:** We adopted a multi-category distribution approach for distribution channels with a focus on the distribution volume of products and the quality of distribution outlets to expand the market reach. In terms of sales, we adopt special display techniques to promote our products, including, among others, product image showcase, products stacking with chamfers arrangement (堆頭切角) and shelf banners with an aim to improve the efficiency of our resource utilisation. We continuously follow market developments to focus on and expand emerging channels, such as businesses in modified stores and dark stores, to capture the incremental market in instant retail. The number of our physical pet stores increased to 73 as we enhanced their brand visual image and professional service offerings, store business model standardisation, and information system development.
- **Product innovation:** Through technological innovation, the Group created popular products that address consumers' pain points, deliver excellent user experience and drive high repurchase rates. This has optimised its overall revenue structure and improved its profitability. It consistently strengthened its top-tier brand influence in insecticides, repellents, and household cleaning products to introduce exceptional, differentiated key products with potent efficacy and wholesome ingredients, further optimising its product lineups.
- **Supply chain reform:** We staffed our organisation with specialised and young talents. We implemented technological renovation in our own factories by increasing automatic production lines to enhance production efficiency, while carrying out lean management for third-party factories. Through large-scale centralised procurement and market-based tendering and procurement, we continuously improved the Group's supply chain operational efficiency and strengthen our cost competitive advantages.

The Group has continued to promote its brands and products with marketing strategies of digitalization, socialisation and personalisation. We have strived to offer our consumers the one-stop high quality products for household care, personal care, and pet categories, and have been recognised and well received by our consumers. In particular, NielsenIQ retail market data showed that the Group's household insecticides and repellents products ranked first in China in terms of comprehensive market share of similar products for eleven consecutive years from 2015 to 2025. During the Reporting Period, the Group secured the top position in offline market share across several categories, including electrothermal mosquito repellents, insecticidal aerosols, air refreshing aerosols, and toilet cleaners.



CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK

Given the current environment, the Company adheres to operational guidelines of high quality, sustainability and stable profit, and maintains strong cash flow, continuously improves profitability, and sticks to a high dividend policy. In 2026, the Company will focus on the following growth strategies:

- Expansion of household care business: We will further develop our high-end natural home care product line to increase product gross profit margin; promote the continuous upgrading of our insecticide and mosquito repellent products; develop product lines for outdoor mosquito repellents; fully position our home cleaning products in high-value sectors such as plant-based, fragrance, and eco-friendly; and open up incremental markets through continuous online penetration and further expansion into offline channels;
 - Expansion of pet business: We will continue to promote the development of our pet business and establish our pet business moat by further expanding our pet store coverage area and the number of stores, improving single-store profitability and creating hit pet food;
 - Breakthrough in online channels: We will continuously enhance our brand and market presence across Taobao related platforms, JD.com, Pinduoduo and Douyin channels, while optimizing our online channel mix, and further consolidate our leading position and business moat in terms of the core competitiveness of our various product categories to achieve growth in revenue scale and a steady improvement in profitability;
 - Further in-depth development of offline channels: We will continue to strengthen the foundation of full-category distribution and, through strategic acquisitions, further enhance the breadth and depth of our coverage of the domestic terminal market;
2. Technology R&D improvement: integrate internal and external R&D resources to continuously enhance the know-how of our team, maintain our leading R&D capabilities in the industry, propel technological innovation, and introduce more high-quality and differentiated products;
3. Empowerment through team's building: implement diversified portfolio incentive mechanisms, to enhance the Group's organisational cohesion and coordination and ensure efficient implementation of the Group's development strategies;



CHAIRMAN'S STATEMENT

4. Proactiveness in mergers and acquisitions opportunities: focus on domestic and foreign pet, personal care, cosmetics, and fast-moving consumer goods (FMCG) industries, speed up the pace of merger and acquisition, and target quality projects with stable cash flow, clear profit model and room for business development; and
5. Implementation of dividend policy: continue a high-proportion and stable dividend policy to maximise the Company's shareholders' returns.

Chen Danxia

Chairman and Chief Executive Officer

Hong Kong, 25 March 2026



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group derived its revenue primarily from the sales of (i) household care; (ii) pet business; (iii) personal care; and (iv) others to customers through our omni-channel sales and distribution network. Our revenue is stated net of allowances for returns, sales discounts, rebates and value-added tax.

Our revenue increased by 9.2% from RMB1,820.1 million for the year ended 31 December 2024 to RMB1,988.2 million for the year ended 31 December 2025. The increase was attributable to the Group's success in grasping market opportunities and actively promoting product innovation, as well as the rapid development of online channels and the pet business.

Revenue by product categories

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Household Care ⁽¹⁾	1,714,922	86.3	1,633,823	89.8
Pet Business ⁽²⁾	221,643	11.1	127,152	7.0
Personal Care	45,925	2.3	53,326	2.9
Others ⁽³⁾	5,742	0.3	5,807	0.3
Total	1,988,232	100.0	1,820,108	100.0

Notes:

- (1) Household Care included household insecticide and repellent products, household cleaning and air care products.
- (2) Pet business included pet stores and pet products.
- (3) Others included numerous household supplies, appliances, other products and testing services, and none of them accounted for a material portion individually.

The revenue from household care category increased by 5.0% from RMB1,633.8 million for the year ended 31 December 2024 to RMB1,714.9 million for the year ended 31 December 2025.

The revenue from pet business category increased by 74.3% from RMB127.2 million for the year ended 31 December 2024 to RMB221.6 million for the year ended 31 December 2025.

The revenue from personal care category decreased by 13.9% from RMB53.3 million for the year ended 31 December 2024 to RMB45.9 million for the year ended 31 December 2025.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by sales channel

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Online Channels ⁽¹⁾	873,662	43.9	670,906	36.9
Offline Channels ⁽²⁾	1,114,570	56.1	1,149,202	63.1
Total	1,988,232	100.0	1,820,108	100.0

Notes:

- (1) Online channels included self-operated online stores, online distributors, and community e-commerce platforms.
- (2) Offline channels included offline distributors, corporate and institutional customers, overseas distributors, retail channel (Liby Channel), OEM business and physical pet stores, etc..

The revenue from online channels increased by 30.2% from RMB670.9 million for the year ended 31 December 2024 to RMB873.7 million for the year ended 31 December 2025.

The revenue from offline channels decreased slightly by 3.0% from RMB1,149.2 million for the year ended 31 December 2024 to RMB1,114.6 million for the year ended 31 December 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by 16.9% from RMB894.3 million for the year ended 31 December 2024 to RMB1,045.9 million for the year ended 31 December 2025. The overall gross profit margin increased from 49.1% for the year ended 31 December 2024 to 52.6% for the year ended 31 December 2025, which was primarily due to the enhancement of the Group's brand influence, the continuous refinement of its product offerings and channel structure as well as the continual improvement of operating efficiency in its supply chain.

Gross profit and gross profit margin by product categories

	Year ended 31 December			
	2025		2024	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Household Care ⁽¹⁾	893,857	52.1	804,272	49.2
Pet Business ⁽²⁾	132,999	60.0	69,504	54.7
Personal Care	17,085	37.2	22,499	42.2
Others ⁽³⁾	1,987	34.6	(1,934)	(33.3)
Total	1,045,928	52.6	894,341	49.1

Notes:

- (1) Household care products included household insecticide and repellent products, household cleaning and air care products.
- (2) Pet business included pet stores and pet products.
- (3) Others included numerous household supplies, appliances, other products and testing services, and none of them accounted for a material portion individually.



MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit of household care category was RMB893.9 million for the year ended 31 December 2025, and its gross profit margin increased from 49.2% for the year ended 31 December 2024 to 52.1% for the Reporting Period.

The gross profit of pet business category for the year ended 31 December 2025 was RMB133.0 million, and its gross profit margin increased from 54.7% for the year ended 31 December 2024 to 60.0% for the Reporting Period.

The gross profit of personal care category for the year ended 31 December 2025 was RMB17.1 million, and its gross profit margin decreased from 42.2% for the year ended 31 December 2024 to 37.2% for the Reporting Period.

Gross profit and gross profit margin by sales channels

	Year ended 31 December			
	2025		2024	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Online Channels ⁽¹⁾	535,179	61.3	374,612	55.8
Offline Channels ⁽²⁾	510,749	45.8	519,729	45.2
Total	1,045,928	52.6	894,341	49.1

Notes:

- (1) Online channels included self-operated online stores, online distributors, and community e-commerce platforms.
- (2) Offline channels included offline distributors, corporate and institutional customers, overseas distributors, retail channel (Liby Channel), OEM business and physical pet stores, etc..

The gross profit of online channels was RMB535.2 million for the year ended 31 December 2025, and its gross profit margin increased from 55.8% for the year ended 31 December 2024 to 61.3% for the Reporting Period.

The gross profit of offline channels was RMB510.7 million for the year ended 31 December 2025, while its respective gross profit margin for the years ended 31 December 2024 and 2025 remained relatively stable at 45.2% and 45.8%.

Other Income

The Group's other income decreased by 12.4% from RMB115.0 million for the year ended 31 December 2024 to RMB100.8 million for the year ended 31 December 2025, which was primarily due to the decrease in interest income as a result of the decline in bank interest rates. The other income as a percentage of our total revenue decreased from 6.3% for the year ended 31 December 2024 to 5.1% for the Reporting Period.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 29.5% from RMB538.8 million for the year ended 31 December 2024 to RMB697.9 million for the year ended 31 December 2025, which was primarily attributable to the impact of the increase in the revenue scale of the Group's online channels and pet business, which was in line with the growth of our business.

Administrative Expenses

The Group's administrative expenses decreased by 3.9% from RMB197.7 million for the year ended 31 December 2024 to RMB190.0 million for the year ended 31 December 2025, mainly due to the absence of impairment losses on intangible assets and goodwill.

Other Gains and Losses

The Group recorded other gains of RMB10.6 million for the year ended 31 December 2025, compared to other losses of RMB28.5 million for the year ended 31 December 2024, primarily due to changes in the fair value of the Group's investments and fluctuations in exchange rates.

Finance Costs

The Group's finance costs remained relatively stable at RMB1.9 million and RMB2.5 million for the years ended 31 December 2024 and 2025, respectively.

Profit before Tax

As a result of the foregoing, the Group's profit before tax increased by 10.0% from RMB242.5 million for the year ended 31 December 2024 to RMB266.7 million for the year ended 31 December 2025.

Income Tax Expense

The Group's income tax expense was RMB51.4 million for the year ended 31 December 2025, representing an increase of 8.8% as compared to RMB47.3 million for the year ended 31 December 2024, which was primarily due to an increase in profit before tax. Our effective tax rate remained relatively stable at 19.5% and 19.3% for the years ended 31 December 2024 and 2025, respectively, which were lower than the PRC statutory income tax rate of 25% primarily because one of our subsidiary enjoyed a preferential income tax rate of 15% since 2019 and is a qualified high-tech enterprise.

Profit for the Year

As a result of the foregoing, the Group's profit increased by 10.3% from RMB195.2 million for the year ended 31 December 2024 to RMB215.3 million for the year ended 31 December 2025. Our net profit margin remained relatively stable at 10.7% and 10.8% for the years ended 31 December 2024 and 2025, respectively.



MANAGEMENT DISCUSSION AND ANALYSIS

Operating Cash Flows

The Group's net operating cash inflow was RMB268.1 million for the year ended 31 December 2025, as compared to RMB9.4 million for the year ended 31 December 2024, resulting from our profit before tax of RMB266.7 million, adjustment of non-cash and non-operating items, movements in working capital, and the income tax paid.

Capital Expenditures

The Group's capital expenditures decreased by 49.6% from RMB56.5 million for the year ended 31 December 2024 to RMB28.5 million for the year ended 31 December 2025, which was primarily used for the purchase of property, plant and equipment, and right-of-use assets. We financed our capital expenditures primarily through our cash generated from our operating activities.

Financial Position

Historically, we funded our operations primarily with net cash generated from our business operations. After the global offering of the Company (the "**Global Offering**"), we intend to finance our future capital requirements through the same sources of funds above, together with the net proceeds we received from the Global Offering.

As at 31 December 2025, we had RMB2,836.5 million in cash and cash equivalents and time deposits, most of which were denominated in RMB.

Gearing Ratio

The gearing ratio (calculated using total interest bearing debt (consists of bank borrowings, current and non-current lease liabilities) divided by total equity, multiplied by 100%) was 2.0% for the year ended 31 December 2025, representing an increase of 0.3 percentage point as compared to 1.7% as at 31 December 2024 primarily due to the increase in the Group's bank borrowings and lease liabilities.

Significant Investments Held

The Group maintains a portfolio of investments which generate steady income with potential of capital appreciation. The Group did not hold other significant investments which constitutes a fair value of 5% or above of the total assets of the Group as at 31 December 2025.

Funding and Treasury Policy

The Group adopts a stable approach on its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.



MANAGEMENT DISCUSSION AND ANALYSIS

Material Acquisitions and Future Plans for Major Investment

On 31 December 2025, Guangzhou Cheerwin Holding Company Limited * (廣州朝雲控股有限公司) (a wholly-owned subsidiary of the Company) (the “**Purchaser**”), the relevant vendors (the “**Vendors**”) and Hebei Kangda Co., Ltd.* (河北康達有限公司) (the “**Target Company**”) entered into the equity interests transfer agreement (the “**Agreement**”) in relation to the acquisition of 100% of the equity interests of Target Company (the “**Target Equity Interests**”) by the Purchaser from the Vendors (the “**Acquisition**”). Pursuant to the Agreement, the Purchaser has agreed conditionally to acquire from the Vendors the Target Equity Interests at the maximum possible Consideration of RMB450 million (equivalent to approximately HK\$495 million). Upon the consummation of the Acquisition which took place on 23 January 2026, the Target Company becomes an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group shall be consolidated into the Group’s financial statements. For details, please refer to the announcements of the Company dated 31 December 2025, 22 January 2026 and 26 January 2026 and the circular of the Company dated 13 February 2026.

Save as disclosed above and for the expansion plans as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 26 February 2021 (the “**Prospectus**”) and in this report, the Group has no other specific plan for major investment or acquisition for major capital assets or other businesses during the year ended 31 December 2025.

Exposure to Fluctuations in Exchange Rates

The Group operates mainly in China with most of its transactions settled in RMB. However, the Group is exposed to foreign exchange risk arising mainly from deposits denominated in USD and Hong Kong dollars. The Group closely monitors the exchange rate fluctuations and reviews its foreign exchange risk management strategies from time to time. The Board may consider hedging foreign exchange exposures where appropriate in order to minimize its foreign exchange risk.

Pledge of Assets

As at 31 December 2024, the Group did not have any pledged assets. As at 31 December 2025, the Group has pledged its building with a carrying value of approximately RMB18.2 million to secure bank borrowings of the Group.

Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities.

Human Resources

As at 31 December 2025, the number of employees of the Group was 1,367 as compared to 1,202 as at 31 December 2024. The total cost of staff, including basic salary and wages, social insurance and bonus for the year ended 31 December 2025 was RMB212.6 million, remaining relatively stable compared to RMB212.7 million for the year ended 31 December 2024.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Ms. Chen Danxia (陳丹霞), aged 46, is an executive Director, the chairman of the Board and the chief executive officer of our Company. She was appointed as the chairman of the nomination committee of the Company (the “**Nomination Committee**”) and a member of the remuneration committee of the company (the “**Remuneration Committee**”) in February 2021. She has more than 19 years of experience in the consumer goods industry. With her extensive experience in operation management and corporate strategic development in the consumer goods and cosmetic products industry, she is principally responsible for overseeing the overall management and business operation and formulating strategies and operational plans of our Group. Ms. Chen also holds directorships and/or other positions in our various major operating subsidiaries.

Ms. Chen was appointed as a director of Guangzhou Liby Group Company Limited (廣州立白企業集團有限公司) (the “**Guangzhou Liby**”) in January 2016, and has assumed responsibility for overseeing the overall strategic management of the Cheerwin Business Division since then. As Ms. Chen is the daughter of Mr. Chen Kaichen (“**Mr. KC Chen**”) and Ms. Ma Huizhen (“**Ms. Ma**”), our Controlling Shareholders, and part of the Chen family, she occupied various non-executive roles in other companies owned by the Chen family. Details of Ms. Chen’s directorships in Kysun Holdings (China) Company Limited and Guangzhou Liby are set out in the section headed “Relationship with Our Controlling Shareholders” in the Prospectus. Ms. Chen is the cousin of Mr. Chen Zexing, a non-executive Director.

From February 2016 to February 2018, Ms. Chen was the director in Baokai Daorong. From June 2008 to December 2013, Ms. Chen has served as the general manager at Shanghai New COGI Cosmetic Co., Ltd.* (上海新高姿化妝品有限公司) (the “**Shanghai Cogi**”). Ms. Chen acted as the chairman of Shanghai Cogi in her non-executive capacity since January 2014. Baokai Daorong and Shanghai Cogi are businesses owned by the Chen family. Ms. Chen has been a director at Ousia Australia Pty. Ltd since May 2009. Ms. Chen served as an independent non-executive director of Ubtech Robotics Corp Ltd, and the chairman of the compensation committee and the members of the strategic committee and the nomination committee under its board of directors from June 2022 to January 2023.

Since January 2019, Ms. Chen has been the vice president of Zhejiang Hupan Shanqi Charity Foundation (浙江省湖畔善契公益基金會) and assisted Jack Ma Foundation (馬雲公益基金會) to build the first rural boarding school model in China. She was recognised as the Guangzhou Municipal March 8th Red-Banner Pacesetter (廣州市三八紅旗手) of 2017 by Guangzhou Women’s Federation (廣州市婦女聯合會). In July 2020, Ms. Chen was appointed as Vice President of Brand Alliance (品牌聯盟副主席) for the 25th China Beauty Expo (中國美容博覽會).

Ms. Chen obtained master of commerce with honors in marketing and strategic management from the University of Sydney, Australia, in October 2006.

Ms. Wang Dong (王冬), aged 47, is an executive Director, our chief operating officer, general manager of our brand management center and general manager of our technology research and development center. She is primarily responsible for overseeing the overall business operation and brand management of the Group, and in charge of brand management center, e-commerce operation center, big pet operation center (大寵物運營中心), new jiaqing development department (新家清發展部), legal affairs department, technology research and development center, and Guangdong Zhongkeyan Cosmetic Technology Research Company Limited* (廣東中科研化妝品技術研究有限公司) (the “**Guangdong Zhongkeyan**”), etc. She also serves as the general manager of brand management center in Cheerwin Biotechnology Company Limited* (廣州超威生物科技股份有限公司) (the “**Cheerwin Biotechnology**”).



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Wang has over 23 years of experience in consumer goods industry. From February 2021 to August 2024, Ms. Wang was the joint company secretary of the Company. From December 2016 to March 2019, Ms. Wang was the general manager in Guangzhou Megahive Media Company Limited (廣州蜂群傳媒有限公司). From June 2002 to November 2016, Ms. Wang served in Guangzhou Liby with her last position being the deputy general manager of brand management center and director of media communication division. Ms. Wang assumed responsibility for brand management of the Cheerwin Business Division in July 2012. She was officially transferred to our Group in April 2019.

Ms. Wang obtained her dual bachelor's degrees in packaging engineering and business administration from Wuhan Polytechnic University (武漢輕工大學), the PRC, in June 2002. In 2014, Ms. Wang was recognised as the Good Person of Guangzhou (廣州好人) by the Office of the Guangzhou Spiritual Civilization Construction Committee* (廣州市精神文明建設委員會辦公室). In 2015, Ms. Wang was elected as one of the Top Ten Touching New Women of Liwan (十大感動荔灣 • 新女性) by the Women's Federation of Guangzhou Liwan District* (廣州市荔灣區婦女聯合會). In 2016, Ms. Wang was recognised as the Guangzhou Municipal March 8th Red-Banner Pacesetter (廣州市三八紅旗手) by Guangzhou Women's Federation (廣州市婦女聯合會). In 2024, Ms. Wang was elected as the vice president of the 8th Guangdong Pesticide Association (廣東省農藥協會).

Mr. Zhong Xuyi (鍾胥易), aged 45, is an executive Director and Chief Financial Officer. He is the head of our Finance and Information Technology team. Furthermore, he is in charge of our Investor Relations team and Environmental, Social and Governance management team. He currently also holds directorships and/or other positions in certain of our major operating subsidiaries.

Mr. Zhong has over 22 years of extensive working experience, covering a variety of industries, including manufacturing, consumer goods, and new offline retail. He started his career in Guangzhou Liby and its subsidiaries (the “**Liby Group**”) in July 2003 and took responsibility for budget management, tax management, treasury management, shared finance management and subsidiary companies' finance management. He was officially transferred to our Group in January 2018. Mr. Zhong has extensive experience in financial management, digital transformation, investment and financing, corporate governance, and investor relations management. Mr. Zhong has been awarded Top 10 Golden CFOs of Year 2022 by the Ministry of Finance, Top 10 Financial Leaders of Year 2021 by the Chartered Global Management Accountant (CGMA), and has been selected as one of the CFO Elite 100 of Hong Kong and US listed Chinese companies by Barron Weekly in two consecutive years from 2022 to 2023. He was also awarded the title of Annual Leading Financial Officer of Hong Kong and US listed companies in 2024. In 2025, he was also honored by New Fortune magazine with the “Best Investor Relations (IR) Award for Hong Kong-listed Companies”.

Mr. Zhong serves as an external postgraduate supervisor at the Central University of Finance and Economics (中央財經大學) and Sun Yat-sen University (中山大學). He holds a master's degree in accounting from Sun Yat-Sen University and a bachelor' degree in accounting from Guangdong University of Finance & Economics (廣東財經大學). He is a senior registered accountant of the Australian Institute of Certified Public Accountants, a senior member of the Institute of Chartered Management Accountants in the UK, and a global chartered management accountant. He is also an internationally registered internal auditor, a senior member of the Australian Institute of Public Accountants, and a senior member of the Institute of Financial Accountants in the United Kingdom. He is a member of the ACCA Greater Bay Area Advisory Committee. In addition, he has also been an expert in the “Top 10 Information Technologies Influencing China's Accounting Industry” selection organized by the Shanghai National Accounting Institute for several consecutive years.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lv Yongji (呂永吉), aged 39, is an executive Director and our vice president of marketing. He suggests and participates in the discussions about the Group's operation and management decisions on major issues, and is in charge of the marketing management of the sales center, marketing force planning department, and commercial and overseas business department of the Group. Mr. Lv has over 18 years of experience in consumer goods industry. Mr. Lv worked in Guangzhou Liby from July 2008 to December 2023 with his last position being the vice president of sales of the head office and the director of the live sales business. He was formally transferred to the Group in December 2023.

Mr. Lv received his bachelor degree in polymer materials science and engineering from Nanchang University, the PRC, in June 2008.

Mr. Chen Zexing (陳澤行), aged 36, joined our Company as a non-executive Director since August 2020 and as a member of audit committee of the Company (the "**Audit Committee**") in August 2021. He is primarily responsible for providing strategic advice and guidance on the business development of our Group. Mr. Chen is the son of Mr. Chen Kaixuan ("**Mr. KX Chen**") and Ms. Li Ruohong ("**Ms. Li**"), our Controlling Shareholders, and the cousin of Ms. Chen Danxia, an executive Director.

Since July 2023, Mr. Chen has been the president of Guangzhou Liby Kysun Holdings Co, Ltd (廣州立白凱晟控股有限公司). Mr. Chen has been the president and an executive director of Kai Tai Health Pharmaceutical Chain Co., Ltd. (啟泰健康藥業連鎖有限公司) since July 2016, the chairman of Kai Tai Chinese Medicine (Holdings) Co., Ltd (啟泰藥業(集團)有限公司) since September 2018 and became an executive director and general manager at Guangzhou Sulikang Biotechnology Company Limited (廣州素力康生物科技有限公司), pharmaceutical and food product businesses owned by the Chen family in July 2017. Since December 2016, Mr. Chen has been the director of Kysun Holdings. From August 2013 to February 2016, Mr. Chen served as a retail terminal manager in Guangzhou Liby.

Mr. Chen graduated from South China Institute of Software Engineering GU (廣州大學華軟軟件學院), the PRC, with an associate degree in marketing in August 2013.

Dr. Yu Rong (俞榕), aged 54, was appointed as an independent non-executive Director and as the member of the Audit Committee, the Remuneration Committee and the Nomination Committee in October 2022. He is primarily responsible for providing independent judgment and advice to the Board.

He has approximately 24 years of experience in business administration and management in the healthcare industry. He founded Meinian OneHealth Healthcare Holdings Co., Ltd. (美年大健康產業控股股份有限公司) in 2004, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002044) and has served as its director since then. He served as a director and the legal representative of Tianrong (Nantong) Building Materials Co., Ltd (天熔(南通)建築材料有限公司) from October 2005 to February 2007. Since March 2010, he has served as a director of Shenzhen Rapoo Technology Co., Limited (深圳雷柏科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002577). Since January 2016, he has served as a director of Beijing Huamei Kangxun Information Technology Co., Ltd. (北京華媒康訊信息技術股份有限公司), the shares of which are listed on the National Equities Exchange and Quotations (stock code: 872612) and it is principally engaged in media sales and online and offline services in relation to media sales, namely advertising, public relations planning, conference forum, consultation, training, research, software, integrated marketing and book publishing. From November 2016 to July 2021, he served as a director of Beijing Trust & Far Technology Co., Ltd. (北京銀信長遠科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300231) and it is principally engaged in providing one-stop IT overall solution for data center IT infrastructure. Since August 2021, he served as an executive director of Mega Genomics Limited (美因基因有限公司), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 6667) and it is principally engaged in consumer genetic testing and cancer screening services in China.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Yu has been a member of Health Promotion and Education Expert Steering Committee of National Health and Family Planning Commission (國家衛生計生委健康促進與教育專家指導委員會) of the PRC from May 2017 to December 2019, the deputy commissioner of The First Management Committee of Health Management Research and Training Special Fund of China Health Promotion Foundation (中國健康促進基金會健康管理研究與培訓專項基金第一屆管理委員會) since January 2019 and the president of Health Examination Branch of China Association of Non-public Medical Institutions (中國非公立醫療機構協會健康體檢分會) since October 2019.

Dr. Yu obtained his bachelor's degree in electronic engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1993 and his master's degree in finance from Shanghai University of Finance and Economics (上海財經大學) in the PRC in August 1999. He further earned his Ph.D. in basic theory of traditional Chinese Medicine from China Academy of Chinese Medical Sciences (中國中醫科學院) in the PRC in July 2013 and his executive master's degree in business administration (EMBA) from China Europe International Business School (中歐國際工商學院) in the PRC in September 2009.

Mr. Guo Sheng (郭盛), aged 54, was appointed as an independent non-executive Director and as the chairman of the Remuneration Committee, a member of the Audit Committee and Nomination Committee in February 2021. He is primarily responsible for providing independent judgment and advice to the Board. Since October 2010, Mr. Guo has been serving as the chief executive officer in Zhaopin Limited, a recruitment platform provider that was listed on the New York Stock Exchange (stock code: ZPIN) prior to its delisting in September 2017.

From September 2007 to July 2010, Mr. Guo served as a director and general manager in Sinotrans Air Transportation Development Co., Ltd. (中外運空運發展股份有限公司), an air cargo company that was listed on the Shanghai Stock Exchange (stock code: 600270) prior to its delisting in December 2018. From September 2001 to September 2002, he served as the chief executive officer in Prosys Solutions Ltd. From September 1994 to September 2001 and from September 2002 to June 2007, Mr. Guo served in McKinsey & Company with his last position being a partner.

Mr. Guo received double bachelor's degrees in computer and English for applied and professional use from Shanghai Jiao Tong University, the PRC, in July 1994. He further received his master's degree in administration from Northwestern University, the United States, in June 1999.

Mr. Chan Wan Tsun Adrian Alan (陳弘俊), aged 47, was appointed as an independent non-executive Director and as the chairman of the Audit Committee in February 2021. He is primarily responsible for providing independent judgment and advice to the Board.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan has been the Managing Director of One Business Group from May 2025. He was the Regional Director (Greater China) of The CFO Centre from January 2021 to April 2025. He has been the chief financial officer of Sun Ray Capital Investment Corporation since July 2015. He has been the chief financial officer of LabyRx Immunologic Therapeutics Limited from July 2018 to January 2021, and has been the chief financial officer of Lifepans Limited since August 2018. Mr. Chan has been appointed as an independent non-executive director of Regent Pacific Group Limited (stock code: 575, the shares of which are listed in the Main Board of the Stock Exchange) since April 2023. Since 21 October 2019, Mr. Chan has been appointed as an independent non-executive director of Best Linking Group Holdings Limited (stock code: 9882), the shares of which are listed on the Main Board of the Stock Exchange. From November 2011 to June 2021, he was an independent non-executive director of Grand Baoxin Auto Group Limited (stock code: 1293) an automobile dealership company listed on the Main Board of the Stock Exchange. From 2009 to June 2015, he was the chief financial officer of Enviro Energy International Holdings Limited (stock code: 1102), a company whose shares are listed on the Main Board of the Stock Exchange. He has over 17 years of experience in corporate finance. He was an associate director of UOB Asia (Hong Kong) Limited from July 2005 to November 2009. He has also previously worked for the equity capital markets department of DBS Asia Capital Limited from January 2002 to July 2005, the corporate finance department of DBS Vickers Securities from April 2000 to December 2001, and as auditor for a top-tier international accounting firm.

Mr. Chan graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Finance in April 2000. He has been a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants since June 2006 and November 2009, respectively.

SENIOR MANAGEMENT

Mr. Shi Xunqin (石訓勤), aged 52, is the general manager of our investment, financing and strategic analytical center, and is primarily responsible for overseeing investment and financing related matters of our Group. From June 2018 to August 2020, Mr. Shi served as the general manager of investment and capital operation division in Kysun Holdings. From January 2015 to June 2018, Mr. Shi was the managing director in Baokai Daorong, where he was responsible for acquisition and equity investment business unit. From June 2016 to June 2018, he served as the general manager in Guangzhou Zhanze Investment Management Co., Ltd. (廣州展澤投資管理有限公司). From February 2004 to December 2014, Mr. Shi served in Guangzhou Liby with his last position being deputy general manager of financial and capital operation center. During his employment with Guangzhou Liby, Mr. Shi assumed responsibility of corporate finance matters of the Cheerwin Business Division in January 2006 before officially transferring to our Group in August 2020. Mr. Shi obtained his bachelor's degree in chemical engineering from Huaqiao University (華僑大學), the PRC, in July 1997 and obtained his master's degree in business administration from Sun Yat-sen University (中山大學), the PRC, in June 2004.

Mr. Yang Yu (楊鈺), aged 42, is the general manager of our operation management center, and is primarily responsible for overseeing the operation management of our Group. He also serves as the general manager of operation management center in Cheerwin Biotechnology. Mr. Yang has over 19 years of experience in consumer goods industry. Mr. Yang previously worked in Guangzhou Liby from July 2006 to August 2018 with his last position being director of operation management division. Mr. Yang assumed responsibility of the management of finance budgeting of the Cheerwin Business Division in May 2016 before officially transferring to our Group. Mr. Yang obtained his bachelor's degree in accounting from Hunan University of Technology and Business (湖南工商大學) (formerly known as Hunan Business College (湖南商學院)), the PRC, in June 2006.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhang Xinmei (張新美), aged 45, is director of our human resources center, and is primarily responsible for the human resources management of the Group. Prior to joining our Group in April 2022, Ms. Zhang served as the human resources director of Lunaler Health Technology Co., Ltd. (露樂健康科技股份有限公司) (formerly known as Lunaler Health Technology (Guangzhou) Co., Ltd. (露樂健康科技(廣州)有限公司), and subsequently renamed as Lunaler Health Technology (Guangzhou) Co., Ltd. (露樂健康科技(廣州)股份有限公司)) from January 2018 to November 2021. Ms. Zhang served as the human resources director at Guangzhou Uniasia Cosmetics Technology Co., Ltd. (廣州環亞化妝品科技股份有限公司) (formerly known as Guangzhou Uniasia Cosmetics Technology Co., Ltd. (廣州環亞化妝品科技有限)) from September 2014 to November 2017. Ms. Zhang obtained a master of business administration degree from Jinan University (暨南大學) in June 2012.

Ms. Ding Jiajia (丁嘉佳), aged 40, is the general manager of our e-commerce operation center, and is primarily responsible for overseeing the e-commerce operation of our Group. Prior to joining our Group in December 2019, Ms. Ding served in Alibaba Group Holding Limited, an e-commerce company listed on the Main Board of the Stock Exchange (stock code: 9988) and the New York Stock Exchange (stock code: BABA), as an industry expert from August 2010 to November 2019. Ms. Ding obtained her bachelor's degree in animation from Zhejiang Gongshang University (浙江工商大學), the PRC, in July 2008.

JOINT COMPANY SECRETARIES

Ms. Leung Shui Bing (梁瑞冰), is a joint company secretary of our Company. Ms. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). She has over 21 years of experience in the company secretarial field. Ms. Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from University of Bradford in the United Kingdom and a master's degree in Corporate Governance from Hong Kong Metropolitan University. She is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Mr. Zheng Canjie (鄭燦杰), is a joint company secretary of our Company. Mr. Zheng joined the Company in February 2018 as an assistant to the chairman of the Board. Since December 2019, Mr. Zheng has been promoted as the head of the office of the Board (董事會辦公室), and he is mainly responsible for coordinating the Group's external public affairs and publicity activities, organising and arranging the shareholders' meetings, Board meetings and board committees' meetings, and providing overall supports to the Board. Since July 2022, Mr. Zheng was also appointed as a member of the internal operational management committee of the Company, to assist the implementation of the Group's operational management, strategic development and decisions. Further, Mr. Zheng also has more than 16 years of experience in the consumer goods industry. From July 2009 to December 2009, Mr. Zheng joined Guangzhou Liby and his last position was the sales representative of the sales head office of Jiangsu Province. From December 2009 to January 2018, he worked in Shanghai Cogi, in which his last position was the assistant to the chairman. Mr. Zheng obtained a bachelor's degree in marketing from the Guangdong University of Finance (廣東金融學院) in June 2009.



DIRECTORS' REPORT

The Board is pleased to announce the annual report (the “**Annual Report**”) and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL BUSINESS

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year ended 31 December 2025 are set out in the Chairman's Statement on pages 5 to 8 and the Management Discussion and Analysis on pages 9 to 14 of the Annual Report. An account of the Group's key relationships with its key stakeholders is provided in the Directors' Report on pages 21 to 45 of the Annual Report. An analysis of the Group's performance during the year ended 31 December 2025 using financial key performance indicators is set out in the Financial Summary on page 4.

Compliance with Laws and Regulations

During the year ended 31 December 2025, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Principle Risks and Uncertainties

The Directors are aware that the Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are set out as follows:

- Our business depends heavily on the strength of our brands and reputation, and consumers' recognition and their trust in our products may be materially and adversely affected if we fail to maintain and enhance our brands and reputation;
- We operate in a highly competitive industry if we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could decline;
- Our business is subject to changes in consumer demand, preferences and spending patterns;
- Our efforts in developing, launching and promoting new brands and products, diversifying our brand and product portfolio may not be successful;
- Our business operations may be subject to seasonality; and
- Our brands and products may be subject to counterfeiting imitation, and/or infringement by third parties.



DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

We are in the process of establishing an environmental, social and governance (“**ESG**”) committee (the “**ESG committee**”) to oversee our ESG management. Additionally, we are in the process of forming an environmental protection, health, and safety team (the “**EHS team**”) to assess and manage all ESG related matters. Our EHS team uses a number of metrics (the “**ESG metrics**”) to assess potential risks, including setting an energy consumption target for each type of our products which measures the use of fuels or electricity in producing each unit of such product.

For the year ended 31 December 2025, we had not received any notice or warning in relation to pollution in respect of our operation, nor had we been subject to any fines, penalties or other legal actions by government authorities resulting from any non-compliance with any environmental protection laws or regulations that had a material adverse impact on our operations and, so far as our Directors are aware after making all reasonable enquiries, there was no threatened or pending action by any environmental government authorities in respect thereof.

For details of the Company’s environmental policies and performance, please refer to the ESG Report of the Company for the year ended 31 December 2025 to be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.cheerwin.com) according to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the transaction amounts of the Group’s five largest customers accounted for 12.7% of the Group’s total revenues (2024: 15.6%), while the transaction amounts of the largest customer accounted for 6.5% of the Group’s total revenues (2024: 8.8%).

For the year ended 31 December 2025, the transaction amounts of the Group’s five largest suppliers accounted for 42.7% of the Group’s total purchases (2024: 43.1%), while the transaction amounts of the largest supplier accounted for 18.5% of the Group’s total purchases (2024: 17.3%).

During the financial year ended 31 December 2025, none of the Directors or any of their close associates or any shareholders of the Company (the “**Shareholders**”) (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated financial statements on pages 66 to 132 of the Annual Report.



DIRECTORS' REPORT

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of RMB0.0821 per Share (equivalent to HK\$0.0933 per Share) for the year ended 31 December 2025 (year ended 31 December 2024: RMB0.0682 (equivalent to HK\$0.0739 per Share)). The interim dividend of RMB0.0521 per Share (equivalent to HK\$0.0571 per Share) was paid. Total dividend for the year amounted to RMB0.1342 per Share, representing a dividend payout ratio of approximately 80.0%.

This proposed final dividend is subject to the approval of the Shareholders at the annual general meeting of the Company (the “**AGM**”) to be held on Wednesday, 17 June 2026, and will be paid, on or around Wednesday, 8 July 2026 to the Shareholders whose names appear on the register of members of the Company on Friday, 26 June 2026 (i.e. record date).

The final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from 19 March 2026 to 25 March 2026.

As at the date of the Annual Report, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 11 June 2026. The record date for determining eligible to attend and vote at the AGM is Wednesday, 17 June 2026.

The register of members of the Company will also be closed on Friday, 26 June 2026 in order to determine the entitlement of the Shareholders to the final dividend (if approved by the Shareholders in the AGM), during which period no share transfers will be registered. To qualify for the final dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 25 June 2026.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 4 of the Annual Report. The summary does not form part of the audited consolidated financial statements.

TIME DEPOSITS/BANK BALANCES AND CASH

Details of the time deposits/bank balances and cash of the Group for the year ended 31 December 2025 are set out in note 24 to the consolidated financial statements.



DIRECTORS' REPORT

USE OF PROCEEDS FROM GLOBAL OFFERING

The shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange on 10 March 2021 (the “Listing Date”). The Company received net proceeds (after deduction of the underwriting commissions and related costs and expenses) from the Global Offering of approximately RMB2,418.8 million (equivalent to approximately HK\$2,883.8 million). The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2024 (RMB million)	Actual net	Actual net	Unutilised net amount as at 31 December 2025 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
				amount utilised during the year ended 31 December 2025 (RMB million)	amount utilised up to 31 December 2025 (RMB million)		
Research and development of new products, upgrade of existing products and development of new brands and categories	7.1%	171.8	101.2	35.7	106.3	65.5	Expected to be fully utilised by the end of 2026
Facilitate the construction and upgrade of relevant research and development centers and support their research activities	10.2%	246.7	246.7	0	0	246.7	Expected to be fully utilised by the end of 2026
Motive existing research personnel and recruit additional experienced and talented personnel for our research and development team	2.7%	65.3	65.3	0	0	65.3	Expected to be fully utilised by the end of 2026
Further develop online distribution	10.0%	241.9	0	0	241.9	0	Not applicable
Further enhance our offline distribution network	5.0%	120.9	91.3	27.1	56.7	64.2	Expected to be fully utilised by the end of 2026
Establish and optimise our overseas online and offline sales network and develop new markets	5.0%	120.9	120.9	0	0	120.9	Expected to be
fully utilised by the end of 2026 Enhance our market penetration in lower-tier cities	5.0%	120.9	110.7	0.2	10.4	110.5	Expected to be fully utilised by the end of 2026
Invest in online brand marketing activities to enhance brand and product awareness and educate customers	10.0%	241.9	124.8	38.8	155.9	86.0	Expected to be fully utilised by the end of 2026



DIRECTORS' REPORT

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2024 (RMB million)	Actual net	Actual net	Unutilised net amount as at 31 December 2025 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
				amount utilised during the year ended 31 December 2025 (RMB million)	amount utilised up to 31 December 2025 (RMB million)		
Establish overseas supply chain to improve our cost advantage for our overseas operations	1.5%	36.3	36.3	0	0	36.3	Expected to be fully utilised by the end of 2026
Upgrade our existing production facilities and existing production lines at our Anfu and Panyu plants, and to establish new production lines to increase production capacity and efficiency	1.5%	36.3	36.3	0	0	36.3	Expected to be fully utilised by the end of 2026
Establish a supply chain base in Shanghai which include a warehouse and a logistic center and offices	7.0%	169.3	169.3	0	0	169.3	Expected to be fully utilised by the end of 2026
Deepen our digitalisation strategy, enhance information technology infrastructure, and further develop our technology and data-driven middle-office for our supply chain management, consumer community and proprietary platform operation and distribution channel management to improve operating efficiency	10.0%	241.9	232.4	3.0	12.5	229.4	Expected to be fully utilised by the end of 2026
Strategic acquisitions of upstream and downstream businesses to acquire external high quality, complementary technologies, brands and businesses	15.0%	362.8	188.7	0	174.1	188.7	Expected to be fully utilised by the end of 2026
Working capital and other general corporate purposes	10.0%	241.9	241.9	0	0	241.9	Expected to be fully utilised by the end of 2026
Total	100.0%	2,418.8	1,765.8	104.8	757.8	1,661.0	



DIRECTORS' REPORT

As at 31 December 2025, the remaining proceeds of approximately RMB1,661.0 million (equivalent to approximately HK\$1,838.95 million) will continue to be used in accordance with the purposes as set out in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus. Majority of the unutilised net proceeds were deposited with reputable banks in Hong Kong or the PRC for the year ended 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended 31 December 2025 are set out in note 29 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "Share Incentive Schemes" in the Annual Report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the year ended 31 December 2025 or subsisted as at 31 December 2025.

RESERVES

Details of movements in the reserves of the Company for the year ended 31 December 2025 are set out in note 39 to the consolidated financial statement of this Annual Report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company did not have reserve available for distribution to shareholders.

Under the Cayman Companies Act, the Company may make distribution to the Shareholders out of the credit standing to the share premium account of the Company. However, the Company cannot declare or pay a dividend, or make a distribution out of this credit standing to the share premium account if it is, or would after the payment be, unable to pay its debts as they fall due in the ordinary course of business.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

For the year ended 31 December 2025, there are no treasury shares held by the Company.

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any).



DIRECTORS' REPORT

DONATIONS

For the year ended 31 December 2025, RMB0.81 million (2024: RMB0.44 million) charitable donations were made by the Group.

DIRECTORS

During the year ended 31 December 2025 and up to date of the Annual Report, the Directors are:

Executive Directors

Ms. Chen Danxia (*Chairman and Chief Executive Officer*)

Ms. Wang Dong

Mr. Zhong Xuyi

Mr. Lv Yongji

Non-Executive Director

Mr. Chen Zexing

Independent Non-executive Directors

Dr. Yu Rong

Mr. Guo Sheng

Mr. Chan Wan Tsun Adrian Alan

In accordance with Article 84(1) of the articles of association of the Company (the “**Articles of Association**”), Mr. Chen Zexing, Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan, will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

The particulars of Directors who are subject to re-election at the forthcoming AGM are set out in the circular to the Shareholders of the Company dated 29 April 2026.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director a confirmation of independence in accordance with Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent as at the date of the Annual Report.



DIRECTORS' REPORT

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 15 to 20 of the Annual Report.

CHANGES TO DIRECTORS' INFORMATION

There is no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the Company's 2025 interim report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

All of the executive Directors have entered into the service contracts with the Company, of which Ms. Wang Dong and Mr. Lv Yongji have entered into the director's service contract with the Company for an initial fixed term of three years commencing from 16 July 2024, and Ms. Chen Danxia and Mr. Zhong Xuyi have entered into the director's service contract with the Company for a fixed term of three years commencing from 19 February 2024. Mr. Chen Zexing, a non-executive Director, has entered into a letter of appointment with the Company, for a fixed term of three years commencing from 19 February 2024 and subject to termination in accordance with his term. Each of Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan, an independent non-executive Director, has entered into a letter of appointment with the Company for a fixed term of three years commencing from 10 March 2024 and subject to termination in accordance with their respective terms. Dr. Yu Rong, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from 14 October 2022, which will be automatically renewed for another twelve months unless terminated by either party giving to the other not less than one month's notice in writing or otherwise in accordance with the terms of the letter of appointment. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts and the letters of appointments may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

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



DIRECTORS' REPORT

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors and the five highest paid individuals for the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 32 to the consolidated financial statements.

SHARE INCENTIVE SCHEMES

Share Option Scheme

On 23 July 2021, the share option scheme of the Company (the "**Share Option Scheme**") was approved and adopted by the Shareholders. The purpose of the Share Option Scheme is to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme will link the value of the Company with the interests of the share option participants, enabling the share option participants and the Company to develop together and promote the Company's corporate culture. The Board may offer to grant an option to subscribe for certain number of Shares as the Board may determine to an eligible person including Directors, senior management and core employees of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group in accordance with the terms of the Share Option Scheme.

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted to each participant (including both exercised, cancelled and outstanding share options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period is limited to 1% of the Shares in issue, unless otherwise separately approved by Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting.



DIRECTORS' REPORT

The total number of Shares which may be issued upon exercise of share options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the total number of the Shares in issue (i.e. 133,333,350 Shares) on the adoption date of the Share Option Scheme. Share options which have lapsed shall not be counted in calculating the 10% limit. The Company may refresh the 10% limit with Shareholders' approval provided that each such limit (as refreshed) may not exceed the 10% of the total number of the Shares in issue as at the date of the Shareholders' approval. Share options previously granted under the Share Option Scheme and any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options) will not be counted for the purpose of calculating the limit to be refreshed. The Company may seek separate approval by Shareholders in general meeting of the Company for granting options beyond the 10% limit provided that the share options in excess of the limit are granted only to share option participants specially identified by the Company before such approval is sought. Total number of Shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the total number of the Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

The total number of share options available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 were 128,533,350 and 128,533,350, respectively. The total number of share options which may be granted under the Share Option Scheme is 128,533,350, representing approximately 9.64% of the total number of issued Shares (i.e. 1,333,333,500 Shares) as at the date of this Annual Report.

As at the date of this Annual Report, the grantees under the Share Option Scheme are Ms. Wang Dong, Mr. Zhong Xuyi and five other employees of the Group.

Subject to any adjustments made pursuant to the terms of the Share Option Scheme, the exercise price shall be at a price determined by the Board at its absolute discretion and notified to the share option participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share on the offer date.

The share options granted shall be open for acceptance for a period of seven days from the date of grant. An amount of HK\$1.00 is payable upon acceptance of the grant of the share options. The Share Option Scheme shall be valid and effective for a period of ten years commencing on the date on which the Share Option Scheme was conditionally adopted. Accordingly, as at 31 December 2025, the remaining life of the Share Option Scheme is approximately 5.5 years.



DIRECTORS' REPORT

Any option shall be vested on an option-holder upon his/her acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be). The Board may specify the exercise period and/or the vesting schedule of the options in the grant letter, and in all circumstances all options shall automatically lapse upon the expiry of the tenth anniversary of the date of grant. During the year ended 31 December 2025, no share options were granted under the Share Option Scheme. Details of the movements of the share options granted under the Share Option Scheme as at 31 December 2025 are set out below:

Name of grantee	Position held with the Company/relationship with the Company	Date of grant	No. of Shares involved in the share options					No. of Shares involved in the share options		Exercise price (HK\$ per Share) ⁽¹⁾	Vesting date ⁽²⁾	Exercise period
			outstanding as at 1 January 2025	granted during the year ended 31 December 2025	exercised during the year ended 31 December 2025	cancelled during the year ended 31 December 2025	lapsed/forfeited during the year ended 31 December 2025	outstanding as at 31 December 2025	exercised during the year ended 31 December 2025			
Ms. Wang Dong	Executive Director and	23 September 2021	150,000	-	-	-	-	150,000 ⁽³⁾	4.33	15 April 2024	15 April 2024–14 April 2031 ⁽⁴⁾	
	Chief Operating Officer	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2025	15 April 2025–22 September 2031 ⁽⁵⁾	
Mr. Zhong Xuyi	Executive Director and	23 September 2021	150,000	-	-	-	-	150,000 ⁽³⁾	4.33	15 April 2024	15 April 2024–14 April 2031 ⁽⁴⁾	
	Chief Financial Officer	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2025	15 April 2025–22 September 2031 ⁽⁵⁾	
Other Employees of the Group	Employees of the Group	23 September 2021	750,000	-	-	-	-	750,000 ⁽³⁾	4.33	15 April 2024	15 April 2024–14 April 2031 ⁽⁴⁾	
		23 September 2021	750,000	-	-	-	(750,000)	-	4.33	15 April 2025	15 April 2025–22 September 2031 ⁽⁵⁾	
Total			2,100,000				(1,050,000)	1,050,000				

Notes:

- (1) The closing price of the securities immediately before the date on which the share options were granted was HK\$4.21 per Share. The fair value of the share options at the date of grant was HK\$4.33.
- (2) Three batches of the share options granted, each being 25% of the total number of share options granted, which were originally proposed to be vested on 15 April 2022, 15 April 2023 and 15 April 2025 respectively, were not vested because the performance target relating to the corresponding year (as set out under Note (3)) was not met. 25% of the total number of share options granted was vested on 15 April 2024.
- (3) The Company has established an appraisal mechanism to assess the achievement of performance targets by each grantee in relation to the vesting of Share Options. The mechanism adopts a scoring system based on a combination of key performance indicators ("KPI"). The KPIs at the Group level include: (a) revenue growth rate of the Group (50% weighting); and (b) net profit growth rate of the Group (50% weighting). For the current grantees, the appraisal mechanism also determines each individual's personal attribution ratio (the "Personal Attribution Ratio") based on their KPI scores.



DIRECTORS' REPORT

- (4) The exercise period for the vested share options expires 7 years from the date of vesting.
- (5) The exercise period for the vested share options expires 10 years from the date of grant.
- (6) A total of 1,050,000 share options were vested on 15 April 2024 and the weighted average closing price of the Shares immediately before the date on which the share options were vested was HK\$1.60.

Please refer to note 30 to the consolidated financial statements for further information of the Share Option Scheme and the value of share options granted.



DIRECTORS' REPORT

Restricted Share Award Scheme

The restricted share award scheme of the Company (the “**RSA Scheme**”) was approved and adopted by the Board on 3 June 2021. Pursuant to the RSA Scheme, the Board may, from time to time, in its absolute discretion, select any individual who is a key management personnel of the Group including Directors, senior management and core employees of the Group, after taking into consideration various factors as they deem appropriate and determine the number of award shares to be granted to each of the selected participants. In determining the number of award shares for each selected participant, the Board shall take into consideration matters, including but not limited to, the selected participant’s position, experience, years of service, performance and contribution to the Group and the market price of the Shares.

The purpose and objective of the RSA Scheme are (i) to realize the binding of the management team with the Shareholders and the Company’s interests in the long run; (ii) to incentivize the management team to achieve the Company’s performance goals, supporting the Company’s rapid growth in the future; (iii) to send positive signals to the capital market and increase the market’s confidence in the Company’s development; and (iv) to attract external talents and enhance talent competitiveness.

The award shares shall be open for acceptance for a period of seven days from the date of grant. An amount of HK\$1.00 is payable upon acceptance of the grant of the restricted shares. The RSA Scheme shall be effective from its adoption date and shall be in full force and effect for a term of ten years or until such date of early termination as determined by the Board, whichever is the earlier. Accordingly, as at 31 December 2025, the remaining life of the RSA Scheme is approximately 5.5 years. The maximum number of award shares that may be granted under the RSA Scheme in aggregate shall be no more than 25,000,000 Shares, representing 1.87% of the total number of the issued Shares as at the date of the Annual Report, subject to the compliance of the Listing Rules, including, the requirement concerning the maintenance of the public float. The last batch of the restricted shares were not vested on 15 April 2025 as the performance target as set out below for the relevant period was not met.



DIRECTORS' REPORT

Details of the share awards granted under the RSA Scheme

As at the date of the Annual Report, the grantees under the RSA Scheme are Ms. Chen Danxia, Ms. Wang Dong, Mr. Zhong Xuyi and five other employees of the Group.

Details of the movements of the restricted shares granted under the RSA Scheme as at 31 December 2024 are set out below:

Name of grantee	Position held with the Company/ relationship with the Company	Date of grant	No. of Shares involved in the restricted shares					No. of Shares involved in the restricted shares		Closing price (HK\$ per Share) ⁽¹⁾	Vesting date ⁽²⁾⁽³⁾
			as at 1 January 2025	Restricted shares granted during the year ended 31 December 2025	Restricted shares exercised during the year ended 31 December 2025	Restricted shares cancelled during the year ended 31 December 2025	Restricted shares lapsed/forfeited during the year ended December 2025	as at 31 December 2025	as at 31 December 2025		
Ms. Chen Danxia	Executive Director,	23 September 2021	3,750,000	-	-	-	-	3,750,000 ⁽⁴⁾	4.33	15 April 2024	
	Chairman and Chief Executive Officer	23 September 2021	3,750,000	-	-	-	(3,750,000)	-	4.33	15 April 2025	
Ms. Wang Dong	Executive Director and	23 September 2021	150,000	-	-	-	-	150,000 ⁽⁴⁾	4.33	15 April 2024	
	Chief Operating Officer	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2025	
Mr. Zhong Xuyi	Executive Director and	23 September 2021	150,000	-	-	-	-	150,000 ⁽⁴⁾	4.33	15 April 2024	
	Chief Financial Officer	23 September 2021	150,000	-	-	-	(150,000)	-	4.33	15 April 2025	
Other Employees of the Group	Employees of the Group	23 September 2021	750,000	-	-	-	-	750,000 ⁽⁴⁾	4.33	15 April 2024	
		23 September 2021	750,000	-	-	-	(750,000)	-	4.33	15 April 2025	
Total			9,600,000				(4,800,000)	4,800,000			

Notes:

- (1) The closing price of the securities immediately before the date on which the restricted shares were granted was HK\$4.21 per Share. The fair value of the restricted shares at the date of grant was HK\$4.33. Pursuant to Rule 17.09(8) of the Listing Rules, the basis of determining the purchase price of restricted shares awarded is not applicable as there is no purchase price under the RSA Scheme.
- (2) Three batches of the restricted shares granted, each being 25% of the total number of restricted shares granted, which were originally proposed to be vested on 15 April 2022, 15 April 2023 and 15 April 2025 respectively, were not vested because the performance target relating to the corresponding year (as set out under Note (3)) was not met. 25% of the total number of restricted shares granted was vested on 15 April 2024.
- (3) The Company has established an appraisal mechanism to assess the achievement of performance targets by each grantee in relation to the vesting of the restricted shares under the RSA Scheme. The mechanism adopts a scoring system based on a combination of key performance indicators ("KPI"). The KPIs at the Group level include: (a) revenue growth rate of the Group (50% weighting); and (b) net profit growth rate of the Group (50% weighting). For the current grantees, the appraisal mechanism also determines each individual's personal attribution ratio (the "Personal Attribution Ratio") based on their KPI scores.



DIRECTORS' REPORT

- (4) A total of 4,800,000 restricted shares were vested on 15 April 2024 and the weighted average closing price of the Shares immediately before the date on which the restricted shares were vested was HK\$1.60.

For the purpose of the RSA Scheme, the Company appointed two trustees to hold Shares in two separate trust plans for the respective benefit of the connected persons (the “**Connected Grantees**”) and other non-connected persons (the “**Non-connected Grantees**”) of the Company. The two trustees hold 16,200,000 restricted shares for three Connected Grantees and 3,600,000 restricted shares for the other Non-connected Grantees, respectively, in accordance with the terms of the RSA Scheme. The restricted shares held for the Non-connected Grantees will be counted as public float. As at the date of the Annual Report, the trustees and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. The trustees shall not exercise the voting rights in respect of any Shares held under the trusts including but not limited to the restricted shares.



DIRECTORS' REPORT

As at the date of the Annual Report, a total number of 4,800,000 outstanding restricted shares, representing approximately 0.36% of the Shares in issue, had been granted to three Directors and five employees of the Group pursuant to the RSA Scheme. The selected participants are not required to pay any exercise price to receive the restricted shares granted under the RSA Scheme while the vesting conditions shall be fulfilled before the restricted shares can be vested. The total number of restricted shares which may be granted under the RSA Scheme is 20,200,000 (consist of 5,200,000 ungranted restricted shares and 15,000,000 granted restricted shares which has lapsed/forfeited since adoption of the RSA Scheme), representing approximately 1.51% of the total number of issued Shares (i.e. 1,333,333,500 Shares) as at the date of this Annual Report. The total number of restricted shares available for grant under the RSA Scheme as at 1 January 2025 and 31 December 2025 were 15,400,000 and 20,200,000, respectively.

Further details of the RSA Scheme are set out in note 30 to the Notes to the Consolidated Financial Statements.

As the above Share Option Scheme and RSA Scheme were all adopted before the effective date of the new Chapter 17 of the Listing Rules, the Company has complied and will continue to comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes. The Company confirmed that it will continue to comply with the new Chapter 17 requirements, and in the future event that the Company wishes to make further grants under the existing schemes and/or adopt new share schemes, to make appropriate announcement and if necessary to seek shareholders' approval accordingly.

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

As at 31 December 2025, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been 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 were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to Section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Interest in Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest ⁽⁴⁾
Chen Danxia	Beneficial owner	4,793,500 (L)	0.36%
Wang Dong ⁽²⁾	Beneficial owner	401,000 (L)	0.03%
Zhong Xuyi ⁽³⁾	Beneficial owner	150,000 (L)	0.01%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Ms. Wang Dong holds 251,000 Shares and she is interested in 150,000 underlying Shares. Such underlying Shares are the relevant Shares that may be allotted and issued to her upon the fully exercise of all the outstanding share options granted to her under the Share Option Scheme as at 31 December 2025.
- (3) Mr. Zhong Xuyi is interested in 150,000 underlying Shares. Such underlying Shares are the relevant Shares that may be allotted and issued to him upon the fully exercise of all the outstanding share options granted to him under the Share Option Scheme as at 31 December 2025.
- (4) As at 31 December 2025, the Company had 1,333,333,500 ordinary Shares in issue.



DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2025, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO or which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest
Ms. Ma ⁽²⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Ms. Li ⁽³⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Mr. KX Chen ⁽³⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Mr. KC Chen ⁽²⁾	Interest of corporation controlled/ Interest of spouse	990,000,000 (L)	74.25%
Cheerwin Global Limited ⁽⁴⁾	Beneficial interest	990,000,000 (L)	74.25%

Notes:

- (1) The letter "L" denotes the person's long position in such shares of the Company.
- (2) Ms. Ma and Mr. KC Chen are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.
- (3) Ms. Li and Mr. KX Chen are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.
- (4) The entire issued share capital of Cheerwin Global Limited is beneficially owned by Ms. Ma, Ms. Li, Mr. KC Chen and Mr. KX Chen who are deemed to be interested in the Shares held by Cheerwin Global Limited pursuant to SFO.
- (5) As at 31 December 2025, the Company had 1,333,333,500 ordinary Shares in issue.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

We set out below a summary of the connected transactions conducted/carried out by the Group for the year ended 31 December 2025.

Partially Exempt Continuing Connected Transactions

1. New Property Services Framework Agreement

On 23 November 2023, we entered into a new property services framework agreement (the “**New Property Services Framework Agreement**”) with Mr. KX Chen and Mr. KC Chen, our Controlling Shareholders, pursuant to which we may lease properties and receive property management services from the associates of Mr. KX Chen and Mr. KC Chen for office premises, warehouses and production plants. According to the New Property Services Framework Agreement, associates of Mr. KX Chen and Mr. KC Chen will lease to us properties and provide to us property management services we need for our business operations, including office premises, warehouses and production plants; our Group and associates of Mr. KX Chen and Mr. KC Chen will enter into separate lease and property management services agreements which will set out specific terms and conditions according to the principles in the New Property Services Framework Agreement.

The rentals shall be determined with reference to the then market price of properties of comparable size, furnishings and fittings, and use in the vicinity which are available to independent third parties as agreed by both parties after arm's length negotiation. The property management fees shall be determined as agreed by both parties after arm's length negotiations with reference to the then market price. The New Property Services Framework Agreement is valid for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026.

The annual caps for such transactions are approximately RMB11.4 million, RMB11.7 million and RMB12.1 million for the years ended/ending 31 December 2024, 2025 and 2026, respectively. For the year ended 31 December 2025, the total annual rent and property management fee paid or payable was RMB10.7 million without exceeding the annual cap for such transactions.



DIRECTORS' REPORT

2. New Ancillary Service Framework Agreement

Liby Group has been providing certain ancillary services including sales support services, such as implementation of our sales promotion plan and managing store display at our points of sales, management of warehouse services, and IT services, such as implementation and maintenance of our IT servers and systems, to our Group. On 23 November 2023, we entered into a new ancillary service framework agreement (the “**New Ancillary Service Framework Agreement**”) with Liby Group in order to govern the provisions of services by Liby Group to our Company.

For sales support services, the service fee payable by our Group to Liby Group shall be determined with reference to the actual sales support expenses incurred by the Liby Group in providing such services plus a reasonable profit margin of approximately 10%, which is comparable to margins charged by independent third parties that provide similar sales support services.

For warehouse services, the service fee payable by our Group to Liby Group shall be determined with reference to the actual warehouse costs incurred by Liby Group and in proportion to the storage space occupied by our Company over the total area of the relevant warehouses.

For IT services, the service fee payable by our Group to Liby Group shall be determined in accordance to our actual usage of the relevant software procured by Liby Group and the time rates of the IT technicians of Liby Group in providing such services with reference to time rates charged by independent third parties that provide similar IT services.

The New Ancillary Service Framework Agreement is valid for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026. The service fee is payable annually in arrears.

The annual caps for such transactions are approximately RMB46.7 million, RMB49.1 million and RMB51.5 million for the years ended/ending 31 December 2024, 2025 and 2026, respectively. For the year ended 31 December 2025, the total service fee paid or payable was RMB48.8 million without exceeding the annual cap for such transactions.



DIRECTORS' REPORT

3. Testing and Consultation Services Framework Agreement

In light of the Group's acquisition of Guangdong Zhongkeyan, which has extensive experience in scientific analysis, research and testing of products, the Group agreed to provide testing and consultation services for the Mr. KX Chen, Mr. KC Chen and their associates, including the provision of product testing services for daily chemical products, personal care product, pet products, drugs, disposable products, and medical-related products, and other relevant supporting and consultation services for product development, such as toxicology and safety assessment of raw materials and products, technological innovation research, product analysis, industry prospective analysis, technical services consultation and trainings, etc. in the process of product development. On 23 November 2023, we entered into a Testing and Consultation Services Framework Agreement with Mr. KX Chen and Mr. KC Chen.

The fees shall be determined as follows: (1) if the PRC government has issued an indicative fees for the relevant services, the Group shall charge in accordance with the indicative services fees as guided by the PRC government; or (2) if no indicative fees have been issued by the PRC government, the service fees charged by the Group shall charge with reference to the fixed fee quotation provided to all customers of the Group. The Group and Chens' Associates will enter into separate business agreements which will set out specific terms and services to be provided according to the principles in the Testing and Consultation Services Framework Agreement.

The annual caps for the three years ended/ending 31 December 2024, 2025 and 2026 thereunder are RMB2.5 million, RMB3.0 million and RMB3.5 million respectively. The Testing and Consultation Services Framework Agreement is valid for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026. For the year ended 31 December 2025, the total service fee received or receivable was RMB0.24 million without exceeding the annual cap for such transactions.

Non-Exempt Continuing Connected Transactions

1. New Sales Framework Agreement

We sell our products to subsidiaries or associates of Liby Group in the ordinary course of our business. On 23 November 2023, we entered into a new sales framework agreement with Liby Group on normal commercial terms (the "**New Sales Framework Agreement**").

We price our sales to Liby Group based on its selling price to its customers under reasonable margin taking into account (i) the direct and indirect cost, including logistics and distribution expenses, salary and wages, information fee, display fee and/or annual maintenance fee, incurred by Liby Group dealing with key accounts and other customers, and (ii) with reference to margins for products of comparable quality, specifications and quantities charged by independent third party distributors that mainly deal with key accounts. We provide recommended retail price for customers of Liby Group, such as key accounts. We will provide a monthly invoice to Liby Group, and Liby Group shall make payment via wire transfer within 45 days from the first day of each month. We do not generally set minimum purchase requirement or sales target for Liby Group, and we do not provide any incentive scheme for them. The New Sales Framework Agreement is valid for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026.

The annual caps for such transactions are approximately RMB224.1 million, RMB257.7 million and RMB296.4 million for the years ended/ending 31 December 2024, 2025 and 2026, respectively. For the year ended 31 December 2025, the total transaction amounts received or receivable was RMB128.3 million without exceeding the annual cap for such transactions.



DIRECTORS' REPORT

2. New Outsourcing Framework Agreement

We outsource the production of certain of our products to associates of Mr. KX Chen and Mr. KC Chen (“**Connected Suppliers**”) in the ordinary course of our business. On 23 November 2023, our Company entered into a new outsourcing framework agreement with Mr. KX Chen and Mr. KC Chen on normal commercial terms (“**New Outsourcing Framework Agreement**”).

The purchase price payable by us to the Connected Suppliers under the New Outsourcing Framework Agreement shall be determined with reference to the production costs of the relevant products plus a profit margin determined through arm’s length negotiation with reference to comparable profit margin of independent third party manufacturers in the same industry.

The Connected Suppliers will provide a monthly invoice to us, and we shall make payment via wire transfer within 45 days from the first day of each month. The New Outsourcing Framework Agreement is valid for a term of three years commencing from the 1 January 2024 and expiring on 31 December 2026.

The annual caps for such transactions are approximately RMB172.6 million, RMB193.3 million and RMB216.5 million for the years ended/ending 31 December 2024, 2025 and 2026, respectively. For the year ended 31 December 2025, the total transaction amounts paid or payable was RMB134.6 million without exceeding the annual cap for such transactions.



DIRECTORS' REPORT

Waivers from Strict Compliance with the Listing Rules

The transactions described under the paragraph headed “Partially Exempt Continuing Connected Transactions” above constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders’ approval requirements but subject to the reporting, annual review, announcement requirements of the Listing Rules.

The transactions described under the paragraph headed “Non-Exempt Continuing Connected Transactions” above constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements of the Listing Rules.

For more details of the above connected transactions, please refer to the announcement and the circular of the Company dated 23 November 2023 and 7 December 2023 respectively.

Confirmation of Independent Non-executive Directors

In the opinion of the independent non-executive Directors, the continuing connected transactions above were entered into by the Group: (i) in the ordinary and usual course of its business; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONFIRMATION FROM THE COMPANY'S INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu, the Company’s auditor, was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor’s letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules has been provided to the Directors, and was confirmed in respect of the above matter. The Auditor has confirmed to the Board that nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions for the year ended December 31, 2025: (a) have not been approved by the Company’s board of directors; (b) were not, in all material respects, in accordance with the pricing policies of the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (d) have exceeded the annual caps as set by the Company.

Save as disclosed in the Annual Report, as of the date of this Annual Report, the Company had no connected transactions which are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.



DIRECTORS' REPORT

Further details on related party transactions for the year ended 31 December 2025 are set out in note 37 to the consolidated financial statements.

Save as disclosed in the Annual Report, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rule.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of Association and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the Shares.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of Director has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party for the year ended 31 December 2025 and up to the date of the Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in the Annual Report, at no time during the year ended 31 December 2025 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in or debentures of the Company or any other body corporate, and none of the Directors or any of their spouses or minor children were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

Set out below are interests of our Directors in a business which may compete with our business for the purpose of Rule 8.10(2) of the Listing Rules as at the date of the Annual Report.

Name of Director	Name of Company	Interest
Ms. Chen Danxia	Ousia Australia Pty. Ltd (" Ousia Australia ")	Beneficial interest in Danxia Chen family trust and directorship
	Liby Group and Shanghai Cogi (collectively the " Chen's Family Business ")	Directorship



DIRECTORS' REPORT

Ousia Australia is an Australian cosmetics company principally engaged in the production and sales of beauty and skincare products, such as facial cleanser, facial toner and lotion, sunscreen and eye cream, under the brand name "Glamourflage" and with a business presence primarily in Australia. Ousia Australia was acquired by Ms. Chen Danxia as part of her personal investment portfolio. Our Company and Ousia Australia have their own respective boards of directors that function independently of each other. The directorship of Ms. Chen Danxia in Ousia Australia Pty. Ltd is for the purpose of representing her interest on the board level of Ousia Australia. Whilst for the purpose of Rule 8.10(2) of the Listing Rules, Ms. Chen Danxia is regarded as having an interest in a potential competing business, she is a passive investor and is not involved in the day-to-day management of Ousia Australia. The day-to-day management and operations of Ousia Australia are performed by its chief operating officer, brand development manager and supply chain manager based in Australia.

Ms. Chen Danxia also holds directorships in Liby Group and Shanghai Cogi, part of the Chen family's businesses, which are owned and controlled by our Controlling Shareholders. The Chen's Family Business operates under the "Liby" (立白) brand and "COGI" brand in the consumer segment, such as fabric care, dish care and personal care product categories. For details of the competing interests of Ms. Chen Danxia in Liby Group and Shanghai Cogi, please see the section headed "Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Management Independence" in the Prospectus.

The Independent non-executive Directors reviewed the competing interests held by Ms. Chen Danxia and considered that the possibility of Ousia Australia and Chen's Family Business competing with the Group is remote.

Saved as disclosed in the Annual Report, during the year ended 31 December 2025 to the date of the Annual Report, none of the Directors or their respective associates (as defined under the Listing Rules) had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the applicable laws, the Company has arranged for appropriate insurance to cover all costs, charges, losses, expenses and liabilities incurred by any Directors or officers in the execution and discharge of his duties or in relation thereto. The relevant provisions in the Articles of Association and such directors and officers liability insurance were in force during the year ended 31 December 2025 and as of the date of the Annual Report.

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules as at the date of the Annual Report. The Company maintained the minimum level of public float of 25% of its total number of issued Shares.

EVENTS AFTER THE PERIOD

Save as disclosed in the "Material Acquisitions and Future Plans for Major Investment" section of the Annual Report which concerns the Acquisition and subsequent Completion taken place on 23 January 2026, there was no other important event or transaction affecting the Group which is required to be disclosed by the Company to the Shareholders from 1 January 2026 to the date of the Annual Report.



DIRECTORS' REPORT

AUDIT COMMITTEE

The Audit Committee has jointly reviewed with the Board the accounting principles and practices adopted by the Group, and discussed the Group's internal controls and financial reporting matters with the management. The Audit Committee has reviewed and discussed the annual results of the Group for the year ended 31 December 2025.

AUDITOR

Deloitte Touche Tohmatsu was appointed as auditor of the Company (the "**Auditor**") for the year ended 31 December 2025. Deloitte Touche Tohmatsu has audited the accompanying financial statements which were prepared in accordance with the International Financial Reporting Standards. There is no change of Auditor in the preceding three years.

Deloitte Touche Tohmatsu is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of Deloitte Touche Tohmatsu as Auditor will be proposed at the AGM.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 46 to 60 of the Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the year ended 31 December 2025, the Group has complied with the "comply or explain" provisions in the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules. Further details of the Group's ESG matters will be set out in the ESG Report to be published by the Company separately in due course and will be made available on the website of the Company and that of the Stock Exchange.

By Order of the Board

Chen Danxia

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 25 March 2026



CORPORATE GOVERNANCE REPORT

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Save as disclosed in the Annual Report, for the year ended 31 December 2025, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee (collectively, the “**Board Committees**”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

Board Composition

As at 31 December 2025 and up to the date of the Annual Report, the Board comprised four executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

Executive Directors

Ms. Chen Danxia (*Chairman and Chief Executive Officer*)

Ms. Wang Dong

Mr. Zhong Xuyi

Mr. Lv Yongji

Non-Executive Director

Mr. Chen Zexing

Independent Non-executive Directors

Dr. Yu Rong

Mr. Guo Sheng

Mr. Chan Wan Tsun Adrian Alan



CORPORATE GOVERNANCE REPORT

The biographies of the Directors are set out under the section headed “Biographical Details of Directors and Senior Management” of the Annual Report.

The Board considers that the composition of the Board provides a strong independent element with a balance of skills, experience and diversity of perspectives appropriate for the requirements of the business of the Company. The Company embraces the benefits of having Board members from a diversified spectrum, in particular the independent non-executive Directors. The Company also considers the diversity at the Board level as an essential element in maintaining the Company’s competitive advantage. To ensure independent views and inputs are available to the Board, the Company has established mechanism to ensure independent views and input are available to the Board. Regular Board meetings were held during the year with open discussion among the Directors. The Company also seeks the development of an effective working environment for the Board so as to improve the communication efficiency without constraining the independent views of the independent non-executive Directors. During the year ended 31 December 2025, the Board has reviewed the implementation and effectiveness of the above mechanism.

During the year ended 31 December 2025, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the financial year ended 31 December 2025 to the date of the Annual Report, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent as at the date of the Annual Report.

Save as disclosed in the biographies of the Directors as set out in the section headed “Biographical Details of Directors and Senior Management” of the Annual Report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

Board Diversity Policy

To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to Board Diversity Policy, we seek to achieve board diversity by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.



CORPORATE GOVERNANCE REPORT

Our Directors have a balanced mix of knowledge, skills and experience, including the areas of accounting, asset management, consumer goods and computer industries. They obtained academic degrees in various majors, including business administration, accounting, computer and marketing. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 36 years old to 54 years old. In terms of gender diversity, there has already been two female Directors on the Board of the Company as at 31 December 2025. As at 31 December 2025, the male to female ratio (including senior management) of the Group is approximately 47%:53%. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to the Board and the management levels. While we recognize that the gender diversity at the Board can be improved, we will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members and compliance with relevant codes governing board diversity under the CG Code. The Nomination Committee will review and revisit the Board Diversity Policy and our diversity profile (including gender balance) at least once annually to ensure its continued effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. We will also disclose in corporate governance report about the implementation of the Board Diversity Policy on an annual basis. During the financial year ended 31 December 2025, the Board and the Nomination Committee had reviewed the implementation and effectiveness of the Board Diversity Policy.

Induction and Continuous Professional Development

Each newly appointed Directors would be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided the Directors with written training materials in relation to their roles, functions and duties.

All Directors, prior to their appointments, have been given the training regarding the directors' duties and responsibilities, corporate governance and regulatory updates and relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.



CORPORATE GOVERNANCE REPORT

Based on the information provided by the Directors, during the year ended 31 December 2025, the Directors received the following trainings and updates in 2025:

Name of Directors	Attending seminars and/or conferences and/or forums relation to rules and regulations or duties of the directors	Reading newspapers, journals and updates relating to the economy and business management and duties of directors
<i>Executive Directors</i>		
Ms. Chen Danxia	✓	✓
Ms. Wang Dong	✓	✓
Mr. Zhong Xuyi	✓	✓
Mr. Lv Yongji	✓	✓
<i>Non-executive Director</i>		
Mr. Chen Zexing	✓	✓
<i>Independent Non-executive Directors</i>		
Dr. Yu Rong	✓	✓
Mr. Guo Sheng	✓	✓
Mr. Chan Wan Tsun Adrian Alan	✓	✓

Chairman and Chief Executive Officer

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.

However, the Company does not have a separate chairman and chief executive officer and the responsibilities of both chairman and chief executive officer vest in Ms. Chen Danxia. The Board believes that vesting the responsibilities of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Besides, with three independent non-executive Directors out of a total of eight Directors in the Board, there will be sufficient independent voice within the Board to protect the interests of the Company and the Shareholders as a whole.

Therefore, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.



CORPORATE GOVERNANCE REPORT

Appointment and Re-Election of Directors

Each of Ms. Chen Danxia and Mr. Zhong Xuyi, an executive Director, has entered into a service contract with the Company for a fixed term of three years commencing from 19 February 2024 and subject to termination in accordance with their respective terms and may be renewed in accordance with the Articles of Association and the applicable Listing Rules. Each of Ms. Wang Dong and Mr. Lv Yongji, an executive Director, has entered into a service contract with the Company for an initial fixed term of three years commencing from 16 July 2024 and subject to termination in accordance with their respective terms and may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Mr. Chen Zexing, a non-executive Director, has entered into a letter of appointment with the Company, for a fixed term of three years commencing from 19 February 2024 and subject to termination in accordance with his term.

Each of Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan, an independent non-executive Director, has entered into a letter of appointment with the Company for a fixed term of three years commencing from 10 March 2024 and subject to termination in accordance with their respective terms.

Dr. Yu Rong, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from 14 October 2022, which will be automatically renewed for another twelve months unless terminated by either party giving to the other not less than one month's notice in writing or otherwise in accordance with the terms of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Chen Zexing, Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

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



CORPORATE GOVERNANCE REPORT

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or the Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

During the financial year ended 31 December 2025, four Board meetings and one general meeting were held. The attendance of each Director at the Board meeting is set out below:

Name of Directors	Attended/Eligible to attend	
	Board meetings	General meeting
<i>Executive Directors</i>		
Ms. Chen Danxia	4/4	1/1
Ms. Wang Dong	4/4	1/1
Mr. Zhong Xuyi	4/4	1/1
Mr. Lv Yongji	4/4	1/1
<i>Non-executive Director</i>		
Mr. Chen Zexing	4/4	1/1
<i>Independent Non-executive Directors</i>		
Dr. Yu Rong	4/4	1/1
Mr. Guo Sheng	4/4	1/1
Mr. Chan Wan Tsun Adrian Alan	4/4	1/1



CORPORATE GOVERNANCE REPORT

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company has also adopted an insider dealing policy to govern and regulate securities transactions by employees who are likely to be in possession of inside information relating to the Company, the terms of which are no less exacting than those of the Model Code. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2025.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

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

Corporate Governance Function

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

The Board confirmed that corporate governance is a collective responsibility of the Directors, which corporate governance functions includes:

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

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the Code and disclosure in this Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises four members, including one non-executive Director, namely Mr. Chen Zexing and three independent non-executive Directors, namely Mr. Chan Wan Tsun Adrian Alan, Dr. Yu Rong and Mr. Guo Sheng. The Audit Committee is chaired by Mr. Chan Wan Tsun Adrian Alan. The Audit Committee is provided with sufficient resources to discharge its duties.

The terms of reference of the Audit Committee are in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. The primary duties of our Audit Committee are to review, supervise and approve our financial reporting process and internal control system and to provide advice and comments to our Board. The written terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

During the financial year ended 31 December 2025, the Audit Committee held three meetings to consider the Company's 2024 annual results announcement, 2024 annual report, 2025 interim results announcement and 2025 interim report, reviewed the financial reporting system, compliance procedures, internal control and risk management systems, re-appointment of the Auditor and discussed the audit plan for the year ended 31 December 2025 with the Auditor and made relevant recommendation to the Board.

The attendance of each Audit Committee member at the Audit Committee meeting during the financial year ended 31 December 2025 is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Mr. Chan Wan Tsun Adrian Alan	3/3
Mr. Chen Zexing	3/3
Mr. Guo Sheng	3/3
Dr. Yu Rong	3/3

The Audit Committee also met the external auditor once without the presence of the executive Directors.

Nomination Committee

The Nomination Committee currently comprises three members, including one executive Director, namely, Ms. Chen Danxia, and two independent non-executive Directors, namely, Dr. Yu Rong and Mr. Guo Sheng. The Nomination Committee is chaired by Ms. Chen Danxia. The Nomination Committee is provided with sufficient resources to discharge its duties and when necessary, the Nomination Committee should seek independent professional advice to perform its responsibilities at the Company's expense.

The terms of reference of the Nomination Committee are in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. The primary responsibilities of our nomination committee are to consider and recommend to our Board on the appointment and removal of Directors and to review the structure, size and composition of our Board and the board diversity policy adopted by our Company on regular basis.

The written terms of reference of Nomination Committee are available on the websites of the Stock Exchange and the Company.



CORPORATE GOVERNANCE REPORT

Policy on Directors Nomination

The Company has adopted a nomination policy (the “**Nomination Policy**”), which sets out the approach to guide the Nomination Committee in relation to the selection, appointment and re-appointment of the Directors. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process as set out in the Nomination Policy:

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

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board.

During the year ended 31 December 2025, one meeting of the Nomination Committee was held to discuss and consider the following matters:

- reviewed the structure, size and composition of the Board;
- assessed independence of the independent non-executive Directors;
- reviewed the Nomination Policy; and
- reviewed the Board Diversity Policy.



CORPORATE GOVERNANCE REPORT

The attendance of each Nomination Committee member at the Nomination Committee meeting during the financial year ended 31 December 2025 is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Ms. Chen Danxia	1/1
Mr. Guo Sheng	1/1
Dr. Yu Rong	1/1

Remuneration Committee

The Remuneration Committee currently comprises three members, including one executive Director, namely, Ms. Chen Danxia, and two independent non-executive Directors, namely, Mr. Guo Sheng and Dr. Yu Rong. The Remuneration Committee is chaired by Mr. Guo Sheng. The Remuneration Committee is provided with sufficient resources to discharge its duties.

The terms of reference of the Remuneration Committee are in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration Committee are to review and recommend to our Board the remuneration and other benefits paid by us to our Directors and senior management as well as to regularly monitor the appropriacy of levels of the remuneration and compensation of the Directors and senior management.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the financial year ended 31 December 2025, one meeting of the Remuneration Committee was held to discuss and consider the following matters:

- reviewed the remuneration of the Directors and senior management of the Company for the year of 2024;
- reviewed the remuneration policy and structure for the Directors and senior management of the Company for the year of 2025;
- made recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration; and
- reviewed and made recommendations to the Board on the Company's share incentive schemes under Chapter 17 of the Listing Rules.



CORPORATE GOVERNANCE REPORT

The attendance of each Remuneration Committee member at the Remuneration Committee meeting during the financial year ended 31 December 2025 is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Mr. Guo Sheng	1/1
Ms. Chen Danxia	1/1
Dr. Yu Rong	1/1

Remuneration of Directors and Senior Management

The aggregate remuneration (including fees, salaries, bonuses, allowances, benefits in kind and pension scheme contributions) payable to the Directors for the year ended 31 December 2025 was approximately RMB13.4 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 15 to 20 of the Annual Report, for the year ended 31 December 2025, are set out below:

Band of remuneration	Number of individuals
Nil to RMB1,000,000	6
Over RMB1,000,000	6

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 61 to 65 of the Annual Report.



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Company's assets and the Shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk (including ESG risks) of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has established comprehensive risk management and internal control processes through which the Company monitors, evaluates and manages the risks that the Company is exposed to its business activities. The risk management procedure of the Company is based on the well-defined risk identification standards, risk monitor responsibilities and risk control measure of each major classification. The management of the Company actively monitors the regional economy, trend of property management services industry, reliance on continuing connected transactions and changes in applicable laws and regulations, and assesses income and expenditure and absorptive capacity of business expansions. The recommendations submitted by independent consultant have been accepted by the Company and implemented in stages, to further enhance the policies, procedures and practices of its internal control and risk management. The risk management procedure of the Company clearly specifies the management duties, authorization and approval of each party in respect of the major risk identification and management, and develops clear written policy for significant risk management process and circulate it to all managements and staffs. The Company's internal control procedures are designed to provide reasonable assurance for achieving objectives, including efficient and stable operations, reliable financial reporting and compliance with applicable laws and regulations.

During the year ended 31 December 2025, the Board has conducted a review of the effectiveness of the internal control system of the Group and considered the internal control system to be effective and adequate.

The Company has adopted various measures to ensure the effective implementation of the internal control system, including (i) establishing an Audit Committee to review and supervise our financial reporting process and internal control system; (ii) adopting various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure; (iii) organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; and (iv) conducting regular internal training for our employees and management on applicable laws and regulations to ensure awareness and compliance which cover various aspects of employee behavior during the ordinary business operations.

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules to ensure the confidentiality of handling inside information and the publication of respective disclosure to the public as soon as practicable. The Company will make corresponding information disclosure timely with regard to information that is unlikely to maintain confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

In conclusion, the Company believes that its internal control system is sufficient and effective.



CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

Pursuant to the dividend policy adopted by the Company, the declaration of dividends is subject to the discretion of the Board, and, if necessary, the approval of the Shareholders. In considering the declaration and payment of dividends, the Board shall take into account the Group's results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends by the Company, the Company's capital requirements, future business plans and prospects and any other factors that the Board may consider relevant. Any declaration and payment, as well as the amount, of any dividend will also be subject to the Articles of Association and all applicable laws and regulations. The Directors may reassess the dividend policy from time to time.

We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. The Board may recommend a distribution of dividends in the future after taking into account our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. Subject to the Companies Act and other applicable laws and regulations, the Company currently intends to pay approximately 80.0% of our consolidated profit attributable to Shareholders as dividends for the financial year ended 31 December 2025. For details of the final dividends proposed for 2025, please refer to "Directors' Report – Final Dividend" in the Annual Report. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. The declaration and payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter in the future.

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

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Auditor in respect of audit services and non-audit services for the year ended 31 December 2025 amounted to approximately RMB4.1 million and RMB1.2 million respectively. An analysis of the remuneration paid/payable to the Auditor, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service category	Fee paid/payable RMB'000
Audit services	4,059
Non-audit services ⁽¹⁾	1,215
	5,274

Note (1): The non-audit services included interim financial review, tax compliance and ESG related services.



CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Mr. Zheng Canjie (“**Mr. Zheng**”), one of the joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Ms. Leung Shui Bing (“**Ms. Leung**”), a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider), as another joint company secretary to assist Mr. Zheng in discharging his duties as company secretary of the Company. Ms. Leung’s primary corporate contact person at the Company is Mr. Zheng.

In the financial year ended 31 December 2025, Mr. Zheng and Ms. Leung have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company’s business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides an opportunity for constructive communication between the Company and the Shareholders. The Chairman and the chairmen of the Board Committees of the Company or their delegates will attend the AGMs to answer Shareholders’ questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders’ communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.cheerwin.com, where up-to-date information on the Company’s business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the financial year ended 31 December 2025, the Board has reviewed the implementation and effectiveness of the shareholders’ communication policy.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution on each substantially separate issue will be proposed for voting at the general meeting, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the head office of the Company at No. 2, Luju Road, Liwan District, Guangzhou, Guangdong Province, China by mail or e-mail cheerwinhq@cheerwin.com.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the second amended and restated memorandum and articles of association of the Company (the "**Articles of Association**") did not have any change.

For the purposes of, amongst others, allowing a general meeting to be held as an electronic meeting or a hybrid meeting and providing electronic voting, and bringing the Articles of Association in line with amendments (and where applicable, proposed amendments) made to the Listing Rules and the applicable laws of the Cayman Islands, including (a) the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers, (b) the proposed uncertificated securities market regime, (c) the amendments to the Listing Rules relating to treasury shares; and (iii) making certain housekeeping and consequential amendments to the Articles of Association, the Board proposes to adopt the third amended and restated articles of association of the Company incorporating all the abovementioned proposed amendments, in substitution for, and to the exclusion of, the Articles of Association. A special resolution will be proposed for the Shareholders to consider and, if thought fit, approve the abovementioned proposed amendments and adoption of the new Articles of Association. Please refer to the announcement of the Company dated 25 March 2026 for details.



INDEPENDENT AUDITOR'S REPORT

Deloitte.

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TO THE SHAREHOLDERS OF Cheerwin Group Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cheerwin Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**the Group**”) set out on pages 66 to 132, 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 and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“**the Code**”), 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 opinion.

KEY AUDIT MATTER

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



INDEPENDENT AUDITOR'S REPORT

Key audit matter

Allowance for finished goods

We identified the allowance for finished goods as a key audit matter due to the significance of the balance to the consolidated financial statements and the management judgments and estimations involved in the identification of aged, obsolete and damaged finished goods and the determination of the net realisable value of the finished goods.

Due to seasonality, the Group usually maintains higher amount of finished goods at the end of the reporting period to prepare for peak seasons in coming first and second quarters. The management identified the aged, obsolete and damaged finished goods based on aging, expiry date and current market conditions of the finished goods and determined the net realisable value based on the selling prices of finished goods subsequent to the end of reporting period less costs necessary to make the sale.

As disclosed in note 4 to the consolidated financial statements, as at 31 December 2025, the carrying amount of finished goods was approximately RMB194,703,000 net of allowance of approximately RMB839,000.

How our audit addressed the key audit matter

Our procedures in relation to allowance for finished goods included:

- Obtaining an understanding of the Group's allowance policy on finished goods and the key controls on the management's process over the identification of aged, obsolete and damaged finished goods and the determination of the net realisable value of finished goods; and
- Evaluating the reasonableness of the Group's allowance for finished goods by:
 - Testing the aging analysis of finished goods, on a sample basis, to the production reports;
 - Testing the expiry date of finished goods, on a sample basis, to the product labels;
 - Tracing the latest selling prices, on a sample basis, to the relevant sales invoices; and
 - Performing retrospective review on the accuracy of management's assessment relating to the allowance for finished goods.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

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

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



INDEPENDENT AUDITOR'S REPORT

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

The engagement partner on the audit resulting in this independent auditor's report is Chan, Men (practising certificate number: P06552).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 March 2026



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	1,988,232	1,820,108
Cost of sales		(942,304)	(925,767)
Gross profit		1,045,928	894,341
Other income	6	100,791	115,032
Other gains and losses	7	10,591	(28,503)
Impairment losses recognised in respect of trade receivables, net of reversal		(83)	(18)
Selling and distribution expenses	8	(697,936)	(538,750)
Administrative expenses		(190,006)	(197,703)
Finance cost	9	(2,547)	(1,880)
Profit before tax		266,738	242,519
Income tax expense	10	(51,430)	(47,270)
Profit for the year	11	215,308	195,249
<i>Other comprehensive (expense) income</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(29,203)	23,635
Total comprehensive income for the year		186,105	218,884
Profit (loss) for the year attributable to:			
– Owners of the Company		223,685	203,379
– Non-controlling interests		(8,377)	(8,130)
		215,308	195,249
Total comprehensive income (expense) for the year attributable to:			
– Owners of the Company		194,482	227,043
– Non-controlling interests		(8,377)	(8,159)
		186,105	218,884
Earnings per share			
– Basic and diluted (RMB cents)	14	16.78	15.25



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current Assets			
Property, plant and equipment	15	150,928	147,013
Right-of-use assets	16	52,849	53,837
Interests in associates	17	3,538	3,283
Deposits paid for acquisition of property, plant and equipment		424	407
Financial assets at fair value through profit or loss ("FVTPL")	18	–	111,923
Time deposits	24	278,864	103,162
Deferred tax assets	19	65,837	60,400
		552,440	480,025
Current Assets			
Inventories	20	243,116	318,027
Trade and other receivables	21	107,944	97,460
Tax recoverable		21,670	19,230
Amounts due from related parties	22	15,294	12,303
Other financial assets at amortised cost	23	240,333	270,180
Financial assets at FVTPL	18	143,666	–
Time deposits	24	1,127,121	1,713,053
Bank balances and cash	24	1,430,526	891,425
		3,329,670	3,321,678
Current Liabilities			
Trade and other payables	25	400,887	406,182
Contract liabilities	26	335,418	292,938
Amounts due to related parties	22	53,209	58,426
Borrowings	27	10,000	–
Lease liabilities	28	19,058	18,991
Income tax payables		14,345	5,439
		832,917	781,976
Net Current Assets		2,496,753	2,539,702
Total Assets less Current Liabilities		3,049,193	3,019,727



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

		As at 31 December	
	NOTES	2025	2024
		RMB'000	RMB'000
Non-current Liabilities			
Lease liabilities	28	30,306	30,493
		30,306	30,493
Net Assets		3,018,887	2,989,234
Capital and reserves			
Share capital	29	2	2
Reserves		3,023,845	2,990,880
Equity attributable to owners of the Company		3,023,847	2,990,882
Non-controlling interests		(4,960)	(1,648)
Total Equity		3,018,887	2,989,234

The consolidated financial statements on pages 66 to 132 were approved and authorised for issue by the board of directors on 25 March 2026 and are signed on its behalf by:

Zhong Xuyi
DIRECTOR

Chen Danxia
DIRECTOR



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company											
	Share capital	Share premium	Capital reserves	Translation reserve	Merger reserve	Share based payments reserve	Statutory reserve	Retained profits	Subtotal	Non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	2	2,465,311	30,115	106,209	(25,066)	16,918	36,094	297,782	2,927,365	10,107	2,937,472	
Profit (loss) for the year	-	-	-	-	-	-	-	203,379	203,379	(8,130)	195,249	
Other comprehensive income (expense) for the year	-	-	-	23,664	-	-	-	-	23,664	(29)	23,635	
Total comprehensive income (expense) for the year	-	-	-	23,664	-	-	-	203,379	227,043	(8,159)	218,884	
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	-	(157,066)	(157,066)	-	(157,066)	
Purchases of non-controlling interest	-	-	(8,395)	-	-	-	-	-	(8,395)	(2,625)	(11,020)	
Capital injection in subsidiaries	-	-	(125)	-	-	-	-	-	(125)	343	218	
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(1,314)	(1,314)	
Recognition of share-based payments (Note 30)	-	-	-	-	-	2,060	-	-	2,060	-	2,060	
Transfer to statutory reserve	-	-	-	-	-	-	3,892	(3,892)	-	-	-	
At 31 December 2024	2	2,465,311	21,595	129,873	(25,066)	18,978	39,986	340,203	2,990,882	(1,648)	2,989,234	
Profit (loss) for the year	-	-	-	-	-	-	-	223,685	223,685	(8,377)	215,308	
Other comprehensive expense for the year	-	-	-	(29,203)	-	-	-	-	(29,203)	-	(29,203)	
Total comprehensive (expense) income for the year	-	-	-	(29,203)	-	-	-	223,685	194,482	(8,377)	186,105	
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	-	(160,400)	(160,400)	-	(160,400)	
Acquisition of a subsidiary (Note 31)	-	-	-	-	-	-	-	-	-	1,349	1,349	
Purchases of non-controlling interest	-	-	(706)	-	-	-	-	-	(706)	526	(180)	
Disposal of equity interest of a subsidiary	-	-	(411)	-	-	-	-	-	(411)	3,190	2,779	
Transfer to statutory reserve	-	-	-	-	-	-	1,244	(1,244)	-	-	-	
At 31 December 2025	2	2,465,311	20,478	100,670	(25,066)	18,978	41,230	402,244	3,023,847	(4,960)	3,018,887	

Note: Pursuant to the relevant laws and regulations in the People's Republic of China (the "PRC"), subsidiaries established in the PRC are required to transfer a portion of the profit after taxation to the statutory surplus reserve as approved by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches 50% of the registered capital of the relevant PRC subsidiaries. The statutory surplus reserve, which is non-distributable, can be used (i) to offset the prior year losses, if any, and/or (ii) in capital conversion.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit before tax	266,738	242,519
Adjustments for:		
Impairment losses recognised in respect of trade receivables, net of reversal	83	18
Impairment losses recognised in respect of goodwill	–	6,280
Impairment losses recognised in respect of intangible assets	–	9,704
Depreciation of property, plant and equipment	26,537	21,751
Depreciation of right-of-use assets	21,405	17,407
Interest income	(76,526)	(94,455)
Investment income	(6,125)	(5,559)
(Gains) Losses on fair value changes of financial assets at FVTPL	(11,016)	24,220
Interest expense on lease liabilities	2,336	1,880
Interest expense on borrowings	211	–
Reversals of write-down of inventories	(895)	(1,186)
Share-based payment expenses (Note 30)	–	2,060
Gains on disposal/write-off of property, plant and equipment and right-of-use assets	(273)	(12)
Gain on disposal of a subsidiary	–	(2,719)
Gain on acquisition of a subsidiary (Note 31)	(47)	–
Non-cash donations	645	311
Unrealised foreign exchange loss	(4,838)	–
Operating cash flows before movements in working capital	218,235	222,219
Decrease (increase) in inventories	79,578	(49,618)
Increase in trade and other receivables	(6,990)	(9,384)
(Increase) decrease in amounts due from related parties	(2,991)	497
Decrease in trade and other payables	(4,446)	(31,627)
Increase (decrease) in contract liabilities	40,296	(40,228)
Decrease in amounts due to related parties	(5,217)	(11,126)
Cash generated from operations	318,465	80,733
Income tax paid	(50,401)	(71,383)
NET CASH FROM OPERATING ACTIVITIES	268,064	9,350



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	(730,000)	(438,000)
Placement of time deposits	(1,835,811)	(2,634,686)
Purchase of financial assets at amortised cost	(294,198)	(255,702)
Withdrawal of financial assets at amortised cost	315,339	141,918
Purchase and deposits paid for acquisition of property, plant and equipment	(6,996)	(14,653)
Payments for acquisition of subsidiaries, net of cash acquired (Note 31)	12,053	–
Net cash outflow on disposal of a subsidiary	–	(572)
Proceeds on disposal of property, plant and equipment	1,164	375
Receipt of interest income from other financial assets at amortised cost	15,660	3,815
Receipt of investment income from financial assets at FVTPL	6,125	5,559
Interest income received	98,574	72,597
Proceeds on disposal of financial assets at FVTPL	680,000	438,000
Withdrawal of time deposits	2,175,659	2,491,098
NET CASH FROM (USED IN) INVESTING ACTIVITIES	437,569	(190,251)
FINANCING ACTIVITIES		
Interest paid	(2,547)	(1,880)
Repayments of lease liabilities	(20,198)	(15,880)
Repayments of borrowings	(3,000)	–
Dividends paid	(160,400)	(157,066)
Capital injection in subsidiaries by non-controlling shareholders	–	218
Disposal of equity interest of a subsidiary	2,779	–
Purchase of non-controlling interest	(180)	(11,020)
NET CASH USED IN FINANCING ACTIVITIES	(183,546)	(185,628)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	522,087	(366,529)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,186,149	1,543,424
Effect of foreign exchange rate changes	(7,422)	9,254
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,700,814	1,186,149
Represented by:		
Bank balances and cash	1,430,526	891,425
Time deposits with maturity of three months or less	270,288	294,724
	1,700,814	1,186,149



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

1.1 General information

Cheerwin Group Limited (the “**Company**”) was incorporated as an exempted company in the Cayman Islands with limited liability on 11 April 2018 under the Companies Act, Cap. 22 of the Cayman Islands. Its immediate holding company is Cheerwin Global Limited (“**Cheerwin Global BVI**”), a company incorporated in the British Virgin Islands (the “**BVI**”) on 27 March 2018. The ultimate controlling shareholders of the Company are Mr. Chen Kaixuan (“**Mr. KX Chen**”), Ms. Li Ruohong (“**Ms. Li**”), the spouse of Mr. KX Chen, Mr. Chen Kaichen (“**Mr. KC Chen**”) and Ms. Ma Huizhen (“**Ms. Ma**”), the spouse of Mr. KC Chen (collectively referred as “**Controlling Shareholders**”). The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 10 March 2021.

The address of the registered office and the principal place of business of the Company in Hong Kong and the PRC are disclosed in the corporate information section of the annual report of the Company for the year ended 31 December 2025.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are manufacturing and trading of household insecticides and repellents, household cleaning, air care, personal care, pet products and other products in the PRC. The Group also operates multiple physical pet stores.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (the “**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

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

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

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

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

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

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

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

3.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Changes in the Group's interests in existing subsidiaries

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

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

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Business combinations (continued)

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC – Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC – Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Revenue from contracts with customers

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

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

Sales of goods

The Group sells household insecticides and repellents, household cleaning, air care, personal care, pet products and other cleaning products to customers. Revenue is recognised when control of the goods has transferred according to respective agreed terms of delivery. Revenue is recognised at a point in time when the customer obtains control of the distinct good.

For contracts that contain variable consideration (e.g. sales returns or volume rebates), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Sales of goods (continued)

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

The Group recognises a refund liability (included in trade and other payables) if the Group expects to refund some or all of the consideration received from customers.

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

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

Leases

Definition of a lease

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

The Group as a lessee

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Lease liabilities

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

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

At the commencement date of a lease, the Group recognises and measures the lease

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

Foreign currencies

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies (continued)

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

On the disposal of a foreign operation (that is, a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

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

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

Shares/Share options granted to employees (continued)

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

Taxation

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

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

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

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

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

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Impairment on property, plant and equipment and right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15.

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables, amounts due from related parties, other financial assets at amortised cost, time deposits and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

The Group always recognises lifetime ECL for trade receivables and trade-related balances with related parties.

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

(i) Significant increase in credit risk

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

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

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

(ii) Definition of default

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the “other gains and losses” line item (note 7) as part of net foreign exchange (losses) gains.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which IFRS 3 applies.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, borrowings, amounts due to related parties and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss (note 7) as part of net foreign exchange (losses) gains for financial liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Allowance for finished goods

The Group records finished goods at the lower of cost and net realisable value. Regular operational procedures have been in place to monitor the allowance for finished goods due to the significant balance involved and nature of the finished goods is subject to expiry date. Due to seasonality, the Group usually maintains higher amount of finished goods at the end of the reporting period to prepare for peak seasons in coming first and second quarters. The management identifies the aged, obsolete and damaged finished goods based on aging, expiry date and/or current market conditions of the finished goods and determines the net realisable value for finished goods with reference to the selling price for finished goods subsequent to the end of reporting period less costs necessary to make the sales. Although the Group carries out regular reviews on the net realisable value of finished goods, the actual realisable value of finished goods is not known until the sales is concluded.

As at 31 December 2025, the carrying amounts of finished goods of the Group were approximately RMB194,703,000 (2024: RMB263,988,000), net of allowance for finished goods of approximately RMB839,000 (2024: RMB1,395,000).

Provision of ECL for trade receivables and amounts due from related parties

Credit-impaired trade receivables and trade receivables with significant balances are assessed for ECL individually. In addition, for trade receivables which are individually insignificant, collective assessment is performed by grouping debtors based on the Group's internal credit ratings. The loss rates are based on internal credit ratings as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provision of ECL for trade receivables and amounts due from related parties (continued)

The information about the Group's trade receivables and amounts due from related parties and the ECL assessment is disclosed in notes 21, 22 and 34, respectively. As at 31 December 2025, the carrying amounts of the Group's trade receivables were approximately RMB18,319,000 (2024: RMB15,838,000), net of allowance for credit losses of approximately RMB995,000 (2024: RMB912,000). As at 31 December 2025, the carrying amounts of the Group's amounts due from related parties (excluding prepayments to related parties) were approximately RMB14,025,000 (2024: RMB11,088,000).

Variable consideration for volume rebates

The Group includes in the transaction price some or all of an amount of variable considerations only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group estimates variable consideration to be included in the transaction price for the sales of products with volume rebates.

The Group's volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group assesses the expected annualised volume rebates regularly and accrued sales rebates are adjusted accordingly. Estimates of expected annualised volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of a customer's actual rebate entitlements in the future. As at 31 December 2025, the amounts recognised as accrued sales rebates were approximately RMB128,140,000 (2024: RMB124,545,000) for the expected volume rebates.

Fair value measurement of financial instruments

As at 31 December 2025, certain of the Group's financial assets, being unlisted investments, wealth management product and listed investment at FVTPL amounting to RMB143,666,000 (2024: RMB111,923,000), are measured at fair value with fair value being determined based on significant unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 18 for further disclosures.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the manufacturing and trading of household insecticides and repellents, household cleaning, air care, personal care, pet stores and pet products and other products in the PRC.

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue by types of products		
Household care (Note i)	1,714,922	1,633,823
Personal care	45,925	53,326
Pet business (Note ii)	221,643	127,152
Others (Note iii)	5,742	5,807
Total	1,988,232	1,820,108
Timing of revenue recognition		
At a point in time	1,988,232	1,820,108

Notes:

- (i) Household care included household insecticides and repellents, household cleaning and air care products.
- (ii) Pet Business included pet stores and pet products.
- (iii) Others included numerous household supplies, appliances, other products and testing services, none of them accounted for a material portion individually.

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2025, the Group had aggregate amount of the transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) amounted to approximately RMB335,418,000 (2024: RMB292,938,000). The amounts were equivalent to the contract liabilities as at 31 December 2025 and 2024, which represented payments received from customers by the Group while the underlying goods are yet to be delivered.

Based on the information available to the Group at the end of the reporting period, management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 31 December 2025 and 2024 will be recognised as revenue within next twelve months.

(iii) Segment information

Revenue and operating result of the Group are reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group’s accounting policies. No other analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, major customers and geographical information are presented in accordance with IFRS 8 Operating Segments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (continued)

(iv) Geographic information

The Group principally operates in the PRC, which is also the place of domicile. The Group's revenue is substantially all derived from operations in the PRC and the Group's non-current assets are substantially all located in the PRC.

(v) Information about major customers

There was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue for both years.

6. OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants (Note)	16,282	14,060
Bank interest income	63,881	81,491
Interest income from other financial assets at amortised cost	12,645	12,964
Investment income from financial assets at FVTPL	6,125	5,559
Others	1,858	958
	100,791	115,032

Note: The amount represented subsidy income received from certain government authorities in the PRC for the purpose of giving immediate financial support to the Group with no future obligations.

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Gains on disposal/write-off of property, plant and equipment and right-of-use assets	273	12
Donations	(810)	(439)
Foreign exchange gains (losses), net	836	(5,787)
Gains (losses) from changes in fair value of financial assets at FVTPL (Note 18)	11,016	(24,220)
Gain on disposal of a subsidiary	–	2,719
Others	(724)	(788)
	10,591	(28,503)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. SELLING AND DISTRIBUTION EXPENSES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Staff costs	103,812	93,783
Promotion expenses	66,586	62,157
E-commerce channel promotion expenses	347,157	231,253
Advertising service expenses	36,270	23,493
Transportation and storage expenses	100,396	91,502
Marketing expenses	17,568	17,902
Others	26,147	18,660
	697,936	538,750

9. FINANCE COST

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest expense on lease liabilities	2,336	1,880
Interest expense on bank borrowings	211	–
	2,547	1,880

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Enterprise Income Tax (“EIT”):		
Current tax	56,931	42,701
Overprovision in prior year	(64)	(591)
	56,867	42,110
Deferred tax (Note 19)	(5,437)	5,160
	51,430	47,270

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act, Cap. 22 of the Cayman Islands and is exempted from the Cayman Islands income tax.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% for both years, except for those described below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INCOME TAX EXPENSE (continued)

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

Anfu Cheerwin Biotechnology Company Limited (“**Anfu Cheerwin**”) has been qualified as a New and Hi-Tech Enterprise and entitled to a preferential tax rate of 15% from 2022 to 2027 granted by the local tax authority.

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit before tax	266,738	242,519
Tax at PRC EIT rate of 25%	66,685	60,630
Tax effect of income not taxable for tax purpose	(7,781)	(6,844)
Tax effect of super deduction for research and development expenses (Note)	(5,638)	(6,028)
Tax effect of expenses not deductible for tax purpose	4,794	4,178
Tax effect of deductible temporary differences and tax losses not recognised	4,219	12,378
Effect on preferential tax rate of a subsidiary	(10,785)	(16,453)
Overprovision in prior year	(64)	(591)
Income tax expense for the year	51,430	47,270

Note: The eligible expenditures represent research and development costs incurred in the PRC and charged to profit or loss, which is subject to an additional 100% (2024: 100%) tax deduction in the calculation of income tax expense for the year ended 31 December 2025.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. PROFIT FOR THE YEAR

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (Note 12)	13,369	17,710
Other staff costs:		
Salaries and other allowances	183,871	181,037
Contributions to retirement benefits scheme	15,327	13,682
Share-based payment expenses	–	306
Total staff costs (Note i)	212,567	212,735
Depreciation of property, plant and equipment	26,537	21,751
Depreciation of right-of-use assets	21,405	17,407
Total depreciation and amortisation	47,942	39,158
Less: capitalised in inventories	(4,982)	(5,671)
	42,960	33,487
Impairment losses recognised on goodwill and intangible assets included in		
– administrative expenses	–	15,984
Auditors' remuneration		
– audit services	4,059	4,154
– non-audit services	1,215	1,932
Research and development costs recognised as an expense (included in administrative expenses)	28,424	29,840
Cost of inventories recognised as an expense (Note ii)	941,409	926,953

Notes:

- (i) Total staff costs have been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Staff costs included in cost of inventories	22,002	24,550
Selling and distribution expenses	103,812	93,783
Administrative expenses	86,753	94,402
	212,567	212,735

- (ii) Amounts included reversals of write-down of inventories of approximately RMB895,000 (2024: write-down of inventories of approximately RMB1,186,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

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

Year ended 31 December 2025

	Fees	Salaries and allowances	Performance related bonus	Share-based payment expenses	Retirement benefits contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Chen Danxia	-	6,864	-	-	54	6,918
Zhong Xuyi	-	981	789	-	54	1,824
Wang Dong	-	1,247	750	-	54	2,051
Lv Yongji	-	846	476	-	54	1,376
Non-executive director						
Chen Zexing	300	-	-	-	-	300
Independent non-executive directors						
Guo Sheng	300	-	-	-	-	300
Yu Rong	300	-	-	-	-	300
Chan Wan Tsun Adrian Alan	300	-	-	-	-	300
	1,200	9,938	2,015	-	216	13,369

Year ended 31 December 2024

	Fees	Salaries and allowances	Performance related bonus	Share-based payment expenses	Retirement benefits contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Chen Danxia (Note ii)	-	6,884	877	1,525	47	9,333
Zhong Xuyi	-	981	1,270	76	47	2,374
Xie Rusong (Note iii)	-	1,615	249	76	71	2,011
Wang Dong (Note iii)	-	1,309	250	76	47	1,682
Lv Yongji (Note iii)	-	855	208	-	47	1,110
Non-executive director						
Chen Zexing	300	-	-	-	-	300
Independent non-executive directors						
Guo Sheng	300	-	-	-	-	300
Yu Rong	300	-	-	-	-	300
Chan Wan Tsun Adrian Alan	300	-	-	-	-	300
	1,200	11,644	2,854	1,753	259	17,710



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For the year ended 31 December 2025

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Directors' and chief executive's emoluments (continued)

Notes:

- (i) The performance related bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.
- (ii) Ms. Chen Danxia is also the chief executive of the Company and her emoluments disclosed above include those for services rendered by her as the chief executive.
- (iii) On 16 July 2024, Mr. Xie Rusong has resigned from the executive director of the Company and Ms. Wang Dong and Mr. Lv Yongji have been appointed as executive directors of the Company on the same date.

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

Employees' emoluments

The five highest paid employees of the Group during the year included three (2024: four) directors, whose emoluments are set out in the disclosures above. Details of the remuneration for the year of the remaining two (2024: one) individuals who are neither a director nor chief executive of the Company, are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries and allowances	2,814	1,277
Performance related bonus	1,143	300
Retirement benefits scheme contributions	108	47
Share-based payment expenses	–	76
	4,065	1,700

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	2	–
	2	1

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office during both years.



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For the year ended 31 December 2025

13. DIVIDENDS

During the current year, a final dividend of RMB0.0682 per ordinary share (equivalent to HK\$0.0739 per ordinary share) in respect of the year ended 31 December 2024 (2024: RMB0.0640 per ordinary share (equivalent to HK\$0.0705 per ordinary share) in respect of the year ended 31 December 2023) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the current year amounted to approximately RMB90,933,000 (2024: RMB85,333,000).

During the current year, an interim dividend of RMB0.0521 per ordinary share (equivalent to HK\$0.0571 per ordinary share) in respect of the six months ended 30 June 2025 (2024: RMB0.0538 per ordinary share (equivalent to HK\$0.0588 per ordinary share) in respect of the six months ended 30 June 2024) was declared and paid to owners of the Company. The aggregate amount of the interim dividend declared and paid in the current year amounted to approximately RMB69,467,000 (six months ended 30 June 2024: RMB71,733,000).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of RMB0.0821 per ordinary share (equivalent to HK\$0.0933 per ordinary share), in an aggregate amount of RMB109,466,000 has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the owners of the Company)	223,685	203,379
	No. of Shares	No. of Shares
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,333,334	1,333,334

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares for both 2025 and 2024 since the grant date of those share options.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 31 December 2023	127,032	94,564	4,557	40,191	-	266,344
Additions	-	4,210	710	8,979	-	13,899
Disposals	-	(194)	(600)	(7)	-	(801)
Disposal of a subsidiary	-	(2,472)	(264)	(515)	-	(3,251)
At 31 December 2024	127,032	96,108	4,403	48,648	-	276,191
Additions	280	2,663	-	1,676	416	5,035
Acquisitions of a subsidiary (Note 31)	23,451	2,847	-	347	-	26,645
Disposals	-	(1,324)	(30)	(97)	-	(1,451)
At 31 December 2025	150,763	100,294	4,373	50,574	416	306,420
ACCUMULATED DEPRECIATION						
At 31 December 2023	30,310	57,254	2,499	19,189	-	109,252
Provided for the year	7,214	7,072	625	6,840	-	21,751
Eliminated on disposals	-	(185)	(199)	(7)	-	(391)
Eliminated on disposals of a subsidiary	-	(831)	(149)	(454)	-	(1,434)
At 31 December 2024	37,524	63,310	2,776	25,568	-	129,178
Provided for the year	8,058	6,354	445	11,680	-	26,537
Eliminated on disposals	-	(1,257)	(28)	1,062	-	(223)
At 31 December 2025	45,582	68,407	3,193	38,310	-	155,492
CARRYING VALUES						
At 31 December 2025	105,181	31,887	1,180	12,264	416	150,928
At 31 December 2024	89,508	32,798	1,627	23,080	-	147,013

The above items of property, plant and equipment (other than construction in progress) are depreciated on a straight-line basis over the following years after taking into account the residual values:

Useful lives

Buildings	20 years
Plant and machinery	5 to 10 years
Motor vehicles	5 years
Office equipment	3 to 5 years

The Group has pledged its building with a carrying value of approximately RMB18,246,000 (2024: nil) to secure bank borrowings of the Group as at 31 December 2025.



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For the year ended 31 December 2025

16. RIGHT-OF-USE ASSETS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Carrying amounts:		
Leased properties	45,624	46,376
Leasehold lands	7,225	7,461
	52,849	53,837
Depreciation recognised in profit or loss:		
Leased properties	21,168	17,170
Leasehold lands	237	237
	21,405	17,407
Year ended 31 December		
	2025	2024
	RMB'000	RMB'000
Expense relating to short-term leases	4,815	5,060
Total cash outflow for leases	27,349	22,820
Additions to right-of-use assets	23,460	42,558

The Group leases various offices, warehouses and retail stores for its operation. Lease contracts are entered into for fixed term of 2 years to 10 years (2024: 2 years to 10 years) with fixed payments. In addition, lump sum payments were made upfront to acquire the land use rights in the PRC, where its manufacturing facilities are primarily located. The Group does not have the option to purchase the leasehold lands and leased properties for a nominal amount at the end of the relevant lease terms or any extension/termination options which are solely at the Group's discretion. The Group determines the lease period to be the non-cancellable period based on the contractual terms of the contract.

The Group has obtained the land use right certificates for all leasehold lands.

The Group regularly entered into short-term leases for offices, retail stores and warehouses. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INTERESTS IN ASSOCIATES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Investments in associates under equity method	3,538	3,283

Details of the Group's associates at the end of the reporting periods are as follows:

Name of associates	Place of incorporation/ establishment/ principal place of business	Proportion of ownership interests/ voting rights held by the Group		Principal activities
		2025	2024	
Yunnan Yunbang Co., Limited ("Yunnan Yunbang")	The PRC	49%	49%	Production and sales of pet products
Bestwin Household Products Company Limited ("Bestwin")	Vietnam	25%	25%	Manufacture and sales of insecticide products
Wuhan Kaijun Pet Products Co., Ltd.	The PRC	28.86%	N/A	Sales of pet products



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For the year ended 31 December 2025

18. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Unlisted investment (Note i)	89,801	111,923
Wealth management product (Note ii)	50,802	–
Listed investment	3,063	–
	143,666	111,923
Analyzed as:		
Current	143,666	–
Non-current	–	111,923
	143,666	111,923

Notes:

- i) During the year ended 31 December 2021, the Group invested in 3.046% equity interest in a private entity, Shandong Shuaike Pet Products Company Limited which was established in the PRC at a consideration of approximately RMB66,900,000. As at 31 December 2025, the Group entered into an equity transfer agreement (the **"Agreement"**) with an independent third party (the **"Purchaser"**). Pursuant to the Agreement, the Purchaser agreed to pay RMB89,801,000 to acquire the entire 3.046% equity interest hold by the Group, there was a fair value gain of approximately RMB10,214,000 (2024: nil) recognised in profit or loss for the year ended 31 December 2025. As of the date of this report, the transaction has been completed and the consideration was received.
- ii) The wealth management product was issued by a financial institution in the PRC as at 31 December 2025. The return of the wealth management product was determined by reference to the return of the underlying investments. The fair value of the wealth management product is RMB50,802,000, which is measured by net asset value as stated on the quotation report issued by financial institutions, and a fair value gain of RMB802,000 was recognised in profit or loss for the year ended 31 December 2025. The wealth management product can be redeemed any time at the Group's discretion.

19. DEFERRED TAX ASSETS AND LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deferred tax assets	65,837	60,400
Deferred tax liabilities	–	–
	65,837	60,400



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For the year ended 31 December 2025

19. DEFERRED TAX ASSETS AND LIABILITIES (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Accrued sales rebates	Unrealised profit on inventories	Unrealised profit on financial assets at FVTPL	Intangible assets acquired in business combinations	Deferred deductible promotion expenses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023	66,129	3,970	(2,886)	(2,523)	–	893	65,583
(Charged) credited to profit or loss							
(Note 10)	(11,964)	865	2,886	2,523	–	530	(5,160)
Disposal of a subsidiary	–	–	–	–	–	(23)	(23)
At 31 December 2024	54,165	4,835	–	–	–	1,400	60,400
(Charged) credited to profit or loss							
(Note 10)	(4,665)	(979)	–	–	11,536	(455)	5,437
At 31 December 2025	49,500	3,856	–	–	11,536	945	65,837

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB10,062,498,000 as at 31 December 2025 (2024: RMB482,991,000), as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

As at 31 December 2025, the Group has unused tax losses of approximately RMB123,969,000 (2024: RMB100,007,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB123,969,000 (2024: RMB100,007,000) with expiry dates as disclosed in the following table.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
2025	–	13,312
2026	11,160	21,364
2027	10,056	10,465
2028	18,937	20,218
2029	27,485	34,648
2030	56,331	–
Total	123,969	100,007

As at 31 December 2025, the Group has deductible temporary differences of approximately RMB155,918,000 (2024: RMB181,518,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.



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For the year ended 31 December 2025

20. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Raw materials	35,069	41,097
Work in progress	13,344	12,942
Finished goods	194,703	263,988
	243,116	318,027

21. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables	19,314	16,750
Less: Allowance for credit losses	(995)	(912)
	18,319	15,838
Prepayments for purchase of raw materials	15,567	10,467
Prepaid promotion service expenses	11,526	7,623
Other tax recoverables	37,802	45,185
Receivables from payment intermediaries (Note a)	5,217	3,270
Other receivables (Note b)	19,513	15,077
Total trade and other receivables	107,944	97,460

Notes:

- (a) Receivables from payment intermediaries represent the sales received by Alipay, Jingdong and other platforms on behalf of the Group for the online platform sales. The balance will be transferred back to the bank accounts of the Group upon the Group's instruction.
- (b) Other receivables represent advances to staff and other miscellaneous deposits, which are unsecured, non-interest bearing and repayable in 12 months.



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For the year ended 31 December 2025

21. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables

As at 1 January 2024, trade receivables from contracts with customers amounted to approximately RMB15,616,000.

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on an individual basis. Credit limits attributed to customers are reviewed regularly.

The Group generally requires advance payments from majority of its customers before delivery of goods. For certain customers, the Group allows credit terms of 30 to 60 days from the invoice date for trade receivables.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates which approximated the revenue recognition date at the end of each reporting period:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 30 days	9,802	8,778
31–60 days	8,517	7,060
	18,319	15,838

As at 31 December 2025 and 31 December 2024, the Group's trade receivables are all within credit-terms as at the reporting date. The directors of the Company are of the opinion that there has not been a significant change in credit quality and the balances are still considered fully recoverable considering factors such as historical settlement patterns from and on-going business relationship with this customer. The entire balance has been fully settled subsequently.

Details of impairment assessment are set out in Note 34(b).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. AMOUNTS DUE FROM (TO) RELATED PARTIES

The Group

Amounts due from related parties

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade nature (Notes a & b)		
– Guangdong Liby Washing Products Company Limited	7,412	7,036
– Shanghai Liby Shiye Company Limited	3,102	3,067
– Tianjin Liby Product Sales Company Limited	81	138
– Chengdu Liby Shiye Company Limited	170	–
– Nanjing Liby Rihua Company Limited	22	–
– Shanghai New COGI Cosmetic Co., Ltd	39	159
– Guangzhou Lisheng International Trade Development Limited	–	468
– Guangzhou Aoke Commercial Cleaning Technology Limited	313	220
– Hainan Kunyuan Lifestyle Technology Co., Ltd.	2,856	–
– Guangzhou Zhiyun COGI Biotechnology Co., Ltd.	30	–
	14,025	11,088
Trade related prepayments (Note a)		
– Guangzhou Zhanze Property Management Company Limited	1,269	1,215
	15,294	12,303

Notes:

- (a) These entities have been identified as related parties of the Group as they are under the common control by the Controlling Shareholders.
- (b) Trade related balances with related parties arose from sales of goods. In general, 45 days credit period is allowed. The amounts were unsecured and interest-free.

The following is the aged analysis of trade related balances (excluding prepayments to related parties) with related parties at the end of each reporting period presented based on the invoice date.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 45 days	11,941	7,404
46–90 days	888	3,521
91–135 days	1,196	163
	14,025	11,088

As at 31 December 2025, included in the Group's trade related balances with related parties nil (2024: RMB3,684,000) were past due as at the reporting date. The Group did not hold any collateral over these balances.

Details of impairment assessment are set out in Note 34(b).



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For the year ended 31 December 2025

22. AMOUNTS DUE FROM (TO) RELATED PARTIES (continued)

The Group (continued)

Amounts due to related parties

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade nature (Note)		
– Guangzhou Liby Group Company Limited	12,654	12,457
– Xinxiang Liby Shiye Company Limited	7,784	11,897
– Guangzhou Liby (Panyu) Company Limited	11,378	12,273
– Maanshan Liby Rihua Company Limited	9,823	12,594
– Siping Liby Rihua Company Limited	3,054	4,002
– Liby Rihua Company Limited	665	344
– Sichuan Liby Shiye Company Limited	7,851	4,088
– Chengdu Liby Shiye Company Limited	–	616
	53,209	58,271
Trade related payables (Note)		
– Guangzhou Shenghong Property Management Company Limited	–	155
	53,209	58,426

Note:

These entities have been identified as related parties of the Group as they are under the common control by the Controlling Shareholders.

Trade related balances with related parties arose from purchase of goods and provision of services. In general, 30 to 60 days credit period is allowed. These balances were unsecured and interest-free.

The following is an aged analysis of the Group's trade related balances with related parties at the end of each reporting period presented based on invoice date:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 30 days	38,289	26,846
31–60 days	13,257	18,672
61–90 days	1,663	11,589
91–180 days	–	847
181–365 days	–	317
	53,209	58,271



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For the year ended 31 December 2025

23. OTHER FINANCIAL ASSETS AT AMORTISED COST

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Other investments		
– principal	231,951	258,783
– interest receivables	8,382	11,397
	240,333	270,180

As at 31 December 2025, other investments include i) bonds of US\$21,000,000 (equivalent to RMB147,605,000) (2024: US\$16,000,000 (equivalent to RMB115,015,000)) issued by a subsidiary incorporated in Hong Kong of a listed company and their corresponding interest receivables. The bonds carry fixed interest rates ranging from 5.8% to 6.0% (2024: 6.0% to 6.5%) per annum and due in February and June 2026, respectively; ii) asset management plans of US\$12,000,000 (equivalent to RMB84,346,000) (2024: US\$20,000,000 (equivalent to RMB143,768,000)) and its corresponding interest receivables with fixed interest rate at 4.3% (2024: 5.8%) per annum. The asset management plans are redeemable anytime at the Group's request and the interest is paid on a quarterly basis.

Since the contractual cash flows of the asset management plans represent solely the payments of principal and interest on the principal amount outstanding, the investment in asset management plans are measured at amortised cost.

Subsequent to the end of the reporting period, the bond due in February 2026 and the asset management plans were fully redeemed.

24. TIME DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2025, time deposits of RMB1,405,985,000 (2024: RMB1,816,215,000) carried fixed-rates ranging from 1.40% to 4.14% (2024: 2.60% to 5.52%) per annum.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Time deposits with maturity of three months or less	270,288	294,724
Time deposits with maturity of more than three months but less than one year	847,964	1,363,022
Time deposits with maturity of more than one year	271,536	100,000
	1,389,788	1,757,746
Interest receivables	16,197	58,469
	1,405,985	1,816,215
Presented as:		
Current	1,127,121	1,713,053
Non-current	278,864	103,162

Bank balances and cash consists of demand deposits and cash on hand. Bank balances carry interest at prevailing market rates ranging from 0.1% to 0.45% (2024: 0.10% to 0.30%) per annum as at 31 December 2025.



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25. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	162,308	189,907
Accrued sales rebates (Note)	128,140	124,545
Other accrued expenses	49,233	23,616
Accrued staff payroll and welfare	35,043	48,791
Construction costs payables	1,347	3,290
Other tax payables	14,061	4,055
Other payables	10,755	11,978
	400,887	406,182

Note: The accrued sales rebates will be mainly settled through offsetting future sales orders, at the discretion of the Group's customers.

Trade payables

The credit period of trade payables is normally within 20 to 60 days from the invoice date.

The following is an aged analysis of trade payables, presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 30 days	100,283	108,645
31–60 days	51,188	63,261
61–90 days	5,818	11,506
Over 90 days	5,019	6,495
	162,308	189,907

26. CONTRACT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Receipts in advances from customers		
– finished goods	335,418	292,938

The Group generally requires advance payments from majority of its customers before delivery of goods. This will give rise to a contract liability at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received.



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26. CONTRACT LIABILITIES (continued)

The following table shows how much of the revenue recognised for the years ended 31 December 2025 and 2024 relates to the contract liabilities at the beginning of the year:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Revenue recognised during the year	292,938	334,744

27. BORROWINGS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Bank borrowings		
– Secured and guaranteed	10,000	–

As at 31 December 2025, the bank borrowings disclosed above are repayable within one year, and carries a fixed annual interest rate of 3.46%. The above bank borrowings are secured by the building of the Group as disclosed in Note 15 and guaranteed by a formal shareholder of a subsidiary at no cost.

28. LEASE LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	19,058	18,991
Within a period of more than one year but not exceeding two years	9,461	14,695
Within a period of more than two years but not exceeding five years	14,047	7,344
Within a period of more than five years	6,798	8,454
	49,364	49,484
Less: Amount due for settlement within 12 months shown under current liabilities	(19,058)	(18,991)
Amount due for settlement after 12 months shown under non-current liabilities	30,306	30,493

When recognising the lease liabilities for leases, the Group has applied incremental borrowing rates of the relevant group entities at the leases commencement/modification dates. The weighted average incremental borrowing rates applied to lease liabilities are 4.75% (2024: 4.75%) per annum.



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29. SHARE CAPITAL

	Par value	Number of shares	Share capital USD	Presented as RMB'000
Authorised:				
At 1 January 2024, 31 December 2024 and 31 December 2025	USD0.0000002	250,000,000,000	50,000	
Issued and fully paid:				
At 1 January 2024, 31 December 2024 and 31 December 2025	USD0.0000002	1,333,333,500	267	2

30. SHARE-BASED PAYMENT TRANSACTIONS

Share Award Scheme

On 3 June 2021, the Company has adopted the share award scheme (the “**Share Award Scheme**”) with effect from 23 December 2021 to recognise the contribution of and provide incentives for the key management personnel including directors and senior management and employees of the Group. Under the Share Award Scheme, the board of directors of the Company may grant shares to eligible employees, including directors of the Company and its subsidiaries.

The table below discloses movement of the Scheme:

	Number of awarded shares
Outstanding as at 1 January 2024	9,600,000
Vested during the year	(4,800,000)
Outstanding as at 31 December 2024	4,800,000
Forfeited during the year	(4,800,000)
Outstanding as at 31 December 2024 and 31 December 2025	–

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payments reserve.

During the year ended 31 December 2025, no share-based payment expenses was recognised (2024: RMB1,952,000 was recognised) under the Share Award Scheme.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 23 September 2021 for the primary purpose of providing incentives to directors and eligible employees, and effective for a period of ten years. Under the Share Option Scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Share Option Scheme is effective from 23 July 2021 and shall continue in full force and effect for a term of 10 years.

During the year ended 31 December 2025, no share-based payment expenses (2024: RMB108,000) was recognised under the Share Option Scheme.

During the year ended 31 December 2025, nil (2024: 1,050,000) of share options were vested while no options were exercised for both periods.

31. ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2025

In July 2025, due to failure of certain commitments stated in investment agreement which was signed by the Group and Wuhan Zhongbo Lvya Biotechnology Company Limited ("**Zhongbo Lvya**"), an associate of the Group, in April 2022, the original controlling shareholders agreed to dispose an aggregate 66.1825% equity interest in Zhongbo Lvya to the Group with a nominal consideration. Upon the completion of such transaction, the Group's equity interest in Zhongbo Lvya increased from 30.0046% to 96.1871%, as a result Zhongbo Lvya becomes a subsidiary of the Group. The acquisition has been accounted for as a business combination using the acquisition method.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Interests in associates	255
Property, plant and equipment	26,645
Inventories	4,417
Trade and other receivables	3,577
Financial assets at FVTPL	3,063
Bank balances and cash	12,053
Trade and other payables	(1,094)
Contract liabilities	(2,184)
Borrowings	(13,000)
	33,732



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. ACQUISITION OF A SUBSIDIARY (continued)

For the year ended 31 December 2025 (continued)

Gain on acquisition:

	RMB'000
Cash consideration transferred	*
Carrying amount of 30.0046% equity interest of Zhongbo Lvya owed by the Group	32,336
Plus: non-controlling interests	1,349
Less: recognised amounts of net assets acquired	33,732
Gain on acquisition	47

Net cash inflow on acquisition of Zhongbo Lvya

	RMB'000
Cash consideration paid	*
Add: cash and cash equivalents balances acquired	12,053
	12,053

* Less than RMB1,000

Impact of acquisition on the results of the Group

Had the acquisition of Zhongbo Lvya been completed on 1 January 2025, revenue for the year of the Group would have been RMB2,006,996,000 and profit for the year would have been RMB210,364,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Zhongbo Lvya been acquired at the beginning of the current year, the directors of the Company calculated depreciation and amortization of property, plant and equipment and intangible assets based on the recognised amounts of property, plant and equipment and intangible assets at the date of the acquisition.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. RETIREMENT BENEFIT PLANS

The eligible employees of the Company's subsidiaries in PRC are members of pension schemes operated by local government of the PRC. The subsidiaries in the PRC are required to contribute a certain percentage of the relevant cost of payroll of these employees to the pension schemes to fund the benefits.

No forfeited contribution is available to reduce the contribution payable in future years.

The contributions to the retirement benefits schemes for employees of the Group and directors of the Company during the year are disclosed in Notes 11 and 12, respectively.

33. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which include lease liabilities as disclosed in Note 28, net of bank balances and cash and equity of the Group, comprising issued share capital, reserves and non-controlling interests.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of items in the context of capital structure, and takes appropriate actions to adjust the Group's capital structure. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL	143,666	111,923
Financial assets at amortised cost	3,133,918	3,023,093
Financial liabilities		
Contingent consideration as liability at FVTPL	–	–
Financial liabilities at amortised cost	237,619	263,601



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's financial instruments include financial assets at FVTPL, trade and other receivables, amounts due from related parties, other financial assets at amortised cost, time deposits, bank balances and cash, trade and other payables, amounts due to related parties, lease liabilities and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits (see Note 24 for details), other financial assets at amortised cost (see Note 23 for details), lease liabilities (see Note 28 for details) and fixed-rate borrowings (see Note 27 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 24 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group currently does not have an interest rate hedging policy. As the management of the Group considered such exposure to cash flow interest rate risk is minimal, accordingly, no sensitivity analysis is presented.

Currency risk

The Group is not exposed to significant foreign exchange risk as it transacts mainly in RMB.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, amounts due from related parties, other financial assets at amortised cost, time deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables and trade-related balances with related parties arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual significant trade debt at the end of each reporting period to ensure that adequate impairment loss is recognised for irrecoverable amount. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and trade-related balances with related parties and credit-impaired individually and/or collectively. Except for credit-impaired trade receivables, trade receivables with significant balances and trade-related balances with related parties, which are assessed for impairment individually, the remaining trade receivables and trade-related balances with related parties are grouped based on shared credit risk characteristics by reference to internal credit ratings and past due exposure for the customers. As at 31 December 2025, trade receivables with significant balances of approximately RMB14,872,000 (2024: RMB11,908,000) were assessed individually. Details of the quantitative disclosures are set out below in this note.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of the total trade receivables and trade-related balances with related parties as at 31 December 2025 and 2024.

Other receivables

The Group assessed the loss allowance for other receivables on 12m ECL basis as the Group has considered that credit risks on these financial assets have not increased significantly since initial recognition. In determining the ECL, the Group has taken into account the historical default experience and forward looking information as appropriate. The Group has considered the consistently low historical default rate in connection with payments and the Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In addition, the Controlling Shareholders agreed to provide adequate financial support to the related parties to meet in full their obligations as necessary. For the years ended 31 December 2025 and 2024, management of the Group assessed the ECL for other receivables were insignificant and thus no loss allowance was recognised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other financial assets at amortised cost

The credit risks on other financial assets at amortised cost are limited because the counterparties are professional asset management firm and security brokerage.

The Group makes periodic collective assessments as well as individual assessment on the recoverability of other financial assets at amortised cost based on historical settlement records and past experiences incorporating forward-looking information. The Group assessed 12m ECL for other financial assets at amortised cost by reference to information relating to probability of default and loss given default of the respective credit rating grades of comparable companies. Based on the average loss rates, the 12m ECL on other financial assets at amortised cost is considered to be insignificant and thus no loss allowance was recognised.

Time deposits and bank balances

The credit risks on time deposits and bank balances are limited because the counterparties are authorised banks in the PRC with high credit ratings assigned by international credit-rating.

The Group assessed 12m ECL for time deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on time deposits and bank balances and cash is considered to be insignificant.

Other than the concentration of credit risk on liquid funds which are placed with several banks, the Group does not have any other significant concentration of credit risk.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ trade-related balances with related parties	Other financial assets
Low risk	The counterparty has either a low risk of default and does not have any past-due amounts or frequently settles after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	Amount is >30 days past due or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – not credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Financial assets at amortised cost					
Trade receivables	21	(Note 1)	Lifetime ECL – not credit impaired (collective assessment)	4,442	4,842
		(Note 1)	Lifetime ECL – not credit impaired	14,872	11,908
Other receivables and receivables from payment intermediaries	21	(Note 2)	12m ECL	19,314 24,730	16,750 18,347
Amounts due from related parties – trade-related	22	(Note 1)	Lifetime ECL – not credit impaired	14,025	11,088
Other financial assets at amortised cost	23	(Note 2)	12m ECL	240,333	270,180
Time deposits	24	(Note 2)	12m ECL	1,405,985	1,816,215
Bank balances	24	(Note 2)	12m ECL	1,430,526	891,425
				3,134,913	3,024,005

Notes:

- For not credit-impaired trade receivables and trade-related balances with related parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on a collective basis, grouped by internal credit rating and past due status of respective receivable. In addition, credit-impaired trade receivables, trade receivables with significant balances and trade-related balances with related parties are assessed for ECL individually. The information about the credit risk exposure on the Group's trade receivables is set out below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

1. (continued)

Internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired).

	As at 31 December			
	2025		2024	
	Average loss rate %	Trade receivables RMB'000	Average loss rate %	Trade receivables RMB'000
Low risk	5	19,314	5	16,750

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The management of the Group is of the opinion that there is no material change in the observed default rates of its customers throughout the reporting period and after considering the forward-looking information, same average loss rate was adopted throughout the reporting period. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2025, the Group recognised credit loss allowance of approximately RMB83,000 for trade receivables based on collective assessment (2024: recognised credit loss allowance of approximately RMB18,000).

The following tables show the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach using internal credit rating:

	Lifetime ECL – (not credit- impaired) RMB'000
As at 31 December 2023	894
– impairment losses recognised	912
– impairment losses reversed	(894)
As at 31 December 2024	912
– impairment losses recognised	995
– impairment losses reversed	(912)
As at 31 December 2025	995

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off and is subject to enforcement activities.

Credit losses allowance for trade related balances with related parties as at 31 December 2025 and 2024 was not material, considering the consistently low historical default rate in connection with payments. In addition, the Controlling Shareholders agreed to provide financial support to the related parties to meet in full their obligation as necessary, the probability of default and loss given default are assessed as low.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

- For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12m ECL as there is no significant increase in credit risk since initial recognition. The Group determines the ECLs for other receivables, other financial assets at amortised cost, time deposits and bank balances and cash by assessment of probability of default. During the years ended 31 December 2025 and 2024, in view of the nature of the balance and historical default rate and forward looking information, the Group considers the provision of impairment allowance for these balances are insignificant.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are at variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2025							
Trade and other payables	-	174,410	-	-	-	174,410	174,410
Amounts due to related parties	-	53,209	-	-	-	53,209	53,209
Lease liabilities	4.75	6,037	14,900	26,612	7,426	54,975	49,364
Borrowings	3.46	-	10,137	-	-	10,137	10,000
		233,656	25,037	26,612	7,426	292,731	286,983
As at 31 December 2024							
Trade and other payables	-	205,175	-	-	-	205,175	205,175
Amounts due to related parties	-	58,426	-	-	-	58,426	58,426
Lease liabilities	4.75	5,106	15,813	24,760	9,451	55,130	49,484
		268,707	15,813	24,760	9,451	318,731	313,085



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liability are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ Financial liability	Fair values as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	31 December 2025	31 December 2024			
Financial asset at FVTPL	Asset RMB 89,801,000	Asset RMB 79,587,000	Level 3	With reference to agreed transaction price of underlying investment (Note 40) (31 December 2024: Market approach by applying market multiples such as the ratio of market capital to sales from comparable companies. The inputs are probability of IPO, redemption and liquidation, the risk-free interest rate and expected volatility.)	Nil (31 December 2024: Expected volatility of 36.83% determined by reference to the expected volatility of comparable companies.)
Financial asset at FVTPL	Asset RMB N/A	Asset RMB 32,336,000	Level 3	Market approach by applying market multiples such as the ratio of market capital to sales from comparable companies. The inputs are probability of IPO, redemption and liquidation, the risk-free interest rate and expected volatility.	Nil (31 December 2024: Expected volatility of 39.27% determined by reference to the expected volatility of comparable companies.)
Financial asset at FVTPL	Asset RMB 50,802,000	Asset RMB N/A	Level 3	Direct comparison – reference to market evidence of recent transaction prices of the underlying investments.	Recent transaction prices of underlying investments.
Financial asset at FVTPL	Asset RMB 3,063,000	Asset RMB N/A	Level 1	Quoted bid prices in an active market.	Nil



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL RMB'000	Contingent consideration as liability at FVTPL RMB'000
At 1 January 2024	136,143	(2,712)
Total losses in profit or loss	(24,220)	(788)
Settled during the year	–	3,500
At 31 December 2024	111,923	–
Total gains in profit or loss	11,016	–
Acquisition in current period	50,000	–
Settled during the year	(32,336)	–
At 31 December 2025	140,603	–

Of the total gains or losses for the period included in profit or loss, RMB11,016,000 gains relate to financial assets at FVTPL held at the end of the current reporting period (2024: RMB24,220,000 losses relate to financial assets at FVTPL held at the end of the current reporting period). Fair value gains or losses on financial assets at FVTPL and contingent consideration as liability at FVTPL are included in 'other gains and losses'.

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

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

The fair values of financial assets and financial liabilities recorded at amortised cost have been determined in accordance with generally accepted pricing model based on discounted cash flow analysis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities	Borrowing	Dividends payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	28,020	–	–	28,020
Financing cash flows	(17,760)	–	(157,066)	(174,826)
Interest expense on lease liabilities	1,880	–	–	1,880
Dividends declared	–	–	157,066	157,066
Lease modified	(983)	–	–	(983)
New lease entered	42,558	–	–	42,558
Disposal of a subsidiary	(4,231)	–	–	(4,231)
At 31 December 2024	49,484	–	–	49,484
Financing cash flows	(22,534)	(3,211)	(160,400)	(186,145)
Interest expense on lease liabilities	2,336	–	–	2,336
Interest expense on borrowings	–	211	–	211
Dividends declared	–	–	160,400	160,400
Lease modified	(3,382)	–	–	(3,382)
New lease entered	23,460	–	–	23,460
Acquisition of a subsidiary (Note 31)	–	13,000	–	13,000
At 31 December 2025	49,364	10,000	–	59,364

36. CAPITAL COMMITMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	2,361	258



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS

- (a) Details of the balances with related parties at the end of the reporting period are disclosed in the consolidated statement of financial position and Note 22 to the consolidated financial statements. Other than as disclosed elsewhere in the consolidated financial statements, the Group has following transactions with related parties during the year.

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sales to related parties (Note)		
– Guangzhou Liby Group Company Limited	52,387	69,145
– Guangdong Liby Washing Products Company Limited	33,841	47,380
– Shanghai Liby Shiye Company Limited	34,297	33,570
– Tianjin Liby Product Sales Company Limited	530	1,630
– Guangzhou Liby (Panyu) Company Limited	1,906	1,066
– Xinxiang Liby Shiye Company Limited	75	181
– Maanshan Liby Rihua Company Limited	840	294
– Chengdu Liby Shiye Company Limited	–	2,889
– Nanjing Liby Rihua Company Limited	40	1,191
– Liby Rihua Company Limited	129	13
– Guangzhou Aoke Commercial Cleaning Technology Limited	1,788	1,009
– Guangzhou Lisheng International Trade Development Limited	–	777
– Hainan Kunyuan Lifestyle Technology Co., Ltd.	2,514	–
	128,347	159,145
Rendering testing services to		
– Shanghai New COGI Cosmetic Co., Ltd	138	298
– Guangzhou Zhi Yun COGI bio-technology Company Limited	102	7
	240	305
Purchase from related parties (Note)		
– Xinxiang Liby Shiye Company Limited	34,542	41,424
– Guangzhou Liby (Panyu) Company Limited	38,567	47,569
– Maanshan Liby Rihua Company Limited	32,101	39,787
– Siping Liby Rihua Company Limited	10,122	11,471
– Liby Rihua Company Limited	1,779	1,061
– Sichuan Liby Shiye Company Limited	16,985	18,825
– Guangzhou Zhi Yun COGI bio-technology Company Limited	–	119
– Guangzhou Heyi Health Technology Company Limited	265	361
– Tianjin Liby Product Sales Company Limited	–	199
– Chengdu Liby Shiye Company Limited	–	519
– Hainan Kunyuan Lifestyle Technology Co., Ltd.	215	–
	134,576	161,335



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sales support service expense (Note)		
– Guangzhou Liby Group Company Limited	37,500	35,200
Warehousing service expense (Note)		
– Guangzhou Liby Group Company Limited	9,000	9,000
IT service expense (Note)		
– Guangzhou Liby Group Company Limited	2,300	2,300
Expenses relating to short-term leases (Note)		
– Guangzhou Liby Group Company Limited	933	2,032
– Shanghai New COGI Cosmetic Co., Ltd.	210	415
	1,143	2,447
Payment of lease liabilities (Note)		
– Guangzhou Liby Group Company Limited	4,728	4,214
– Guangzhou Liby (Panyu) Company Limited	2,025	2,025
	6,753	6,239
Property management expense (Note)		
– Guangzhou Zhanze Property Management Company Limited	2,830	2,445

Note: These entities have been identified as related parties of the Group as they are under the common control by the Controlling Shareholders.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management is set out in Note 12.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 31 December 2025 and 2024, the Company has direct and indirect interests in the following principal subsidiaries, all of which are private companies, particulars of which are set out below:

Name of subsidiaries	Place and date of establishment/ incorporations and place of operation	Registered capital/issued and fully paid-up share capital	Equity interest attributable to the Company at 31 December		Principal activities
			2025	2024	
<i>Directly held:</i>					
Cheerwin Group BVI	BVI 27 March 2018	USD100	100%	100%	Investment holding
<i>Indirectly held:</i>					
Cheerwin Group HK	HK 13 April 2018	HK\$100	100%	100%	Investment holding
Cheerwin Global HK	HK 13 April 2018	HK\$100	100%	100%	Sales of daily cleaning products
Guangzhou Cheerwin (wholly foreign owned enterprise)	The PRC 19 October 2018	RMB200,000,000	100%	100%	Investment holding
Cheerwin Biotechnology (wholly-owned domestic enterprise)	The PRC 17 December 2010	RMB5,000,000	100%	100%	Sales of insecticide and daily cleaning products
Panyu Cheerwin (Incorporated domestic enterprise) (Note e)	The PRC 26 July 2011	RMB30,000,000	95%	100%	Manufacture and sales of insecticide products
Anfu Cheerwin (wholly-owned domestic enterprise)	The PRC 11 July 2006	RMB30,000,000	100%	100%	Manufacture and sales of insecticide products
Guangzhou Tongli (wholly-owned domestic enterprise)	The PRC 3 December 1992	HK\$1,400,000	100%	100%	Sales of plastic daily cleaning products
Guangzhou Yuncheng (wholly-owned domestic enterprise)	The PRC 6 February 2018	RMB5,000,000	100%	100%	Sales of daily pet necessity
Leda Automobile (wholly-owned domestic enterprise)	The PRC 5 February 2018	RMB5,000,000	100%	100%	Sales of auto accessories
Shanghai Runzhisu (wholly-owned domestic enterprise)	The PRC 19 November 2018	RMB1,000,000	100%	100%	Sales of personal care products
Guangzhou Yuntuo (wholly-owned domestic enterprise)	The PRC 14 November 2018	RMB1,000,000	100%	100%	Sales of daily cleaning products
Shanghai Cheerwin (wholly-owned domestic enterprise)	The PRC 29 July 2019	RMB5,000,000	100%	100%	Sales of personal care products
Chao liu ti (Guangzhou) (wholly-owned domestic enterprise)	The PRC 17 September 2021	RMB1,000,000	100%	100%	Marketing services
Guangzhou chao dong chao xi (wholly-owned domestic enterprise)	The PRC 17 September 2021	RMB1,000,000	100%	100%	Sales of personal care products



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38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Place and date of establishment/ incorporations and place of operation	Registered capital/issued and fully paid-up share capital	Equity interest attributable to the Company at 31 December		Principal activities
			2025	2024	
<i>Indirectly held: (continued)</i>					
Guangzhou Cheerwin Technology (wholly-owned domestic enterprise)	The PRC 23 June 2022	RMB5,000,000	100%	100%	Sales of daily cleaning products
Guangzhou Beibeijian (wholly-owned domestic enterprise)	The PRC 23 June 2022	RMB1,000,000	100%	100%	Sales of baby products
Guangzhou Chuangxingli (wholly-owned domestic enterprise)	The PRC 23 June 2022	RMB1,000,000	100%	100%	Sales of daily cleaning products
Shenzhen Zhuazhua (Incorporated domestic enterprise) (Note a)	The PRC 6 April 2015	RMB7,537,670	84.3764%	84.3764%	Sales of pets and pet products
Guangdong Zhongkeyan (wholly-owned domestic enterprise) (Note b)	The PRC 19 December 2017	RMB1,000,000	100%	100%	Testing and consultation services
Shenzhen Mileyun (Incorporated domestic enterprise) (Note c)	The PRC 14 August 2019	RMB28,000,000	75%	75%	Sales of pets and pet products
Zhongbo Lvya (Incorporated domestic enterprise) (Note d)	The PRC 24 June 2020	RMB54,682,160	96.18706%	N/A	Sales of pet products

Notes:

- (a) The subsidiary was acquired by the Group on 29 November 2022.
- (b) The subsidiary was acquired by the Group under common control on 24 March 2023.
- (c) The subsidiary was acquired by the Group on 10 October 2023.
- (d) The subsidiary was acquired by the Group on 11 July 2025.
- (e) The Group disposed of 5% of its interest in the subsidiary, reducing its continuing interest to 95%.

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

None of the subsidiaries had issued any debt securities at the end of the year.



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39. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	1,809,901	1,974,912
CURRENT ASSETS		
Other receivables	211	1
Bank balances and cash	24,126	30,092
	24,337	30,093
CURRENT LIABILITIES		
Other payables	–	485
Amount due to a subsidiary	19,535	19,535
	19,535	20,020
NET CURRENT ASSETS		
	4,802	10,073
NET ASSETS		
	1,814,703	1,984,985
CAPITAL AND RESERVES		
Share capital (Note 29)	2	2
Reserves	1,814,701	1,984,983
TOTAL EQUITY		
	1,814,703	1,984,985

Movement in the Company's reserves is as follows:

	Share premium	Capital reserves	Share based	Accumulated losses	Total
			payments reserve		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	2,465,311	29,716	16,918	(360,158)	2,151,787
Loss and other comprehensive expense for the year	–	–	–	(11,798)	(11,798)
Dividends recognised as distribution (Note 13)	–	–	–	(157,066)	(157,066)
Recognition of share-based payments	–	–	2,060	–	2,060
At 31 December 2024	2,465,311	29,716	18,978	(529,022)	1,984,983
Loss and other comprehensive expense for the year	–	–	–	(9,882)	(9,882)
Dividends recognised as distribution (Note 13)	–	–	–	(160,400)	(160,400)
At 31 December 2025	2,465,311	29,716	18,978	(699,304)	1,814,701



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40. SUBSEQUENT EVENTS

Acquisition of a subsidiary

On 31 December 2025, an indirect wholly-owned subsidiary of the Group, and shareholders (the “**Vendors**”) of Hebei Kangda Co., Ltd (the “**Target Company**”) entered into a sale and purchase agreement (the “**Acquisition Agreement**”). Pursuant to the Acquisition Agreement, the Group has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell 100% equity interests of the Target Company held by them directly at a cash consideration.

The consideration comprises (i) the initial consideration of RMB400 million (equivalent to approximately HKD440 million) (the “**Initial Consideration**”); and (ii) the contingent consideration subject to the performance of the Target Group for the year ending 31 December 2026 (the “**Final Consideration**”). The Initial Consideration and the Final Consideration shall be payable by the Group to the Vendors in cash.

As of the date of this report, the transfer of 100% equity interests of the Target Company has been completed and the Target Company becomes a subsidiary of the Group.