

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company’s independent reporting accountants, Forvis Mazars CPA Limited, Certified Public Accountants, Hong Kong.



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INDEPENDENT REPORTING ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION OF FOCUS INTERNATIONAL GROUP LTD. (FORMERLY KNOWN AS “FOCUS INTERNATIONAL LTD.”)

The Directors

FOCUS INTERNATIONAL GROUP LTD.

(formerly known as “FOCUS INTERNATIONAL LTD.”)

VBG Capital Limited

Introduction

We report on the historical financial information of FOCUS INTERNATIONAL GROUP LTD. (formerly known as “FOCUS INTERNATIONAL LTD.”) (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages I-[4] to I-[76], which comprises the combined statements of financial position of the Group at 31 December 2023, 2024 and 2025, the statements of financial position of the Company at 31 December 2023, 2024 and 2025, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together the “Historical Financial Information”). The Historical Financial Information set out on pages I-[4] to I-[76] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Group’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design 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. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group at 31 December 2023, 2024 and 2025, the financial position of the Company at 31 December 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

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REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared by entities now comprising the Group in respect of the Track Record Period.

Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, [•]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) (the “Underlying Financial Statements”) and were audited by Forvis Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi (“RMB”), and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
Revenue	5	372,322	447,053	533,369
Cost of sales		<u>(284,729)</u>	<u>(324,270)</u>	<u>(380,996)</u>
Gross profit		87,593	122,783	152,373
Other income	6	2,029	6,070	5,818
Selling and distribution costs		(24,348)	(26,312)	(27,029)
Administrative and other operating expenses		(14,365)	(21,088)	(25,443)
(Provision for) Reversal of impairment loss on trade receivables, net	30	(2,303)	690	306
Provision for impairment loss on other receivables	30	–	–	(330)
Finance costs	7	(395)	(192)	(747)
[REDACTED] expenses		<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Profit before taxation	7	48,211	78,486	96,341
Income tax expense	10	<u>(8,744)</u>	<u>(12,881)</u>	<u>(15,433)</u>
Profit and total comprehensive income for the year		<u>39,467</u>	<u>65,605</u>	<u>80,908</u>
Total comprehensive income for the year attributable to:				
Owners of the Company		39,024	65,605	80,908
Non-controlling interests		<u>443</u>	<u>–</u>	<u>–</u>
		<u>39,467</u>	<u>65,605</u>	<u>80,908</u>

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COMBINED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
	Note	2023 RMB’000	2024 RMB’000	2025 RMB’000
Non-current assets				
Property, plant and equipment	13	26,681	27,148	26,466
Intangible assets	14	–	–	1,798
Right-of-use assets	23	3,154	2,145	2,676
Deposits paid for acquisition of property, plant and equipment	15	–	622	19,270
Deferred tax assets	24	204	263	178
		<u>30,039</u>	<u>30,178</u>	<u>50,388</u>
Current assets				
Inventories	16	38,413	21,545	30,260
Trade and other receivables	17	120,884	131,177	212,523
Amount due from the Controlling Shareholders	21(b)	–	71,503	–
Restricted bank deposits	18	–	–	3,290
Bank balances and cash	19	8,023	10,328	33,628
		<u>167,320</u>	<u>234,553</u>	<u>279,701</u>
Current liabilities				
Trade and other payables	20	94,567	113,669	114,396
Amount due to the Controlling Shareholders	21(a)	25,562	–	3,155
Interest-bearing borrowings	22	5,500	10,080	30,225
Lease liabilities	23	2,120	1,213	2,147
Income tax payable		<u>11,236</u>	<u>15,776</u>	<u>7,060</u>
		<u>138,985</u>	<u>140,738</u>	<u>156,983</u>
Net current assets		<u>28,335</u>	<u>93,815</u>	<u>122,718</u>
Total assets less current liabilities		<u>58,374</u>	<u>123,993</u>	<u>173,106</u>
Non-current liabilities				
Lease liabilities	23	746	760	374
NET ASSETS		<u>57,628</u>	<u>123,233</u>	<u>172,732</u>
Capital and reserves				
Share capital	25(a)	69	69	–*
Reserves	26	<u>57,559</u>	<u>123,164</u>	<u>172,732</u>
TOTAL EQUITY		<u>57,628</u>	<u>123,233</u>	<u>172,732</u>

* Represents amount less than RMB1,000.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		
	Note	2023 RMB’000	2024 RMB’000	2025 RMB’000
Non-current assets				
Investment in subsidiaries	25(b)	<u>67</u>	<u>67</u>	<u>67</u>
Current assets				
Other receivable		<u>51</u>	<u>26</u>	<u>–</u>
Current liabilities				
Other payables		5	20	56
Amount due to a subsidiary	25(c)	<u>67</u>	<u>67</u>	<u>71</u>
		<u>72</u>	<u>87</u>	<u>127</u>
Net current liabilities		<u>(21)</u>	<u>(61)</u>	<u>(127)</u>
Total assets less current liabilities		<u>46</u>	<u>6</u>	<u>(60)</u>
NET ASSETS/(LIABILITIES)		<u><u>46</u></u>	<u><u>6</u></u>	<u><u>(60)</u></u>
Capital and reserves				
Share capital	25(a)	69	69	–*
Reserves	25(d)	<u>(23)</u>	<u>(63)</u>	<u>(60)</u>
TOTAL EQUITY/(DIFICIT)		<u><u>46</u></u>	<u><u>6</u></u>	<u><u>(60)</u></u>

* Represents amount less than RMB1,000.

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COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Reserves						Non-controlling interest	Total equity
	Share capital	Capital reserve	Special reserve	Statutory reserve	Accumulated profits	Total reserves		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(a))	(Note 26)	(Note 26)	(Note 26)				
At 1 January 2023	–	1,000	(1,000)	1,998	13,924	15,922	4,685	20,607
Profit and total comprehensive income for the year	–	–	–	–	39,024	39,024	443	39,467
Transactions with owners:								
Contributions and distributions								
Issue of shares	69	–	–	–	–	–	–	69
Capitalisation of accumulated profits of Jiaodian	–	19,000	–	–	(19,000)	–	–	–
Appropriation of statutory reserve	–	–	–	4,384	(4,384)	–	–	–
Derecognition of the Non-Core Assets (Note 2)	–	–	1,000	–	–	1,000	–	1,000
Change in ownership interests								
Acquisition of additional interest in a subsidiary (Note 28)	–	–	–	–	1,613	1,613	(5,128)	(3,515)
Total transactions with owners	69	19,000	1,000	4,384	(21,771)	2,613	(5,128)	(2,446)
At 31 December 2023	69	20,000	–	6,382	31,177	57,559	–	57,628

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	Attributable to owners of the Company					
	Reserves					
	Share capital	Capital reserve	Statutory reserve	Accumulated profits	Total reserves	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(a))	(Note 26)	(Note 26)			
At 1 January 2024	69	20,000	6,382	31,177	57,559	57,628
Profit and total comprehensive income for the year	–	–	–	65,605	65,605	65,605
Transactions with owners:						
<i>Contributions and distributions</i>						
Appropriation of statutory reserve	–	–	6,734	(6,734)	–	–
At 31 December 2024	69	20,000	13,116	90,048	123,164	123,233
At 1 January 2025	69	20,000	13,116	90,048	123,164	123,233
Profit and total comprehensive income for the year	–	–	–	80,908	80,908	80,908
Transactions with owners:						
<i>Contributions and distributions</i>						
Capital injection from the [REDACTED]						
Investments under the Reorganisation (Note (i))	–	1,910	–	–	1,910	1,910
Consideration paid to the Controlling shareholders under the Reorganisation (Note (ii))	–	(33,250)	–	–	(33,250)	(33,250)
Repurchase and cancellation of shares	(69)	–	–	–	–	(69)
Issue of shares (Note (iii) and (iv))	–*	–	–	–	–	–*
Appropriation of statutory reserve	–	–	6,343	(6,343)	–	–
Total transactions with owners	(69)	(31,340)	6,343	(6,343)	(31,340)	(31,409)
At 31 December 2025	–*	(11,340)	19,459	164,613	172,732	172,732

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Note:

- (i) Pursuant to the capital increase and equity enlargement agreement dated 30 September 2024 entered into among Mr. Zhou Hang (“Mr. Zhou”), Ms. He Shanshan (“Mrs. He”) and HK Yueda International Group Co., Limited (“HK Yueda”), Quanzhou Focus Hygiene Products Co., Ltd. (“Jiaodian”) proposed to increase its registered capital from RMB20,000,000 to RMB20,200,000 and allot and issue approximately 1% of its enlarged capital to HK Yueda at a consideration of RMB1,910,000 (the “[REDACTED] Investments”). The consideration was fully received during the year ended 31 December 2025.
- (ii) Pursuant to the equity transfer agreements dated 19 December 2024 entered into between Mr. Zhou, Ms. He and Focus Technology Group Co., Limited (“Focus Technology”), respectively, each of Mr. Zhou and Ms. He agreed to transfer 59.4% and 39.6% shares in Jiaodian to Focus Technology for a consideration of approximately RMB19,950,000 and RMB13,300,000, respectively. The consideration was fully paid during the year ended 31 December 2025. Accordingly, Jiaodian and Yuejian, a wholly-owned subsidiary of Jiaodian, became indirectly wholly-owned subsidiary of the Company.
- (iii) Pursuant to the written resolutions of the shareholders of the Company passed on 29 May 2025, 20,000 and 30,000 ordinary shares of HK\$0.0001 each were allotted and issued to Wanrong International Limited (“Wanrong”) and Wansheng International Limited (“Wansheng”), wholly-owned companies of the Controlling Shareholders (as defined in Note 1) for a consideration of HK\$2.00 and HK\$3.00, respectively.
- (iv) Pursuant to the share swap agreement dated 11 June 2025, Centrum International Holding Limited (“Centrum”) transferred the entire issued share of Happy Medicine Care to the Company in consideration of issuance of 500 ordinary shares of HK\$0.0001 each by the Company to the Centrum. Accordingly, Happy Medicine Care and HK Yueda, a wholly-owned subsidiary of Happy Medicine Care became a wholly-owned subsidiary of the Company.

Details of the above equity transactions under the Reorganisation (as defined in Note 1) are set out in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the documents.

* *Represents amount less than RMB1,000.*

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COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
OPERATING ACTIVITIES			
Profit before taxation	48,211	78,486	96,341
Adjustments for:			
Amortisation of intangible assets	–	–	15
Depreciation of property, plant and equipment	3,798	4,405	4,331
Depreciation of right-of-use assets	1,986	348	2,849
Finance costs	395	192	747
Loss on disposal of property, plant and equipment, net	752	1,908	604
Loss (Gain) on early termination of leases	–	285	(12)
Provision for (Reversal of) impairment loss on trade receivables, net	2,303	(690)	(306)
Provision for impairment loss on other receivables	–	–	330
Interest income	(27)	(92)	(15)
Operating cash flows before changes in working capital	57,418	84,842	104,884
Changes in working capital:			
Inventories	3,277	16,868	(8,715)
Trade and other receivables	(87,498)	(9,603)	(81,439)
Trade and other payables	23,008	22,081	3,560
Restricted bank deposits	–	–	(3,290)
Cash (used in) generated from operations	(3,795)	114,188	15,000
Income tax paid	(3,059)	(8,400)	(24,064)
Net cash (used in) from operating activities	(6,854)	105,788	(9,064)
INVESTING ACTIVITIES			
Interest received	27	92	15
Payments for acquisition of property, plant and equipment	(9,490)	(14,461)	(26,283)
Payments for acquisition of intangible assets	–	–	(1,813)
Proceeds from disposal of property, plant and equipment	1,151	4,080	549
Net cash used in investing activities	(8,312)	(10,289)	(27,532)

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	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
FINANCING ACTIVITIES				
Interest paid		(203)	(173)	(607)
Inception of interest-bearing borrowings		13,880	13,080	40,000
Repayment of interest-bearing borrowings		(10,325)	(8,500)	(19,855)
Repayment of lease liabilities		(2,512)	(536)	(2,960)
Payment from (to) the Controlling Shareholders		23,517	(97,065)	74,658
Net cash outflows from acquisition of additional interest in a subsidiary	28	(3,515)	–	–
Repayment to the former non-controlling equityholders of a subsidiary		(1,083)	–	–
Capital injection from the [REDACTED] Investments under the Reorganisation		–	–	1,910
Consideration paid to the Controlling Shareholders under the Reorganisation		<u>–</u>	<u>–</u>	<u>(33,250)</u>
Net cash from (used in) financing activities		<u>19,759</u>	<u>(93,194)</u>	<u>59,896</u>
Net increase in cash and cash equivalents		4,593	2,305	23,300
Cash and cash equivalents at the beginning of the reporting period		<u>3,430</u>	<u>8,023</u>	<u>10,328</u>
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	19	<u><u>8,023</u></u>	<u><u>10,328</u></u>	<u><u>33,628</u></u>

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 January 2023. The address of the Company’s registered office is [REDACTED] of 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The Company’s principal place of business in Hong Kong is situated at Unit 1910, 19/F, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong and the Group’s head office and principal place of business activities are situated at No. 185-A5-301 Tailin, Shengdong Village, Shengxin Town, Nan’an City, Quanzhou City, Fujian Province, China.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of hygienic disposables and hygienic disposable materials in the PRC.

At the date of this report, the immediate holding companies of the Company are Wanrong and Wansheng, which are incorporated in the British Virgin Islands (the “BVI”). In the opinion of the directors of the Company, the Company is ultimately controlled by Mr. Zhou and Mr. Zhou’s spouse, Ms. He (referred to as the “Controlling Shareholders”), who have been acting in concert over the course of the Group’s business history.

Pursuant to a group reorganisation (the “Reorganisation”), which was completed on 11 June 2025, as detailed in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the document issued in connection with the initial [REDACTED] of shares of the Company (the “[REDACTED]”) on the [REDACTED] of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company’s subsidiaries, which are private limited liability companies, of which the Company has direct/indirect interests are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid up capital	Attributable equity interests held by the Company	Principal activities/ Place of operation
<i><u>Directly held by the Company</u></i>				
Focus Group Global Limited (“Focus Global”) (Note (i))	The BVI 2 February 2023	United States dollars (“US\$”) 10,000	100%	Investment holding/ The BVI
Happy Medicine Care International Holding Limited (“Happy Medicine Care”) (Note (i))	The BVI, 3 September 2024	US\$1	100%	Investment holding/ The BVI

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Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid up capital	Attributable equity interests held by the Company	Principal activities/ Place of operation
<i>Indirectly held by the Company</i>				
Focus Technology Group Co., Limited (“Focus Technology”)	Hong Kong, 2 March 2023	Hong Kong dollars (“HK\$”) 10,000	100%	Investment holding/ Hong Kong
HK Yueda International Group Co., Limited (“HK Yueda”)	Hong Kong, 11 September 2024	HK\$1	100%	Investment holding/ Hong Kong
泉州市焦點衛生用品有限公司 Quanzhou Focus Hygiene Products Co., Ltd.* (“Jiaodian”)	The PRC, 21 February 2014	RMB20,200,000	100%	Sales of hygienic disposables products and materials/The PRC
福建省悅健護理用品有限公司 Fujian Yuejian Care Products Co., Ltd.* (“Yuejian”)	The PRC, 1 December 2020	RMB30,000,000	100%	Manufacturing and sales of hygienic disposable products and materials/The PRC

Set forth below is the information of the financial statements, as prepared in accordance with respective local financial reporting standards, of the Company’s subsidiaries that have been audited and fall into the Track Record Period.

Subsidiary	Financial period	Auditors
Jiaodian	For the years ended 31 December 2023, 2024 and [2025] Shenzhen Xinjiubo Certified Public Accountants LLP*	深圳鑫九博會計師事務所(特殊普通合伙)
Yuejian	For the years ended 31 December 2023, 2024 and [2025] Shenzhen Xinjiubo Certified Public Accountants LLP*	深圳鑫九博會計師事務所(特殊普通合伙)
Focus Technology	For the period ended 31 December 2023 For the years ended 31 December 2024 and 2025	Global Glory CPA Limited, <i>Certified Public Accountants,</i> <i>Hong Kong</i>
HK Yueda	For the period ended 31 December 2024 For the year ended 31 December 2025	Global Glory CPA Limited, <i>Certified Public Accountants,</i> <i>Hong Kong</i>

- (i) No audited financial statements of these companies were issued as there is no statutory audit requirement at their places of incorporation/establishment.

* English translation is for identification purpose only.

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2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” of the document, the Company became the holding company of the entities now comprising the Group are ultimately controlled by the Controlling Shareholders on 11 June 2025. The Group’s business is mainly conducted through Jiaodian and Yuejian. The Company and other entities within the Group have not been involved in any other significant activities prior to the Reorganisation. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group’s business, the Group is regarded as a continuing entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control.

As further explained in the paragraph headed “Merger accounting for business combination involving entities under common control” in Note 3, except for the changes in ownership interests in subsidiaries that do not result in a change in control as detailed in Note 28, the Historical Financial Information presents the combined financial information of the entities now comprising the Group as if the current group structure had always been in existence throughout the Track Record Period or since their respective date of incorporation or establishment, where applicable.

The Historical Financial Information aims to include assets, liabilities, income and expenses that are related to and specifically identified for the Group’s business. During the Track Record Period, the following companies, entirely owned by Jiaodian and Yuejian, were regarded as non-core assets (the “Non-core Assets”) of the Group, which are not directly related to, nor form part of, the Group’s principal business.

Name	Place of incorporation/ establishment	Equity interest held by the Group prior to deregistration	Principal activities
泉州金杉投資有限公司 Quanzhou Jinshan Investment Company Limited* (“Quanzhou Jinshan”)	The PRC	100%	Investment holdings
泉州貼伴科技有限公司 Quanzhou Tieban Technology Company Limited* (“Quanzhou Tieban”)	The PRC	100%	Developing and providing e-commerce services

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RMB1,000,000 investment cost was made to Quanzhou Jinshan and no investment cost was made to Quanzhou Tieban by the Group, and Quanzhou Jinshan and Quanzhou Tieban were deregistered on 7 March 2023 and 17 January 2024, respectively.

For the purpose of this report, the Group had segregated the relevant financial information of the Non-core Assets from the historical financial information of the Group’s principal business for the preparation of the Historical Financial Information. In particular, the investment made and carrying amount of the Non-core Assets during each reporting period were reflected as movements and balances in the combined statements of changes in equity under the heading of “special reserve” as deemed equity transactions with the Controlling Shareholders and will not form part of the Group following completion of the Reorganisation. Such presentation ceased when the Non-core Assets were formally dissolved in 2023 and 2024 respectively. The Historical Financial Information excludes the movements and balances of the Non-core Assets which, in the opinion of the directors of the Company, are clearly delineated from the Group’s principal business and whose movements and balances are clearly identifiable.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conforms with IFRS Accounting Standards issued by the IASB.

3. MATERIAL ACCOUNTING POLICIES

Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB, which collective term includes all applicable individual IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The IASB has issued a number of new/revised IFRS Accounting Standards during the Track Record Period. For the purpose of the Historical Financial Information, the Group has consistently adopted all these new/revised IFRS Accounting Standards that are relevant to its operations and are effective during the Track Record Period. The adoption of those new/revised IFRS Accounting Standards does not have any significant impact on the Historical Financial Information.

A summary of the material accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis as explained in the material accounting policies set out below.

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Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the combined statements of profit or loss and other comprehensive income and within equity in the combined statements of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments’ proportionate share in the recognised amounts of the acquiree’s identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRS Accounting Standards.

Allocation of total comprehensive income

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

Changes in ownership interest

Changes in the Group’s ownership interest in a subsidiary that do not result in a change of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal 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 determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

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For the assessment of the Group’s control over and the allocation of results and residual interests on a non-wholly owned subsidiary, the Group considers the rights and obligations among the equityholders of that subsidiary with reference to the paid-up capital or registered capital in accordance with the equityholders’ agreement (if any), the articles and the applicable laws and regulations.

Business combinations

(a) Acquisition method of accounting

The acquisition method is used to account for the acquisition of subsidiaries of the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

Acquisitions of businesses 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 value 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.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are principally recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that standard.

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 at acquisition date. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

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Non-controlling interests that are initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

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 remeasured 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 recognised in profit or loss.

(b) Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Shareholders.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Controlling Shareholders’ perspective. No amount is recognised as consideration for goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Controlling Shareholders’ interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

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Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company’s statements of financial position, investments in subsidiaries are stated at cost less impairment loss (if any). The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Machinery	5 – 10 years
Furniture, fixtures and equipment	3 – 5 years
Motor vehicles	4 – 5 years
Leasehold improvements	Shorter of assets useful lives or remaining lease term

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

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Intangible assets

Research and development cost

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over their estimated useful lives.

During the Track Record Period, no development cost was capitalised by the Group.

Software

Software is initially recognised and measured at cost incurred to acquire and being to use. Subsequent to initial recognition, the software with finite useful lives are reported at costs less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over expected lives of software, which are determined 10 years.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group’s contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

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Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income (“FVOCI”); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group’s financial assets at amortised cost include trade and other receivables, amount due from the Controlling Shareholders and bank balances and cash.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

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Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information;
- (ii) nature of instruments;
- (iii) nature of collateral (if any);
- (iv) industry of debtors;
- (v) geographical location of debtors; and
- (vi) external credit risk ratings.

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Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument’s credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

- (i) 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); or
- (ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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 in the assessment:

- the debtor’s failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial 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.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group’s procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is manufacturing and sales of hygienic disposables and hygienic disposable materials.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group’s promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

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Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (b) the Group’s performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from sales of hygienic disposables and hygienic disposable materials are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group’s borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

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Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Refund liabilities

The Group grants certain customers with the right to return the products with defective or counterfeit, or for reasons such as a misrepresentation or misleading product description, or within the predetermined period for unconditional return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group recognises a right to returned goods asset and a corresponding adjustment to cost of sales in respect of the right to recover the product when customers exercise their right of return. With reference to its historical experience and its expectation of future returns as adjusted for current relevant information, the Group estimates the number of returns using the most-likely-amount method and assesses whether the estimated variable consideration is constrained. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

During the Track Record Period, the Group estimated and adjusted the refund liabilities to revenue from time to time and there were no significant product return from customers which is subject to refund liabilities at the end of each reporting period.

Principal versus agent

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

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

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

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The Group is acting as a principal for all of its goods as the Group controls all of its goods before the good transferred to its customers and its performance obligation is to transfer those goods to its customers.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group’s right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group has an unconditional right to an amount of consideration from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to the non-refundable receipts in advance is reported under “Other Payables”.

Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Historical Financial Information is presented in RMB and rounded to the nearest thousands unless otherwise indicated. The Company’s functional currency is HK\$ and the functional currency of majority of the Group’s subsidiaries is RMB.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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The results and financial position of all the group entities that have a functional currency different from the presentation currency (“foreign operations”) are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and
- on the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment and the Company’s investments in subsidiaries may be impaired or impairment loss

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previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

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 cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate unless there is no future service or other conditions attached to the grants which would be recognised in the profit or loss when they are approved by and the cash are received from the relevant authorities. Where the grant relates to an asset, the fair value is recognised as a reduction from the carrying amount of the relevant assets and is released to profit or loss over the expected useful life of the relevant assets.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives at the annual rates/useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying assets) as follows:

Leased properties

Over the lease term

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the lease.

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The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

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

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When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Group determines the lease term of the modified contract;
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and/or
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Employee benefits***Short term employee benefits***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Group’s entities established in the PRC are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

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Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person’s family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.

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- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person’s children and spouse or domestic partner;
- (b) children of that person’s spouse or domestic partner; and
- (c) dependants of that person or that person’s spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group’s most senior executive management for the purpose of allocating resources to, and assessing the performance of the Group’s various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

- (i) Key sources of estimation uncertainty are as follows:

Useful lives of property, plant and equipment and intangible assets

The management of the Group determines the estimated useful lives of the Group’s property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

Impairment of non-financial assets

The management of the Group determines whether the Group’s property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from property, plant and equipment and right-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

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Allowance for inventories

The Group’s management reviews the condition of inventories and inventory ageing analysis periodically and where applicable, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period based on management’s estimation of the net realisable value, considering the latest market prices and current market conditions.

Loss allowance for ECL

The Group’s management estimates the loss allowance for financial assets at amortised cost including trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group’s historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Income tax

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In cases where the actual future profits generated are different from the original estimate, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss in the period in which such estimate is changed.

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- (ii) Critical judgements made in applying accounting policies

Control over a non-wholly owned subsidiary – Fujian Yuejian Care Products Co., Ltd. (“Yuejian”)

The Group entered into several equity transfer agreements with former non-controlling equityholders of Yuejian to acquire entire equity interests in Yuejian during the years ended 31 December 2021, 2022 and 2023. After the completion of equity transfer transactions on 27 January 2021 and 28 October 2021, the Group owned 35.7% registered capital of Yuejian and contributed 63% paid-up capital in Yuejian up to 31 December 2021. Upon the completion of equity transfer transaction on 20 May 2022 (the “FY2022 Acquisition”), the Group owned 67.5% registered capital of Yuejian and contributed 85% paid-up capital in Yuejian. The Group then acquired remaining 32.5% registered capital in Yuejian from those former non-controlling equityholders on 29 May 2023. Details of the FY2022 Acquisition are set out in Note 28.

Pursuant to the shareholders’ resolution passed among equityholders of Yuejian, the equityholders of Yuejian should exercise their corresponding voting rights and own the rights and obligations among the equityholders of Yuejian in proportion to their actual paid-up capital contributions in Yuejian and in accordance with the article of Yuejian, the sole director of Yuejian is appointed by the shareholders’ meeting to direct the relevant activities of Yuejian.

Given that, notwithstanding the Group did not hold majority registered capital in Yuejian prior to the completion of FY2022 Acquisition, the Group contributed a majority of paid-up capital of Yuejian since 28 October 2021, and therefore the Group has majority voting rights in shareholders’ meeting of Yuejian and the right to appoint the sole director of Yuejian to direct operating and financing decision making activities of Yuejian, the directors of the Company concluded that the Group has obtained control over Yuejian as the Group has power over Yuejian from its majority voting rights, and the Group is exposed, or has rights, to variable returns from its involvement with Yuejian and has the ability to affect those returns through its power over Yuejian since 28 October 2021 and accordingly, the Group has combined the relevant financial information of Yuejian into the Historical Financial Information and accounted for the Group’s allocation of results and residual interests on Yuejian and relative non-controlling interests in Yuejian in proportion to their respective actual paid-up capital contribution in Yuejian for the Track Record Period.

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Future changes in IFRS Accounting Standards

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRS Accounting Standards that are not yet effective for the Track Record Period, which the Group has not early adopted.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ^[1]
Annual Improvements to IFRS Accounting Standards	Volume 11 ^[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ^[1]
IFRS 18	Presentation and Disclosure in Financial Statements ^[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures ^[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ^[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after 1 January 2026

^[2] Effective for annual periods beginning on or after 1 January 2027

^[3] The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the Group’s combined financial position or performance.

4. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the Track Record Period, as the Group manages its business as a whole as the manufacturing and sales of hygienic disposables and hygienic disposable materials. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

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Geographical information

(a) Revenue from external customers

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of the revenue is presented based on the domicile of external customers’ countries or cities.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
The PRC (excluding Hong Kong, Macau and Taiwan)	143,800	200,651	335,872
Uzbekistan	59,824	51,697	71,143
Pakistan	53,719	52,050	32,535
Hong Kong	27,690	38,342	41,107
South Korea	13,889	7,786	4,141
Southeast Asia (<i>Note</i>)	25,430	55,798	22,531
Nigeria	18,482	17,462	6,141
Others	29,488	23,267	19,899
	<u>372,322</u>	<u>447,053</u>	<u>533,369</u>

Note: Southeast Asia included the sales to external customers located in Malaysia, Thailand, Singapore, Philippines, Vietnam and Brunei.

(b) Non-current assets

The non-current assets information is based on the locations of assets and included the Group’s property, plant and equipment, intangible assets, right-of-use assets and deposits paid for acquisition of property, plant and equipment (the “Non-current Assets”). All of the Group’s non-current Assets were located in the PRC.

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Information about major customers

Details of the customers (presented by entities under common control, if appropriate) individually accounting for 10% or more of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	<u>51,114</u>	<u>58,589</u>	<u>87,184</u>

5. REVENUE

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers within IFRS 15, at point in time			
Sales of hygienic disposables			
– Babycare	111,988	139,079	131,372
– Feminine care	64,571	113,706	163,698
– Adult incontinence	<u>15,063</u>	<u>15,065</u>	<u>32,825</u>
	<u>191,622</u>	<u>267,850</u>	<u>327,895</u>
Sales of hygienic disposable materials	<u>180,700</u>	<u>179,203</u>	<u>205,474</u>
	<u>372,322</u>	<u>447,053</u>	<u>533,369</u>

The revenue recognised for the years ended 31 December 2023, 2024 and 2025, which was included in the contract liabilities at the beginning of respective reporting periods were approximately RMB20,149,000, RMB22,389,000 and RMB15,968,000 respectively (*Note 20(c)*).

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6. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales of production wastes	1,635	2,177	1,969
Government grants (<i>Note (i)</i>)	335	155	1,041
Gain on early termination of leases	–	–	12
Interest income	27	92	15
Sundry income	32	174	106
Exchange gain, net	–	1,847	692
Additional deduction of input value-added tax (“VAT”) (<i>Note (ii)</i>)	–	1,625	1,983
	<u>2,029</u>	<u>6,070</u>	<u>5,818</u>

Notes:

- (i) Government grants represent various form of subsidies granted to the Group by the local government authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business supports and awarded to the Group on a discretionary basis. The Group received these government grants in respect of its investments in the PRC.

There were no unfulfilled conditions or contingencies relating to these grants during the Track Record Period.

- (ii) According to Announcement 2023 No. 43 of the Ministry of Finance and the State Taxation Administration of the PRC, with effect from 1 January 2023 and until 31 December 2027, advanced manufacturing enterprises are eligible for additional VAT credits by 5% of the current period creditable input VAT. A subsidiary of the Company, Yuejian is qualified for the additional deduction of the VAT credit.

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7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finance costs			
Interest on interest-bearing borrowings	203	173	607
Interest on lease liabilities	<u>192</u>	<u>19</u>	<u>140</u>
	<u>395</u>	<u>192</u>	<u>747</u>
Staff costs (including directors’ remuneration)			
Salaries, allowances, discretionary bonus and other benefits in kind	12,588	12,444	14,800
Contributions to defined contribution plans	<u>491</u>	<u>934</u>	<u>1,577</u>
	<u>13,079</u>	<u>13,378</u>	<u>16,377</u>
Other items			
Auditor’s remuneration	–	–	30
Cost of inventories (<i>Note (i)</i>)	284,729	324,270	380,996
Amortisation of intangible assets (charged to “cost of sales”)	–	–	15
Depreciation of property, plant and equipment (charged to “cost of sales”, “selling and distribution expenses” and “administrative expenses”, as appropriate)	3,798	4,405	4,331
Depreciation of right-of-use assets (charged to “cost of sales” and “administrative expenses”)	1,986	348	2,849
Exchange loss (gain), net	1,342	(1,847)	(692)
Expenses recognised under short-term leases (charged to “cost of sales” and “administrative expenses”)	320	1,955	45
Loss on disposal of property, plant and equipment, net	752	1,908	604
Loss (Gain) on early termination of leases	–	285	(12)
Research and development expenses (included in “administrative expenses”) (<i>Note (ii)</i>)	<u>5,758</u>	<u>9,071</u>	<u>12,778</u>

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Notes:

- (i) Cost of inventories included approximately RMB9,837,000, RMB10,491,000 and RMB12,364,000 relating to the aggregated amount of certain staff costs, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and short-term leases expense which were included in the respective amounts as disclosed above during the years ended 31 December 2023, 2024 and 2025, respectively.
- (ii) During the Track Record Period, the Group carried out several research and development projects for (i) enhancement of the existing products quality and production efficiency and (ii) development of new products (together, the “Research and Development Activities”). Having considered the enhancement to the existing products’ quality and production efficiency cannot be clearly quantified and the technical feasibility for the completion of new projects are uncontrollable, the costs incurred in the Research and Development Activities are recognised in the profit or loss as incurred during the corresponding periods.

8. DIRECTORS’ EMOLUMENTS

The Company was incorporated in the Cayman Islands on 5 January 2023 and Mr. Zhou was appointed as a director of the Company on 5 January 2023 and was re-designated as an executive director of the Company on 12 June 2025. Ms. He, Mr. Chen Zhenbing and Ms. Yu Yahuan were appointed as executive directors of the Company on 12 June 2025, 12 June 2025 and 12 June 2025 respectively. Mr. Chen Chaohui, Mr. Ng Tat Fung and Mr. Shi Wei were appointed as independent non-executive directors of the Company on [•].

Certain directors of the Company received remuneration from the entities now comprising the Group during the Track Record Period for their employment as directors or employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

Year ended 31 December 2023

	Directors’ fee	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<i>Executive directors</i>					
Mr. Zhou Hang	–	200	–	60	260
Ms. He Shanshan	–	79	–	24	103
Mr. Chen Zhenbing	–	165	–	46	211
Ms. Yu Yahuan	–	71	–	3	74
	–	515	–	133	648

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Year ended 31 December 2024

	Directors’ fee RMB’000	Salaries, allowances and other benefits in kind RMB’000	Discretionary bonus RMB’000	Contributions to defined contribution plans RMB’000	Total RMB’000
<i>Executive directors</i>					
Mr. Zhou Hang	–	192	–	57	249
Ms. He Shanshan	–	82	–	24	106
Mr. Chen Zhenbing	–	178	–	53	231
Mr. Yu Yahuan	–	66	–	20	86
	–	518	–	154	672

Year ended 31 December 2025

	Directors’ fee RMB’000	Salaries, allowances and other benefits in kind RMB’000	Discretionary bonus RMB’000	Contributions to defined contribution plans RMB’000	Total RMB’000
<i>Executive directors</i>					
Mr. Zhou Hang	–	574	–	148	722
Ms. He Shanshan	–	281	–	85	366
Mr. Chen Zhenbing	–	183	–	56	239
Mr. Yu Yahuan	–	80	–	35	115
	–	1,118	–	324	1,442

During the Track Record Period, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

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9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Track Record Period is as follows:

	Number of individuals		
	Year ended 31 December		
	2023	2024	2025
Director	2	2	3
Non-director	3	3	2
	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above highest paid non-director individual are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonus and other benefits in kind	449	465	332
Contributions to defined contribution plans	134	139	98
	<u>583</u>	<u>604</u>	<u>430</u>

The number of these non-director individual whose emoluments fell within the following emoluments band is as follows:

	Number of individuals		
	Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>2</u>

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individual as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individual waived or agreed to waive any emoluments during the Track Record Period.

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10. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current tax			
PRC Enterprise Income Tax (“EIT”)	8,716	12,940	15,348
Deferred taxation			
Changes in temporary differences (<i>Note 24</i>)	<u>28</u>	<u>(59)</u>	<u>85</u>
Total income tax expense for the year	<u><u>8,744</u></u>	<u><u>12,881</u></u>	<u><u>15,433</u></u>

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong during the Track Record Period.

The group entities established in the PRC are subject to PRC EIT at a statutory rate of 25% during the Track Record Period except for Yuejian which has been recognised as High and New Technology Enterprise (the “HNTE”) since December 2023 and is entitled to a preferential tax rate of 15% for the years ended 31 December 2023, 2024 and 2025. The entitlement of the HNTE is subject to renewal by the tax bureau in the PRC every three years. The latest approval of the HNTE for Yuejian was obtained in December 2023 for the three years ending 31 December 2025.

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Reconciliation of income tax expense

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before taxation	<u>48,211</u>	<u>78,486</u>	<u>96,341</u>
Income tax at statutory tax rate applicable in respective territories	12,053	19,622	24,097
Effect of preferential tax treatments	(2,878)	(6,267)	(8,876)
Non-deductible expenses	433	887	2,129
Additional tax deduction for research and development expenses (<i>Note</i>)	<u>(864)</u>	<u>(1,361)</u>	<u>(1,917)</u>
Income tax expense for the year	<u>8,744</u>	<u>12,881</u>	<u>15,433</u>

Note: According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, an enterprise engaging in research and development activities is entitled to claim 200% of its qualified research and development expenses incurred as tax deductible expenses when determining its assessable profits for the relevant reporting periods.

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

12. DIVIDENDS

During the Track Record Period, no dividends have been declared or paid by the Company.

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB’000	Machinery RMB’000	Furniture, fixtures and equipment RMB’000	Motor vehicles RMB’000	Total RMB’000
Reconciliation of carrying amount – year ended 31 December 2023					
At 1 January 2023	2,702	22,462	457	814	26,435
Additions	5	5,812	60	70	5,947
Depreciation	(730)	(2,596)	(164)	(308)	(3,798)
Disposals	–	(1,903)	–	–	(1,903)
At 31 December 2023	<u>1,977</u>	<u>23,775</u>	<u>353</u>	<u>576</u>	<u>26,681</u>
Reconciliation of carrying amount – year ended 31 December 2024					
At 1 January 2024	1,977	23,775	353	576	26,681
Additions	155	10,686	6	13	10,860
Depreciation	(747)	(3,280)	(135)	(243)	(4,405)
Disposals	–	(5,988)	–	–	(5,988)
At 31 December 2024	<u>1,385</u>	<u>25,193</u>	<u>224</u>	<u>346</u>	<u>27,148</u>

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	Leasehold improvements RMB’000	Machinery RMB’000	Furniture, fixtures and equipment RMB’000	Motor vehicles RMB’000	Total RMB’000
Reconciliation of carrying amount – year ended 31 December 2025					
At 1 January 2025	1,385	25,193	224	346	27,148
Additions	144	4,530	109	19	4,802
Depreciation	(769)	(3,304)	(121)	(137)	(4,331)
Disposals	–	(1,141)	(12)	–	(1,153)
At 31 December 2025	<u>760</u>	<u>25,278</u>	<u>200</u>	<u>228</u>	<u>26,466</u>
At 31 December 2023					
Cost	3,652	29,531	712	1,388	35,283
Accumulated depreciation	<u>(1,675)</u>	<u>(5,756)</u>	<u>(359)</u>	<u>(812)</u>	<u>(8,602)</u>
Net carrying amounts	<u>1,977</u>	<u>23,775</u>	<u>353</u>	<u>576</u>	<u>26,681</u>
At 31 December 2024					
Cost	3,807	30,936	718	1,401	36,862
Accumulated depreciation	<u>(2,422)</u>	<u>(5,743)</u>	<u>(494)</u>	<u>(1,055)</u>	<u>(9,714)</u>
Net carrying amounts	<u>1,385</u>	<u>25,193</u>	<u>224</u>	<u>346</u>	<u>27,148</u>
At 31 December 2025					
Cost	3,951	33,928	792	1,420	40,091
Accumulated depreciation	<u>(3,191)</u>	<u>(8,650)</u>	<u>(592)</u>	<u>(1,192)</u>	<u>(13,625)</u>
Net carrying amounts	<u>760</u>	<u>25,278</u>	<u>200</u>	<u>228</u>	<u>26,466</u>

Certain of the Group’s property, plant and equipment with an aggregate net carrying amount of approximately RMB12,534,000 at 31 December 2025 were pledged to secure for the issuance of bills payables (*Note 20(b)*).

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14. INTANGIBLE ASSETS

	Software <i>RMB’000</i>
Reconciliation of carrying amount – year ended 31 December 2025	
At 1 January 2025	–
Additions	1,813
Amortisation	<u>(15)</u>
At 31 December 2025	<u><u>1,798</u></u>
At 31 December 2025	
Cost	1,813
Accumulated amortisation	<u>(15)</u>
Net carrying amounts	<u><u>1,798</u></u>

Software mainly represented costs incurred for development of a real-time operation data analysis system for purpose to achieve streamlined production management, which are amortised in accordance with accounting policies set in Note 3.

15. DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deposits paid for acquisition of property, plant and equipment	<u><u>–</u></u>	<u><u>622</u></u>	<u><u>19,270</u></u>

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16. INVENTORIES

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw materials	27,351	6,207	8,219
Finished goods	<u>11,062</u>	<u>15,338</u>	<u>22,041</u>
	<u>38,413</u>	<u>21,545</u>	<u>30,260</u>

17. TRADE AND OTHER RECEIVABLES

		At 31 December		
		2023	2024	2025
	Note	RMB’000	RMB’000	RMB’000
Trade receivables from third parties	17(a)	108,172	70,252	177,380
Less: Loss allowance	30	<u>(2,874)</u>	<u>(2,184)</u>	<u>(1,878)</u>
	17(b)	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>
Other receivables				
Prepayments to suppliers		2,186	40,156	2,467
Prepayments for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Receivables from digital platforms	17(c)	1,178	377	494
VAT and other tax recoverables		4,090	17,370	8,417
Other prepayments		6,855	1,426	720
Other receivables		1,277	1,113	1,206
Refundable deposit paid for acquisition of a land use right	17(d)	<u>–</u>	<u>–</u>	<u>20,000</u>
		15,586	63,109	37,351
Less: Loss allowance	30	<u>–</u>	<u>–</u>	<u>(330)</u>
		<u>15,586</u>	<u>63,109</u>	<u>37,021</u>
		<u>120,884</u>	<u>131,177</u>	<u>212,523</u>

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17(a) Trade receivables from third parties

The credit terms granted to customers vary and are generally the results of negotiations between individual customers and the Group. The Group normally grants credit period up to 90 days to its customers.

17(b) The ageing analysis of trade receivables (net of loss allowance) based on revenue recognition date at the end of each reporting period is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 30 days	33,875	29,417	70,834
31 to 60 days	19,104	21,032	61,054
61 to 90 days	31,466	14,705	34,837
91 to 180 days	18,729	1,297	8,488
181 to 365 days	1,876	1,617	25
Over 365 days	248	–	264
	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>

At the end of each reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	<u>83,729</u>	<u>65,119</u>	<u>163,797</u>
Past due but not impaired:			
Within 30 days	18,750	406	10,396
31 to 60 days	440	557	571
61 to 90 days	33	368	443
91 to 180 days	885	3	31
181 to 365 days	<u>1,461</u>	<u>1,615</u>	<u>264</u>
	<u>21,569</u>	<u>2,949</u>	<u>11,705</u>
	<u>105,298</u>	<u>68,068</u>	<u>175,502</u>

Information about the Group’s exposure to credit risks and loss allowance for trade and other receivables are set out in Note 30.

The Group does not hold any collateral over these balances.

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17(c) Receivables from digital platforms

The amounts represented the considerations received by the digital platforms on behalf of the Group for the sales through the Group’s self-operated online retail stores via their platforms. The amounts were repayable on demand upon the request from the Group.

17(d) Refundable deposit paid for acquisition of a land use right

The amount represented a refundable good faith deposit of RMB20,000,000 with corresponding loss allowance for ECL of approximately RMB330,000, paid for a right of preemption in acquisition of a land use right of a parcel of land (“Jinjiang leasehold land”) located in Jinjiang City, Fujian Province, the PRC from an independent third party. On 15 April 2025, Jiaodian, an indirect wholly-owned subsidiary of the Company, entered into a preemptive right agreement with an independent third party, pursuant to which, Jiaodian enjoys a preemptive right to purchase the land use right of Jinjiang leasehold land from such independent third party within one year from the date of the preemptive right agreement. The deposit will be refunded either a formal sale and purchase agreement in relation to the acquisition of the land use right of Jinjiang leasehold land is signed or after 1 year from the date of the preemptive right agreement.

18. RESTRICTED BANK DEPOSITS

Restricted bank deposits are deposits which are placed in the PRC banks as securities for the issuance of bills payables (*Note 20(b)*).

19. BANK BALANCES AND CASH

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents in the combined statements of financial position and the combined statements of cash flows	8,023	10,328	33,628

Cash at banks earn interest at floating rates based on daily bank deposit rates. The carrying amounts of bank balances and cash are denominated in HK\$, RMB and US\$.

At 31 December 2023, 2024 and 2025, bank balances that were placed with banks in the PRC amounted to approximately RMB8,023,000, RMB10,328,000 and RMB33,628,000, respectively. Remittance of funds out of the PRC is subject to the exchange controls imposed by the PRC government.

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20. TRADE AND OTHER PAYABLES

		At 31 December		
		2023	2024	2025
	Note	RMB’000	RMB’000	RMB’000
Trade payables	20(a)	47,516	68,863	74,492
Bills payables	20(b)	–	–	17,720
Other payables				
Contract liabilities – receipts in advance	20(c)	24,987	15,968	6,285
Accruals and other payables		2,250	2,431	1,298
Accrued [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Salary payables		6,788	7,251	5,903
Payable for acquisition of property, plant and equipment		11,056	8,077	5,244
VAT and other tax payables		1,970	11,079	3,075
		47,051	44,806	22,184
		94,567	113,669	114,396

20(a) Trade payables

The trade payables were unsecured, interest-free and with normal credit terms up to 90 days.

At the end of each reporting period, the ageing analysis of trade payables based on goods receipt date is as follows:

		At 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Within 30 days		19,116	17,881	35,803
31 to 60 days		13,297	18,792	19,062
61 to 90 days		8,132	16,592	12,324
Over 90 days		6,971	15,598	7,303
		47,516	68,863	74,492

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20(b) Bills payables

At 31 December 2025, the bills payables were interest-free, guaranteed by banks in the PRC and had maturities of no more than six months. The Group’s bills payables are secured by:

- (i) a property jointly held by Mr. Zhou and Ms. He;
- (ii) pledge of the Group’s restricted bank deposits of approximately RMB3,290,000 (*Note 18*);
- (iii) property, plant and equipment of the Group with an aggregate net carrying amount of approximately RMB12,534,000 (*Note 13*); and
- (iv) personal guarantees in aggregate amounts of RMB30,000,000 given by Mr. Zhou and Ms. He.

The above pledged assets and personal guarantees will be released and replaced by a corporate guarantee from the Company upon the [REDACTED].

20(c) Contract liabilities – receipts in advance

The Group applies the practical expedient and does not disclose information about remaining performance

obligations that have original expected durations of one year or less.

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities within IFRS 15 during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the reporting period	21,774	24,987	15,968
Additions	23,362	13,370	6,285
Revenue recognised (<i>Note 5</i>)	(20,149)	(22,389)	(15,968)
At the end of the reporting period	<u>24,987</u>	<u>15,968</u>	<u>6,285</u>

The contract liabilities of approximately RMB24,987,000, RMB15,968,000 and RMB6,285,000 at 31 December 2023, 2024 and 2025, respectively, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of each reporting period. The Group expects the majority of the unsatisfied performance obligations would be recognised as revenue in one year or less when the obligations are performed.

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Contract liabilities primarily represent advance payments received from customers for goods that have not been transferred to the customers. The changes in contract liabilities during the Track Record Period were mainly due to the changes in number of sales orders which required advance payments at the end of each reporting period.

21. AMOUNT DUE TO (FROM) THE CONTROLLING SHAREHOLDERS

21(a) Amount due to the Controlling Shareholders

At 31 December 2023 and 2025, the amount due to the Controlling Shareholders of approximately RMB25,562,000 and RMB3,155,000, respectively, which was classified under current liabilities, was non-trade in nature, unsecured, interest-free and repayable on demand.

21(b) Amount due from the Controlling Shareholders

At 31 December 2024, the amount due from the Controlling Shareholders of approximately RMB71,503,000, which was classified under current assets, was non-trade in nature, unsecured, interest-free and repayable on demand.

22. INTEREST-BEARING BORROWINGS

At the end of each reporting period, the details of the interest-bearing borrowings of the Group are as follows:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate bank borrowings			
– secured	2,500	7,080	30,225
– unsecured	<u>3,000</u>	<u>3,000</u>	<u>–</u>
	<u>5,500</u>	<u>10,080</u>	<u>30,225</u>

The secured and unsecured bank borrowings of approximately RMB5,500,000, RMB10,080,000 and RMB30,225,000 at 31 December 2023, 2024 and 2025 were repayable within one year and carried effective interest rate of approximately 3.71%, 3.46% and 2.86% per annum, respectively.

The bank borrowings are drawn under banking facilities. The banking facilities are secured by:

- (i) personal guarantees in aggregate amounts of RMB10,000,000, RMB10,000,000 and RMB15,000,000 given by the Controlling Shareholders, Mr. Zhou and Ms. He at 31 December 2023, 2024 and 2025, respectively;
- (ii) joint guarantees in aggregate amounts of RMB2,500,000 given by Ms. He and Mr. Cai Hehua, an independent third party at 31 December 2023;

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- (iii) personal guarantee in aggregate amounts of RMB7,700,000 and RMB24,450,000 given by Mr. Zhou at 31 December 2024 and 2025, respectively; and
- (iv) personal guarantee in aggregate amounts of RMB5,000,000 given by Ms. He at 31 December 2025.

The above personal guarantees and joint guarantees will be released and replaced by a corporate guarantee from the Company upon the [REDACTED].

All of the banking facilities are subject to the fulfilment of covenants as are commonly found in lending arrangements with financial institutions. If the relevant borrowing entities were to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2023, 2024 and 2025, none of the covenants relating to drawn down facilities had been breached.

23. LEASES

The Group as lessee

Right-of-use assets

**Leased
properties**
RMB’000

Reconciliation of carrying amount - year ended 31 December 2023

At 1 January 2023	5,054
Addition	86
Depreciation	<u>(1,986)</u>
At 31 December 2023	<u><u>3,154</u></u>

Reconciliation of carrying amount - year ended 31 December 2024

At 1 January 2024	3,154
Addition	2,447
Depreciation	(348)
Early termination of lease	<u>(3,108)</u>
At 31 December 2024	<u><u>2,145</u></u>

Reconciliation of carrying amount - year ended 31 December 2025

At 1 January 2025	2,145
Addition	4,985
Depreciation	(2,849)
Early termination of lease	<u>(1,605)</u>
At 31 December 2025	<u><u>2,676</u></u>

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	Leased properties RMB’000
At 31 December 2023	
Cost	8,751
Accumulated depreciation	<u>(5,597)</u>
	<u><u>3,154</u></u>
At 31 December 2024	
Cost	2,533
Accumulated depreciation	<u>(388)</u>
	<u><u>2,145</u></u>
At 31 December 2025	
Cost	5,378
Accumulated depreciation	<u>(2,702)</u>
	<u><u>2,676</u></u>

The Group leases properties for its daily operations with the initial lease terms for 1 to 5 years during the Track Record Period.

Extension and termination options

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties are normally exercised after the contracts terms and conditions are renegotiated and agreed between the Group and the lessor because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant costs or acquisition of new properties.

During the Track Record Period, all of lease contracts for leased properties contain an extension or termination option, in which the total lease payment made amounted to approximately RMB2,832,000, RMB2,491,000, and RMB3,005,000, respectively, representing the total cash outflows for leased properties for the years ended 31 December 2023, 2024 and 2025.

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessors, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Commitments under leases

At 31 December 2023, 2024 and 2025, no material commitments on short-term leases or low-value asset leases.

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Lease liabilities

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities			
Current	2,120	1,213	2,147
Non-current	<u>746</u>	<u>760</u>	<u>374</u>
	<u><u>2,866</u></u>	<u><u>1,973</u></u>	<u><u>2,521</u></u>

Commitments and present value of lease liabilities:

	Lease payments		
	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Amounts payable:			
Within 1 year	2,217	1,261	2,192
More than 1 year but within 2 years	762	768	132
More than 2 years but within 5 years	<u>–</u>	<u>–</u>	<u>264</u>
	2,979	2,029	2,588
Less: future finance charges	<u>(113)</u>	<u>(56)</u>	<u>(67)</u>
Total lease liabilities	<u><u>2,866</u></u>	<u><u>1,973</u></u>	<u><u>2,521</u></u>

	Present value of lease payments		
	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Amounts payable:			
Within 1 year	2,120	1,213	2,147
More than 1 year but within 2 years	746	760	120
More than 2 years but within 5 years	<u>–</u>	<u>–</u>	<u>254</u>
Total lease liabilities	<u><u>2,866</u></u>	<u><u>1,973</u></u>	<u><u>2,521</u></u>

At 31 December 2023, 2024 and 2025, the weighted average effective interest rates of the lease liabilities of the Group were approximately 4.65%, 3.61% and 3.45% per annum, respectively.

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The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest on lease liabilities	192	19	140
Depreciation of right-of-use assets	1,986	348	2,849
Expenses relating to short-term leases	<u>320</u>	<u>1,955</u>	<u>45</u>
	<u><u>2,498</u></u>	<u><u>2,322</u></u>	<u><u>3,034</u></u>

24. DEFERRED TAXATION

The movements in the Group’s deferred tax assets for the Track Record Period were as follows:

	Accrued cost
	<i>RMB’000</i>
Deferred tax arising from:	
At 1 January 2023	232
Income tax expenses	<u>(28)</u>
At 31 December 2023	<u><u>204</u></u>
At 1 January 2024	204
Income tax credit	<u>59</u>
At 31 December 2024	<u><u>263</u></u>
At 1 January 2025	263
Income tax expenses	<u>(85)</u>
At 31 December 2025	<u><u>178</u></u>

At the end of each reporting period, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group’s subsidiaries established in the PRC. In the opinion of the management of the Group, it is probable that the earnings will not be distributed in the foreseeable future. The estimated withholding tax effects on the distribution of accumulated profits were approximately RMB4,382,000, RMB10,416,000 and RMB18,367,000 at 31 December 2023, 2024 and 2025, respectively.

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25. SHARE CAPITAL AND FINANCIAL INFORMATION OF THE COMPANY**(a) Share capital**

The Company was incorporated in the Cayman Islands as an exemption company with limited liability under the Law of the Cayman Islands on 5 January 2023. Upon its incorporation, the authorised share capital of US\$10,000 was divided into 50,000 ordinary shares at US\$0.2 each and 50,000 ordinary shares with total consideration of US\$10,000 was issued.

Pursuant to the written resolutions of the shareholders of the Company passed on 29 May 2025, for the purpose of re-denomination of shares, (a) the authorised share capital of the Company was increased by HK\$380,000 divided into 3,800,000,000 ordinary shares of HK\$0.0001 each; (b) 20,000 and 30,000 ordinary shares of HK\$0.0001 each were allotted and issued to Wanrong and Wansheng, wholly-owned companies of the Controlling Shareholders for a consideration of HK\$2.00 and HK\$3.00, respectively; (c) the Company repurchased from Wanrong and Wansheng an aggregate of 50,000 ordinary shares of US\$0.2 each; (d) these repurchased ordinary shares were cancelled and the authorised share capital of our Company was reduced by US\$10,000; and (e) following the abovementioned steps, the authorised share capital of our Company was re-denominated as HK\$380,000 divided into 3,800,000,000 ordinary shares of HK\$0.0001 each.

On 11 June 2025, 500 ordinary shares were further issued at HK\$0.0001 each to Centrum.

Pursuant to the Reorganisation completed on 11 June 2025, the Company became the holding company of the entities now comprising the Group. Further details of change in authorised and issue capital of the Company since its incorporation are set out in the paragraph headed “Reorganisation, History and Corporate Structure – Reorganisation” of the document.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

(b) Investment in subsidiaries

Investment in subsidiaries represents 100% of the issued share capital of Focus Global and Happy Medicine Care.

(c) Amount due to a subsidiary

The amount due was non-trade in nature, unsecured, interest-free and repayable on demand.

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(d) Reserve of the Company

	Accumulated losses RMB’000	Total RMB’000
At 5 January 2023 (date of incorporation)	–	–
Loss and total comprehensive loss for the period	<u>23</u>	<u>23</u>
At 31 December 2023	<u>23</u>	<u>23</u>
At 1 January 2024	23	23
Loss and total comprehensive loss for the year (Note)	<u>40</u>	<u>40</u>
At 31 December 2024	<u>63</u>	<u>63</u>
At 1 January 2025	63	63
Profit and total comprehensive income for the year (Note)	<u>(3)</u>	<u>(3)</u>
At 31 December 2025	<u>60</u>	<u>60</u>

Note: During the years ended 31 December 2024 and 2025, the [REDACTED] expenses of approximately RMB[REDACTED] and RMB[REDACTED] charged to the profit or loss were borne by the Company’s subsidiaries without recharge.

26. RESERVES

Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital and capitalisation of accumulated profits (if any) of the entities now comprising the Group before completion of the Reorganisation less consideration paid to acquire the relevant interests (if any) in relation to the Reorganisation.

Special reserve

The special reserve comprises the aggregate amount of the Non-core Assets controlled by the Controlling Shareholders at the respective dates and balances arising from the transactions with owners in their capacity as the equity owners. As further explained in Note 2, the Historical Financial Information excludes the Non-core Assets. For purposes of the preparation of the Historical Financial Information, the Group’s net balance in the Non-core Assets at 1 January 2023 and each subsequent measurement dates (if applicable) has been excluded from the Group’s combined financial statements as an adjustment to the special reserve at 1 January 2023 and each subsequent measurement dates (if applicable).

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Statutory reserve

As stipulated by the relevant laws and regulations for enterprises incorporated/established in the PRC, the Group’s subsidiaries in the PRC are required to appropriate to the statutory reserve an amount not less than 10% of the amount of profit after tax (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered share capital of the respective PRC subsidiaries, the subsidiary may not be required to make any further appropriation. The statutory reserve can be used to make up for losses, expand the existing operation and convert to additional capital.

27. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS**(a) Major non-cash transactions**

In addition to the information disclosed elsewhere in the Historical Financial Information, the Group had the following major non-cash transactions:

The Group incurred payables of approximately RMB2,290,000, RMB6,700,000, and RMB1,799,000 in respect of additions to property, plant and equipment during the years ended 31 December 2023, 2024 and 2025, respectively.

The Group entered into certain lease arrangements in respect of right-of-use assets with total value at the inception of approximately RMB86,000, RMB2,447,000 and RMB4,985,000 during the years ended 31 December 2023, 2024 and 2025, respectively.

During the year ended 31 December 2023, investment cost refunded from deregistration of Quanzhou Jinshan of RMB1,000,000 was settled through the current account with the Controlling Shareholders included in amount due to the Controlling Shareholders.

During the year ended 31 December 2024, the Group de-recognised right-of-use assets and lease liabilities of approximately RMB3,108,000 and RMB2,823,000 respectively upon early termination of leases.

During the year ended 31 December 2025, the Group de-recognised right-of-use assets and lease liabilities of approximately RMB1,605,000 and RMB1,617,000 respectively upon early termination of leases.

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(b) Reconciliation of liabilities arising from financing activities

The movements during the Track Record Period in the Group’s liabilities arising from financing activities are as follows:

Year ended 31 December 2023

	At 1 January 2023 RMB'000	Cash flows, net RMB'000	Non-cash changes			At 31 December 2023 RMB'000
			Addition RMB'000	Investment cost refunded RMB'000	Interest expenses RMB'000	
Amount due to the Controlling Shareholders, net	3,045	23,517	–	(1,000)	–	25,562
Amount due to the former non-controlling interests of a subsidiary	1,083	(1,083)	–	–	–	–
Interest-bearing borrowings	1,945	3,555	–	–	–	5,500
Leases liabilities	5,100	(2,512)	86	–	192	2,866
	<u>11,173</u>	<u>23,477</u>	<u>86</u>	<u>(1,000)</u>	<u>192</u>	<u>33,928</u>

Year ended 31 December 2024

	At 1 January 2024 RMB'000	Cash flows, net RMB'000	Non-cash changes			At 31 December 2024 RMB'000
			Addition RMB'000	Early termination of lease RMB'000	Interest expenses RMB'000	
Amount due to (from) the Controlling Shareholders, net	25,562	(97,065)	–	–	–	(71,503)
Interest-bearing borrowings	5,500	4,580	–	–	–	10,080
Leases liabilities	2,866	(536)	2,447	(2,823)	19	1,973
	<u>33,928</u>	<u>(93,021)</u>	<u>2,447</u>	<u>(2,823)</u>	<u>19</u>	<u>(59,450)</u>

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Year ended 31 December 2025

	At 1 January 2025 RMB'000	Cash flows, net RMB'000	Non-cash changes			At 31 December 2025 RMB'000
			Addition RMB'000	Early termination of lease RMB'000	Interest expenses RMB'000	
Amount due (from) to the						
Controlling Shareholders, net	(71,503)	74,658	–	–	–	3,155
Interest-bearing borrowings	10,080	20,145	–	–	–	30,225
Leases liabilities	1,973	(2,960)	4,985	(1,617)	140	2,521
	<u>(59,450)</u>	<u>91,843</u>	<u>4,985</u>	<u>(1,617)</u>	<u>140</u>	<u>35,901</u>

28. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A CHANGE OF CONTROL

On 20 May 2022, Jiaodian entered into several equity transfer agreements with Mr. Zhuang Yongfeng, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui, the former non-controlling equityholders of Yuejian, pursuant to which Jiaodian acquired an aggregate of 3.43%, 24.0%, 3.37% and 1.0%, respectively, of the registered capital (or 0%, 10.7%, 0% and 2.3%, respectively, of the then paid up capital) in Yuejian from Mr. Zhuang Yongfeng, Mr. Huang Zhiqiang, Mr. Su Wangsong and Mr. Wu Youshui at a consideration of nil, RMB1,400,000, nil and RMB300,000 respectively (the “FY2022 Acquisition”).

The FY2022 Acquisition was completed on 20 May 2022 and the registered capital in Yuejian after the above FY2022 Acquisition was owned as to RMB20,250,000 and RMB9,750,000 by Jiaodian and Mr. Zhuang Yongfeng, representing 67.5% and 32.5% of the registered capital in Yuejian, respectively while the paid-up capital in Yuejian was owned as to RMB11,110,000 and RMB1,950,000 by Jiaodian and Mr. Zhuang Yongfeng, representing 85% and 15% of the then paid-up capital in Yuejian, respectively. The carrying amount of the non-controlling interests in Yuejian on the date of FY2022 Acquisition was approximately RMB3,280,000. The Group derecognised non-controlling interests of approximately RMB3,280,000 and recognised directly in equity attributable to owners of the Company of approximately RMB1,580,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

On 29 May 2023, Jiaodian entered into an equity transfer agreement with Mr. Zhuang Yongfeng, the former non-controlling equityholder of Yuejian, pursuant to which Jiaodian acquired remaining 32.5% of the registered capital (or 15% of the then paid up capital) in Yuejian from Mr. Zhuang Yongfeng at a consideration of RMB3,515,000 (the “FY2023 Acquisition”).

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The FY2023 Acquisition was completed on 30 May 2023. Upon the completion of FY2023 Acquisition, Yuejian became an indirectly wholly owned subsidiary of the Company. The carrying amount of the non-controlling interests in Yuejian on the date of FY2023 Acquisition was approximately RMB5,128,000. The Group derecognised non-controlling interests of approximately RMB5,128,000 and recognised directly in equity attributable to owners of the Company of approximately RMB1,613,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

29. RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the Track Record Period.

(a) Related party transactions

Transactions between the group entities have been eliminated by combination and are not disclosed. In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, there are no other related party transactions during the Track Record Period.

(b) Remuneration for key management personnel (including directors) of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonus and other benefits in kind	591	594	1,196
Contributions to defined contribution retirement plans	142	177	353
	<u>733</u>	<u>771</u>	<u>1,549</u>

Further details of the directors’ emoluments are set out in Note 8.

(c) Balances with related parties

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amount due (to) from the Controlling Shareholders (Note 21)	<u>(25,562)</u>	<u>71,503</u>	<u>(3,155)</u>

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30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise bank balances and cash, restricted bank deposits, amount due from (to) the Controlling Shareholders, interest-bearing borrowings and lease liabilities. The main purpose of these financial instruments is to raise and maintain finance for the Group’s operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The accounting policies for financial instruments have been applied to the line items below:

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<i>Financial assets – at amortised cost</i>			
Financial assets included in trade and other receivables	111,843	86,928	205,289
Amount due from the Controlling Shareholders	–	71,503	–
Restricted bank deposits	–	–	3,290
Bank balances and cash	<u>8,023</u>	<u>10,328</u>	<u>33,628</u>
	<u>119,866</u>	<u>168,759</u>	<u>242,207</u>
<i>Financial liabilities – at amortised cost</i>			
Financial liabilities included in trade and other payables	59,797	78,052	98,057
Amount due to the Controlling Shareholders	25,562	–	3,155
Interest-bearing borrowings	5,500	10,080	30,225
Lease liabilities	<u>2,866</u>	<u>1,973</u>	<u>2,521</u>
	<u>93,725</u>	<u>90,105</u>	<u>133,958</u>

The main risks arising from the Group’s financial instruments are credit risk, foreign currency risk and liquidity risk. The Group generally adopts conservative strategies on the Group’s risk management and limits the Group’s exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

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Credit risk

The carrying amount of financial assets recognised on the combined statements of financial position, which is net of impairment loss, represents the Group’s exposure to credit risk on these financial assets without taking into account the credit enhancements.

Trade receivables

The Group trades only with recognised, creditworthy customers. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The default risk of the industry and place of operation in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group’s own trading records.

At 31 December 2023, 2024 and 2025, the Group had a concentration of credit risk as approximately 54%, 28% and 17% of the total trade receivables was due from the Group’s largest trade debtor, respectively, and approximately 84%, 48% and 41% of the total trade receivables was due from the Group’s five largest trade debtors, respectively.

The Group’s customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated based on actual credit loss experience over the past years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s estimate on future economic conditions over the expected lives of the receivables. The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for these customers and continuous partial settlement by the customers with the Group. There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

The Group does not hold any collateral over trade receivables at 31 December 2023, 2024 and 2025.

None of the trade receivables were written off during the Track Record Period.

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The information about the exposure to credit risk and ECL for trade receivables using provision matrix at 31 December 2023, 2024 and 2025 is summarised as follows:

At 31 December 2023

Group: Non-payment as the principal risk

Past due	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Neither past due nor impaired	1.14	84,693	964
Past due but not impaired			
Within 90 days	2.81	19,778	555
91 days to 1 year	19.10	2,900	554
Over 1 year	100.00	<u>801</u>	<u>801</u>
		<u>108,172</u>	<u>2,874</u>

At 31 December 2024

Group: Non-payment as the principal risk

Past due	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Neither past due nor impaired	0.45	65,417	298
Past due but not impaired			
Within 90 days	4.11	1,388	58
91 days to 1 year	22.59	2,089	470
Over 1 year	100.00	<u>1,358</u>	<u>1,358</u>
		<u>70,252</u>	<u>2,184</u>

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At 31 December 2025

Group: Non-payment as the principal risk

Past due	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Neither past due nor impaired	0.67	164,895	1,098
Past due but not impaired			
Within 90 days	4.86	11,993	583
91 days to 1 year	38.28	478	183
Over 1 year	100.00	<u>14</u>	<u>14</u>
		<u>177,380</u>	<u>1,878</u>

The movement in the loss allowance for trade receivables during the Track Record Period are summarised below.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the reporting period	571	2,874	2,184
Increase (Decrease) in loss allowance, net	<u>2,303</u>	<u>(690)</u>	<u>(306)</u>
At the end of the reporting period	<u>2,874</u>	<u>2,184</u>	<u>1,878</u>

During the year ended 31 December 2023, the increase in loss allowance on trade receivables was mainly due to the increase in gross balances of the trade receivables.

During the year ended 31 December 2024, the decrease in loss allowance on trade receivables was mainly due to the decrease in gross balances of the trade receivables.

During the year ended 31 December 2025, the decrease in loss allowance on trade receivables was mainly due to the decrease on long-outstanding balances of the trade receivables.

Other financial assets carried at amortised cost

The Company’s other financial assets carried at amortised cost include amount due from the Controlling Shareholders, other receivables, restricted bank deposits and bank balances and cash in the combined statements of financial position.

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The majority of the Company’s restricted bank deposits and bank balances are deposited in major financial institutions located in the PRC, which are of high credit rating. The management of the Group does not expect any losses arising from non-performance by the counterparty.

The management of the Group considers that the financial assets included in other receivables and the amount due from the Controlling Shareholders have low credit risk based on the borrowers’ strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Impairment on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be negligible after taking into account the financial position, credit quality and past settlement records of the counterparties.

The movement in the loss allowance for other receivables during the Track Record Period is summarised below.

	Other receivables RMB’000
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Increase in loss allowance	<u>330</u>
At 31 December 2025	<u><u>330</u></u>

There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

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Foreign currency risk

The Group’s transactions are mainly denominated in RMB and US\$.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The net carrying amounts of those financial assets and liabilities are analysed as follows:

	At 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets and liabilities, net			
US\$	<u>35,869</u>	<u>10,761</u>	<u>55,785</u>

At 31 December 2023, 2024 and 2025, if the exchange rate of US\$ had increased/decreased by 5% against the functional currencies of the respective group entities and other variables were held constant, the Group’s pre-tax results would increase/decrease by approximately RMB1,793,000, RMB538,000 and RMB2,789,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group’s exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management’s assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next reporting period.

In the opinion of the Group’s management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the reporting period.

The Group’s management monitors the related foreign currency risk exposure closely on daily basis and, the Group would enter into foreign currency forward contracts should need arise. At the end of each reporting period, the Group had no significant outstanding foreign currency forward contracts.

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Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group’s financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount RMB’000	Total Contractual undiscounted cash flow RMB’000	On demand or less than 1 year RMB’000	1 to 2 years RMB’000	2 to 5 years RMB’000
At 31 December 2023					
Trade and other payables	59,797	59,797	59,797	–	–
Amount due to the Controlling Shareholder	25,562	25,562	25,562	–	–
Interest-bearing borrowings	5,500	5,545	5,545	–	–
Lease liabilities	2,866	2,979	2,217	762	–
	<u>93,725</u>	<u>93,883</u>	<u>93,121</u>	<u>762</u>	<u>–</u>
At 31 December 2024					
Trade and other payables	78,052	78,052	78,052	–	–
Interest-bearing borrowings	10,080	10,162	10,162	–	–
Lease liabilities	1,973	2,029	1,261	768	–
	<u>90,105</u>	<u>90,243</u>	<u>89,475</u>	<u>768</u>	<u>–</u>
At 31 December 2025					
Trade and other payables	98,057	98,057	98,057	–	–
Amount due to the Controlling Shareholder	3,155	3,155	3,155	–	–
Interest-bearing borrowings	30,225	30,635	30,635	–	–
Lease liabilities	2,521	2,588	2,192	132	264
	<u>133,958</u>	<u>134,435</u>	<u>134,039</u>	<u>132</u>	<u>264</u>

31. FAIR VALUE MEASUREMENTS

The management of the Group estimates the fair value of its financial assets and financial liabilities measurement of amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined statements of financial position approximate their fair values.

32. CAPITAL MANAGEMENT

The objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Track Record Period.

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33. COMMITMENTS

(a) Capital expenditure commitments

At the end of the reporting period, the Group had the following capital expenditure commitment:

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	<u>1,503</u>	<u>2,300</u>	<u>991</u>

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, save as disclosed elsewhere in the Historical Financial Information, the Group has the following subsequent events:

[Pursuant to the resolutions in writing of the Company’s shareholders passed on [•], subject to the share premium account of the Company being credited as a result of the [REDACTED] of the Company’s shares, the Company were authorised to allot and issue a total of [REDACTED] shares of [HK\$0.0001] each to the existing shareholders, credited as fully paid at par by way of [REDACTED] of the sum of HK\$[REDACTED] standing to be credit of the share premium account of the Company (the “[REDACTED]”) and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the [REDACTED]).]

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRS Accounting Standards and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2025.