

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-[53], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this [REDACTED].



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TOP TOY INTERNATIONAL GROUP LIMITED AND UBS SECURITIES HONG KONG LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of TOP TOY International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[3] to I-[53], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statement of financial position of the Company as at December 31, 2025, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 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-[3] to I-[53] forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] of the Company dated [Date] (the “[REDACTED]”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 1 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.

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.

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Reporting accountants’ responsibility (continued)

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend 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, the reporting accountants consider internal control relevant to the entity’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 1 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 entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 purpose of the accountants’ report, a true and fair view of the Company’s financial position as at December 31, 2025 and the Group’s financial position as at December 31, 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 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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-[3] have been made.

Dividends

We refer to Note 23(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
[Date]

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HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	For the years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	4	1,461,107	1,908,825	3,586,960
Cost of sales	5	(1,002,282)	(1,284,452)	(2,434,994)
Gross profit		458,825	624,373	1,151,966
Other income		50	69	143
Selling and distribution expenses	5	(152,022)	(201,857)	(543,590)
General and administrative expenses	5	(16,703)	(27,216)	(152,583)
Other net income/(loss)	6	1,805	1,058	(1,489)
Reversal of credit loss/(credit loss) on trade and other receivables	27(a)	871	970	(10,483)
Impairment loss on non-current assets		(2,880)	(1,806)	(882)
Operating profit		289,946	395,591	443,082
Finance income		1,129	1,093	5,101
Finance costs		(4,287)	(5,798)	(8,990)
Net finance costs	7	(3,158)	(4,705)	(3,889)
Changes in the carrying amount of redemption liabilities	22	–	–	(158,491)
Profit before taxation		286,788	390,886	280,702
Income tax expense	8	(74,399)	(97,356)	(179,661)
Profit for the year		<u>212,389</u>	<u>293,530</u>	<u>101,041</u>
Attributable to:				
Equity shareholders of the Company		212,389	297,156	92,725
Non-controlling interests		–	(3,626)	8,316
Profit for the year		<u>212,389</u>	<u>293,530</u>	<u>101,041</u>
Earnings per share				
Basic and diluted	11	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year	<u>212,389</u>	<u>293,530</u>	<u>101,041</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations	<u>—</u>	<u>(1,029)</u>	<u>4,655</u>
Other comprehensive income for the year	<u>—</u>	<u>(1,029)</u>	<u>4,655</u>
Total comprehensive income for the year	<u><u>212,389</u></u>	<u><u>292,501</u></u>	<u><u>105,696</u></u>
Attributable to:			
Equity shareholders of the Company	212,389	296,127	97,380
Non-controlling interests	<u>—</u>	<u>(3,626)</u>	<u>8,316</u>
Total comprehensive income for the year	<u><u>212,389</u></u>	<u><u>292,501</u></u>	<u><u>105,696</u></u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at December 31,		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	17,731	38,214	66,527
Right-of-use assets	13	80,523	204,212	191,108
Intangible assets	14	3,388	7,599	105,913
Deferred tax assets	8(c)	34,249	26,256	24,562
Other receivables	16	9,458	16,893	21,065
		<u>145,349</u>	<u>293,174</u>	<u>409,175</u>
Current assets				
Inventories	15	128,128	227,416	461,375
Trade and other receivables	16	228,590	334,336	484,002
Cash and cash equivalents	17	33,421	71,883	391,831
Restricted cash		118	352	—
		<u>390,257</u>	<u>633,987</u>	<u>1,337,208</u>
Total assets		<u>535,606</u>	<u>927,161</u>	<u>1,746,383</u>
EQUITY				
Share capital	23(a)	—	—	69
Share premium	23(a)	—	—	7,441
Capital reserve	23(a)	—	5,000	—
Other reserves	23(b)	29,788	36,309	240,392
Accumulated losses		(143,865)	(110,937)	(302,800)
Equity attributable to equity shareholders of the Company		(114,077)	(69,628)	(54,898)
Non-controlling interests		—	(3,626)	51,986
Total deficit		<u>(114,077)</u>	<u>(73,254)</u>	<u>(2,912)</u>
LIABILITIES				
Non-current liabilities				
Contract liabilities	4	—	305	172
Lease liabilities	21	41,363	149,717	133,358
		<u>41,363</u>	<u>150,022</u>	<u>133,530</u>
Current liabilities				
Contract liabilities	4	10,039	15,670	28,400
Loans and borrowings	19	280,000	340,208	310,000
Trade and other payables	20	251,632	404,770	579,870
Lease liabilities	21	39,377	63,766	66,061
Redemption liabilities arising from preferred shares	22	—	—	573,681
Current taxation		27,272	25,979	57,753
		<u>608,320</u>	<u>850,393</u>	<u>1,615,765</u>
Total liabilities		<u>649,683</u>	<u>1,000,415</u>	<u>1,749,295</u>
Total deficit and liabilities		<u>535,606</u>	<u>927,161</u>	<u>1,746,383</u>

The accompanying notes form part of the Historical Financial Information.

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at December 31,
	Note	2025
		RMB'000
ASSETS		
Non-current asset		
Investment in subsidiaries		
– Cost-accounted investments in subsidiaries	24	236,534
– Amounts due from subsidiaries		384,841
		<u>621,375</u>
Current assets		
Other receivables		4,315
Cash and cash equivalents		11,332
		<u>15,647</u>
Total assets		<u>637,022</u>
EQUITY		
Share capital	23(a)	69
Share premium	23(a)	7,441
Other reserves		236,852
Accumulated losses		<u>(184,278)</u>
Total equity		<u>60,084</u>
LIABILITIES		
Current liabilities		
Other payables		3,257
Redemption liabilities arising from preferred shares	22	573,681
Total liabilities		<u>576,938</u>
Total equity and liabilities		<u>637,022</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	<i>Note</i>	Net parent investment	Share-based payment reserve	Accumulated losses	Total deficit
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
		<i>Note</i>	<i>Note</i>		
		<i>23(b)(i)</i>	<i>23(b)(iv)</i>		
Balance at January 1, 2023		<u>8,544</u>	<u>183</u>	<u>(129,631)</u>	<u>(120,904)</u>
Changes in equity for the year ended December 31, 2023					
Profit/(loss) for the year		<u>226,623</u>	<u>—</u>	<u>(14,234)</u>	<u>212,389</u>
Total comprehensive income for the year		<u>226,623</u>	<u>—</u>	<u>(14,234)</u>	<u>212,389</u>
Equity-settled share-based transactions		<u>—</u>	<u>1,025</u>	<u>—</u>	<u>1,025</u>
Deemed distribution	<i>1</i>	<u>(206,587)</u>	<u>—</u>	<u>—</u>	<u>(206,587)</u>
Balance at December 31, 2023 . .		<u><u>28,580</u></u>	<u><u>1,208</u></u>	<u><u>(143,865)</u></u>	<u><u>(114,077)</u></u>

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Attributable to equity shareholders of the Company									
Note	Capital reserve	Net parent investment	Share-based payment reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total deficit
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 23(a)	Note 23(b)(i)	Note 23(b)(iv)	Note 23(b)(ii)	Note 23(b)(v)				
				Note					
				23(b)(ii)					
Balance at January 1, 2024	—	28,580	1,208	—	—	(143,865)	(114,077)	—	(114,077)
Changes in equity for the year ended December 31, 2024									
Profit/(loss) for the year	—	263,772	—	—	—	33,384	297,156	(3,626)	293,530
Other comprehensive income for the year	—	—	—	(1,029)	—	—	(1,029)	—	(1,029)
Total comprehensive income for the year	—	263,772	—	(1,029)	—	33,384	296,127	(3,626)	292,501
Deemed distribution	—	(257,525)	—	—	—	—	(257,525)	—	(257,525)
Capital injection from the controlling shareholder	5,000	—	—	—	—	—	5,000	—	5,000
Equity-settled share-based transactions	—	—	847	—	—	—	847	—	847
Appropriation to statutory reserve	—	—	—	—	456	(456)	—	—	—
Balance at December 31, 2024	5,000	34,827	2,055	(1,029)	456	(110,937)	(69,628)	(3,626)	(73,254)

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Attributable to equity shareholders of the Company												
Note	Share capital	Share premium	Capital reserve	Net parent investment	Treasury shares	Share-based payment reserve	Translation reserve	PRC statutory reserve	Accumulated losses	Total	Non-controlling interests	Total deficit
	RMB'000 Note 23(a)	RMB'000 Note 23(a)	RMB'000 Note 23(a)	RMB'000 Note 23(b)(i)	RMB'000 Note 23(b)(iii)	RMB'000 Note 23(b)(iv)	RMB'000 Note 23(b)(ii)	RMB'000 Note 23(b)(v)	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	-	-	5,000	34,827	-	2,055	(1,029)	456	(110,937)	(69,628)	(3,626)	(73,254)
Changes in equity for the year ended December 31, 2025												
Profit/(loss) for the year	-	-	-	280,444	-	-	-	-	(187,719)	92,725	8,316	101,041
Other comprehensive income for the year	-	-	-	-	-	-	4,655	-	-	4,655	-	4,655
Total comprehensive income for the year	-	-	-	280,444	-	-	4,655	-	(187,719)	97,380	8,316	105,696
Deemed distribution	-	-	-	(322,266)	-	-	-	-	-	(322,266)	-	(322,266)
Arising from restructuring	-	4,911	(5,000)	6,995	-	-	-	-	-	6,906	-	6,906
Issuance of ordinary shares	63	-	-	-	-	-	-	-	-	63	-	63
Issuance of shares held for share incentive plan	6	2,530	-	-	(2,536)	-	-	-	-	-	-	-
Capital injection from a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	5,880	5,880
Equity-settled share-based transactions	-	-	-	-	-	232,647	-	-	-	232,647	4,428	237,075
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	36,988	36,988
Appropriation to statutory reserve	-	-	-	-	-	-	-	4,144	(4,144)	-	-	-
Balance at December 31, 2025	69	7,441	-	-	(2,536)	234,702	3,626	4,600	(302,800)	(54,898)	51,986	(2,912)

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	For the years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash generated from operations	18(a)	310,358	424,600	579,661
Income tax paid		(53,373)	(90,656)	(104,799)
Net cash generated from operating activities		256,985	333,944	474,862
Cash flows from investing activities				
Payments for purchases of property, plant and equipment and intangible assets		(22,777)	(61,226)	(126,386)
Proceeds from disposal of property, plant and equipment		2,153	1,458	3,508
Payments for purchases of other investments		(60,000)	(135,000)	(150,000)
Proceeds from disposal of other investments		60,000	135,000	150,000
Acquisition of a subsidiary, net of cash acquired	25	—	—	(36,220)
Interest income		1,129	1,093	4,595
Investment income from other investments		280	286	69
Net cash used in investing activities		(19,215)	(58,389)	(154,434)
Cash flows from financing activities				
Proceeds from loans and borrowings	18(b)	280,000	60,000	80,000
Repayments of loans and borrowings	18(b)	(280,000)	—	(110,000)
Interest of loans and borrowings paid	18(b)	—	—	(1,756)
Issuance of ordinary shares	23(a)	—	—	63
Capital injection from the controlling shareholder	23(a)	—	5,000	—
Proceeds under share incentive plan	23(b)(iii)	—	—	2,536
Capital injection from a non-controlling shareholder		—	—	5,880
Proceeds from the issuance of preferred shares	22	—	—	424,862
Deemed distribution	1	(206,587)	(257,525)	(322,266)
Payments of [REDACTED] expenses relating to [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Arising from restructuring	23(a)	—	—	(89)
Payments of capital element of lease liabilities	18(b)	(53,877)	(38,978)	(70,462)
Payments of interest element of lease liabilities	18(b)	(4,287)	(5,590)	(7,442)
Net cash used in financing activities		(264,751)	(237,093)	(1,901)
Net (decrease)/increase in cash and cash equivalents		(26,981)	38,462	318,527
Cash and cash equivalents at the beginning of the year		60,402	33,421	71,883
Effect of movements in exchange rates on cash held		—	—	915
Cash and cash equivalents at the end of the year	17	33,421	71,883	391,325

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

TOP TOY International Group Limited (the “Company”) was incorporated in the Cayman Islands on April 24, 2025, as an exempted company with limited liability under the Companies Act, Cap.22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the corporate restructuring as described below. The Company and its subsidiaries (together, the “Group”) are principally engaged in the sale of pop toy products and provision of related services across the People’s Republic of China (the “PRC”) and overseas (the “[REDACTED] Businesses”).

During the Track Record Period and before the completion of the restructuring described below, the [REDACTED] Businesses were conducted through a number of entities controlled by MINISO Group Holding Limited (the “Controlling Shareholder”). To rationalize the corporate structure in the preparation of the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization of corporate structure and certain business rearrangement (the “Restructuring”), as detailed in the section headed “History, Reorganization and Corporate Structure” in the [REDACTED]. Upon completion of the Restructuring in the third quarter of 2025, the Company became the holding company of the companies now comprising the Group for the [REDACTED] Businesses. As the [REDACTED] Businesses were ultimately controlled by the Controlling Shareholder during the Track Record Period and both before and after the Restructuring, the control is not transitory and consequently there was a continuation of the risks and benefits to the Controlling Shareholder.

Accordingly, the Historical Financial Information has been prepared and presented using the merger basis of accounting as if the current group structure had been in existence and remained unchanged throughout the Track Record Period. The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group include the financial performance and cash flows of the [REDACTED] Businesses for the Track Record Period. The consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025 have been prepared to present the financial position of the [REDACTED] Businesses as at those dates. The assets and liabilities of the [REDACTED] Businesses have been measured at their carrying amounts prior to the Restructuring. Intra-group balances, transactions and unrealized gains/losses on intra-group transactions were eliminated when preparing the Historical Financial Information.

During the Track Record Period and before the completion of the Restructuring, part of the [REDACTED] Businesses were carried out by several entities that were under common control of the Controlling Shareholder but did not become the companies now comprising the Group upon the completion of the Restructuring (the “Associated Entities”). For the purpose of this report, a process has been completed to specifically identify assets, liabilities, revenue, expenses and cash flows of the Associated Entities relevant to the [REDACTED] Businesses during the Track Record Period in preparing the Historical Financial Information. The Historical Financial Information only includes transactions and balances that are attributable to the [REDACTED] Businesses. Since the [REDACTED] Businesses were conducted as a division in the Associated Entities, the net parent investment, representing the net assets related to the [REDACTED] Businesses which had been managed and controlled by the Associated Entities until the completion of the Restructuring, has been shown in lieu of shareholders’ equity in the Historical Financial Information. Transactions and balances were attributed to the [REDACTED] Businesses based on specific identification except for those set out below, for which they were accounted for using the most relevant bases in the views of the directors of the Company:

- Revenue was allocated based on the pricing arrangement for comparable transactions with unrelated parties;
- Staff costs, other administrative and operating expenses have been principally allocated either based on headcount to the extent a separate group of personnel could be specifically identified and attributed to the [REDACTED] Businesses;
- Income taxes, value-added tax (“VAT”) and surcharges were determined based on the assumptions that the [REDACTED] Businesses carried out by the division of the Associated Entities were separately taxable entities; and

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- Cash generated from or used by the [REDACTED] Businesses which were managed and controlled by the Associated Entities, with the net amounts of cash used of RMB206,587,000, RMB257,525,000, and RMB322,266,000 during the years ended December 31, 2023, 2024 and 2025, respectively, are presented as deemed distribution in the consolidated statements of changes in equity and consolidated statements of cash flows.

As part of the Restructuring, a subsidiary of the Group entered into agreements with the Controlling Shareholder on August 31, 2025 to transfer the relevant [REDACTED] Businesses of the Associated Entities to a subsidiary of the Group. According to the agreements, the trade and other receivables of RMB186,278,000, trade and other payables of RMB151,879,000 and current taxation of RMB41,394,000 in relation to the [REDACTED] Businesses under the Associated Entities upon the completion of the Restructuring were no longer entitled nor assumed by the Group. The net impact arising from the Restructuring is presented as a deemed contribution in the consolidated statement of changes in equity for the year ended December 31, 2025.

As of the date of this report, the Company has direct or indirect interests in the following principal subsidiaries:

Company name	Place of establishment and business	Date of establishment	Registered/ Issued and paid-up capital	Effective interest held by the Group (directly or indirectly)	Principal activities
TOP TOY (Guangdong) Cultural Creativity Co., Ltd. (那是家大潮玩(廣東)文化創意有限公司) (a)&(b)	Chinese Mainland	September 7, 2020	RMB60,000,000/ RMB60,000,000	100%	Wholesale and retail of pop toy products
Top Toy (Guangdong) Commercial Development Co., Ltd. (那是家大潮玩(廣東)商業發展有限公司) (a)&(c)	Chinese Mainland	July 27, 2023	RMB5,000,000/ RMB5,000,000	100%	Retail of pop toy products
Top Toy (Zhuhai Hengqin) Commercial Development Co., Ltd. (那是家大潮玩(珠海橫琴)商業發展有限公司) (a)&(d)	Chinese Mainland	October 8, 2024	RMB1,000,000/ RMB1,000,000	100%	Brand licensing and management and consultation services
Dongguan Sure Fun Cultural and Creative Co., Ltd. (東莞果然有趣文化創意有限公司) (a)&(e)	Chinese Mainland	May 19, 2025	RMB10,000,000/ RMB5,100,000	51%	Wholesale of pop toy products
Originality TOP TOY (Guangzhou) Cultural Creativity Co., Ltd. (原創力潮玩(廣州)文化創意有限公司) (a)&(e)	Chinese Mainland	June 11, 2021	RMB100,000/ RMB100,000	100%	Wholesale of pop toy products

Notes:

- These entities were established in Chinese Mainland. The official names of these entities are in Chinese. The English names are for identification purpose only.
- This entity prepares the financial statements in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “PRC GAAP”). The financial statements for the year ended December 31, 2023 were audited by Guangzhou Huaguang Certified Public Accountants (廣州華廣會計師事務所(普通合夥)), and the financial statements for the year ended December 31, 2024 were audited by Guangdong Zhongzhixin Certified Public Accountants LLP (廣東中職信會計師事務所(特殊普通合夥)). The audited financial statements for the year ended December 31, 2025 are yet to available as of the date of this report.
- This entity prepares the financial statements in accordance with the PRC GAAP. No audited financial statements for the year ended December 31, 2023 are available for the entity as of the date of this report. The financial statements for the year ended December 31, 2024 were audited by Guangdong Zhongzhixin Certified Public Accountants LLP (廣東中職信會計師事務所(特殊普通合夥)). The audited financial statements for the year ended December 31, 2025 are yet available as of the date of this report.
- This entity prepares the financial statements in accordance with the PRC GAAP. The financial statements for the year ended December 31, 2024 were audited by Guangdong Zhongzhixin Certified Public Accountants LLP (廣東中職信會計師事務所(特殊普通合夥)). The audited financial statements for the year ended December 31, 2025 are yet available as of the date of this report.
- No audited financial statements are available for this entity as of the date of this report.

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The Group has adopted December 31 as its financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information adopted are set out in Note 2. The accounting policies set out in Note 2 have been applied consistently to all periods presented in the Historical Financial Information.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards effective for the accounting period beginning on January 1, 2025, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2025 are set out in Note 30.

At December 31, 2025, the Group recorded net current liabilities and net liabilities of RMB278,557,000 and RMB2,912,000, respectively. Based on future projection of the Group’s profit and cash inflows from operations for the next twelve months from December 31, 2025 and the assumption that redemption rights of preferred shares would not be exercised in the foreseeable future, the directors of the Company believes that the Group has adequate resources to continue to operate as a going concern throughout the next twelve months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern. Consequently, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Historical Financial Information is presented in RMB, rounded to the nearest thousand (“RMB’000”), unless otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Basis of consolidation

(i) *Subsidiaries and non-controlling interests*

Subsidiaries are entities 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Non-controlling interests are measured initially at their proportionate share of the subsidiary’s net identifiable assets at the date of acquisition.

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Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and equity shareholders of the Company.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(f)(ii)).

(ii) Business combinations involving entities under common control

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

The assets and liabilities of the combining entities or businesses are consolidated at the carrying amounts previously recognized from the perspective of Controlling Shareholder.

The consolidated statements of profit or loss and 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 combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Historical Financial Information are presented as if the entities or businesses had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is later.

Differences between the total consideration paid and the capital of the entities acquired under common control are presented as merger reserve.

(iii) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the group’s policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (see Note 2(f)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

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Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives and is recognized in profit or loss.

No depreciation is provided in respect of construction in progress.

The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	Over the shorter of lease term or the estimated useful lives of the assets
Office equipment	2-5 years
Store operating equipment	2-5 years
Moulds	1 year

Amortization methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted if appropriate.

(d) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are stated at cost less accumulated amortization and any accumulated impairment losses (see Note 2(f)(ii)).

Amortization is calculated to write off the cost of intangible assets with finite useful lives using straight-line method over their estimated useful lives and is recognized in profit or loss. Their estimated useful lives of intangible assets are as follows:

Licensed intellectual properties (“Licensed IPs”) . . .	Over the period between the commencement date and the end date of the IP authorization as stipulated in the contract
Intellectual property rights (“IP Rights”)	10 years

The historical costs of Licensed IPs are measured at the present values of the fixed minimum payments at the date of purchase of the respective license rights. Amortization of Licensed IPs is recognized on a straight-line basis over the license period which typically ranges from one year to three years. Variable payments related to Licensed IPs that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

Acquired IP rights are capitalized on the basis of the costs incurred to acquire. They have a finite useful life of 10 years, which are determined based on the expected lifecycle of the IPs.

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(e) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

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At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(f)(ii)).

Refundable rental deposits are accounted for separately from right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortized cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(f) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortized cost (including cash and cash equivalents, restricted cash, term deposits, trade and other receivables).

Other financial assets measured at fair value through profit or loss, including other investments, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

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The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets;
- investment in a subsidiary in the Company’s statement of financial position.

For cash-generating units (“CGU”s) where an indication of impairment is identified, an impairment assessment is performed by comparing the carrying value of the CGUs with their recoverable amounts. If the carrying value of the CGUs exceeds their recoverable amounts, the Group writes down the assets which belong to CGUs to the estimated recoverable amounts.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount of an asset or CGU.

A reversal of an impairment loss is limited to the asset’s carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversals of impairment losses are credited to profit or loss in the periods in which the reversals are recognized.

- *Determination of CGUs*

Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (e.g. the Group’s individual directly operated stores).

- *Calculation of recoverable amount*

The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and value in use.

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(g) Inventories

Inventories are finished goods which are held for sale, including the products placed at franchisees’ stores, and low value consumables to be consumed in the ordinary course of business.

Inventories are carried at the lower of cost and net realizable value.

Cost of inventories is calculated using the weighted average method.

Net realizable value is 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 recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value is recognized as an expense in the period the write-down occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Loss of inventories is recognized as an expense in the period the loss occurs. For the products placed at franchisees’ stores, the Group bears inventory loss up to a pre-determined loss rate as agreed with franchisees. The Group requires compensations from franchisees for the inventory losses in excess of the pre-determined loss rate.

(h) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see Note 2(p)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see Note 2(i)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(i) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortized cost using the effective interest method less allowance for credit losses (see Note 2(f)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the accounting policy set out in Note 2(f)(i).

(k) Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

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(l) *Redemption liabilities arising from preferred shares*

The Group’s obligation to redeem the preferred shares upon the occurrence of redemption events which are beyond the control of both the Group and the preferred shareholders gives rise to a financial liability. Such redemption liability is measured at the present value of the redemption price the Group could be required to pay from time to time. Subsequent changes in the carrying amount of the redemption liability arising from remeasurement of the redemption amount are recognized in profit or loss.

(m) *Interest-bearing borrowings*

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is expensed in the period in which it is incurred.

(n) *Employee benefits*

(i) *Short term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) *Contributions to defined contribution plans*

Pursuant to the relevant laws and regulations of the PRC, the Group’s subsidiaries in Chinese Mainland participate in a defined contribution of basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

The Group participates in various defined contribution retirement benefit plans which are available to all other overseas subsidiaries. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group’s contributions to the defined contribution plans are expensed as incurred.

(iii) *Share-based payments*

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group.

The fair value of share awards granted to employees is recognized as an employee cost with a corresponding increase in the share-based payment reserve. The fair value is measured at grant date, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to equity). For shares vested, the equity amount is transferred from share-based payment reserve to share premium.

(iv) *Termination benefits*

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

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(o) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous periods. The amount of current tax payable or recoverable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Deferred tax is not recognized for:

- temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences;
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, the future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of products and the provision of services.

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Revenue is recognized when control over the product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled in exchange for the satisfaction of a specific performance obligation, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any sales rebates and sales return.

The Group allocates the transaction price expected to be received from franchisees or distributors to different performance obligations based on their relative standalone selling prices. In particular, the consideration in arrangements with franchisees includes sales-based amounts. Such sales-based amounts are excluded from the transaction price until the sales by franchisees have occurred and would be allocated entirely to the franchise license fees as they relate entirely to the Group’s promise to provide franchisees access to the Group’s brand name and trademarks.

The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effects of any significant financing component if the expected period of financing is 12 months or less.

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) Sale of products

Retail sales in directly operated stores

Revenue from retail sales to customers in directly operated stores is recognized at the point when the end customer takes possession of and pays for the products.

Product sales to franchisees

The Group has entered into a series of agreements with certain franchisees, which mainly include a license agreement and a sales agreement (collectively “Franchise Agreements”), whereby the franchisees are licensed to operate the franchised stores and are authorized to sell, in their own retail stores, the products that they have purchased from the Group. Revenue from sales to these franchisees is recognized at the point when they obtain the legal title of the products and become obliged to pay for the products, which is when the franchisees sell the products to their customers in the franchisees’ stores.

For product sales to franchisees, the Group has determined that the franchisees are the customers of the Group. The franchisees operate retail stores at their own chosen locations under the framework set out under the Franchise Agreements. At inception of the franchise arrangement, franchisees are required to place a deposit with the Group which covers the estimated maximum value of merchandise that their stores may hold throughout the franchise period, and this amount is reviewed upon renewal of the franchisee arrangement. The deposit is refundable at the expiry of the Franchise Agreements, provided that the franchisees have no remaining merchandise unsold and have settled other balances with the Group.

The franchisees employ and manage their own staff to operate the stores and serve their customers (i.e. end consumers who visit the stores), and bear the costs associated with the operation. The franchisees’ retail stores generally carry a wide range of merchandise that they exercise discretion to select from the Group’s array of product categories.

The franchisees are responsible for the placement, physical custody and condition of the merchandise that they have selected after the deliveries are accepted in stores. They also control the physical access to merchandise in possession through their operation of the retail stores. In general, the Group does not have any obligation or practice to accept any return of unsold products, except for rare cases such as a latent defect subject to a product recall or certain limited seasonal items that have passed their sales season.

The franchisees have the right to price their merchandise within a specified range of the recommended retail price set by the Group. They also have the ability to carry out discretionary promotional campaigns for their stores or decide whether to participate in a promotional campaign

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launched by the Group. The franchisees can offer more discounts on selected items beyond the range specified in discretionary promotional campaigns and will have to bear a substantial portion of reduced margin from lowering the sales price for such campaigns.

Sales to offline distributors

The Group has entered into a series of agreements with certain offline distributors, whereby the distributors are authorized to sell the products that they have purchased from the Group through its authorized channel of distribution. Revenue from sales of products to these distributors is recognized at the point when the products have been shipped from or delivered to the specific locations according to the detailed agreement between the Group and distributors. Revenue is recognized based on the contract price, net of sales rebates.

Online sales

Revenue from online sales to customers, which are conducted through the Group’s directly operated online stores on third-party e-commerce platforms, is recognized at the point when the products are delivered to customers. The Group has also entered into agreements with certain online distributors, who are authorized to sell products to customers through their online stores on various major e-commerce platforms. Revenue is recognized when control of the goods has transferred according to respective agreed terms of delivery, which is at the point in time when the distributor obtains control of the distinct goods.

(ii) License fees, sales-based royalties and sales-based management and consultation service fees

Franchisees and distributors are required to provide non-refundable upfront payments in exchange for the right to access the Group’s brand name and trademarks. In addition, franchisees are also required to pay sales-based royalties and sales-based management and consultation service fees for such access. The fixed component of such royalties is recognized as revenue over the estimated license period, while the sales-based component is recognized as revenue when the related sales occur.

(iii) Interest income

Interest income is recognized as it accrues using the effective interest method.

(q) Translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “functional currency”). As the major operations of the Group are within the PRC, the Group presents its Historical Financial Information in Renminbi (“RMB”), unless otherwise stated. All values are rounded to the nearest thousand except when otherwise indicated.

(ii) Transactions and balances

Foreign currency transactions during the Track Record Period are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the end of each reporting period. Exchange gains and losses are recognized in profit or loss and presented within other net income/loss.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the exchange rate at the date when the fair value was determined.

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(iii) Foreign operations

The results of foreign operations are translated into RMB at the exchange rates approximating the exchange rates at the dates of the transactions. Statement of financial position items are translated into RMB at the exchange rates at the end of each reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences in the translation reserve relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(r) Related parties

- (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 the Group’s parent.
- (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 parent, 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.
 - (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.
 - (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 parent 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 Group’s parent.

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.

(s) Segment reporting

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

Individually 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 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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3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 2(p)(i)-product sales to franchisees: whether revenue from product sales to franchisees is recognized at the point when the franchisees sell the product to their customers in the franchisees’ stores
- Note 2(p)(ii)-license fees, sales-based royalties and sales-based management and consultation service fees: whether revenue is recognized over time

Note 27 contains information about the assumptions and the risk factors relating to measurement of ECL allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Share-based compensation

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is estimated using a model which requires the determination of the appropriate inputs. The Group has to estimate the forfeiture rate in order to determine the amount of share-based compensation expenses charged to the statement of profit or loss. The Group also has to estimate the actual vesting periods of the share awards which is variable and subject to an estimate of when a qualified initial public offering of the Group will incur. The assumptions and models used for estimating the fair value of share-based payment transactions are disclosed in Note 24.

(b) Impairments of property, plant and equipment and right-of-use assets

In considering the impairment losses that may be required for certain property, plant and equipment, and right-of-use assets, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to items such as level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and operating costs.

(c) Redemption liabilities arising from preferred shares

Redemption liabilities arising from Series A convertible redeemable preferred shares (“Series A Preferred Shares”) are measured at the present value of the redemption price the Group could be required to pay from time to time, which shall be equal to the higher of (i) or (ii) below: (i) the issue price plus an interest at the simple rate of ten percent per annum accruing from the issue date to the date of payment of the redemption price; and (ii) the fair value of Series A Preferred Shares.

The measurement of the carrying amount of redemption liabilities involves estimation of the fair value of Series A Preferred Shares. The Group has used the discounted cash flow method to determine the underlying equity value and adopted equity allocation model to determine the fair value of Series A Preferred Shares. Key assumptions, such as weighted average cost of capital, risk-free interest rate, lack of marketability discount and volatility are disclosed in Note 22. Considerable judgement is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

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4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group’s revenue is primarily derived from the sale of pop toy products through directly operated stores, franchised stores, offline distributors and online sales conducted through the Group’s directly operated online stores on third-party e-commerce platforms and through online distributors. Other sources of revenue mainly include license fees, sales-based royalties, and sales-based management and consultation service fees from franchisees.

(i) Disaggregation of revenue

In the following table, revenue from contracts with customers is disaggregated by major products and service lines, primary geographical markets and timing of revenue recognition.

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
<i>Major products/service lines</i>			
– Sales of pop toy products			
– Retail sales in directly operated stores	109,490	172,543	444,280
– Product sales to franchisees	356,719	499,794	678,043
– Sales to offline distributors	855,457	1,008,144	2,044,333
– Online sales	75,960	140,297	276,050
– Other sales channels	14,212	3,309	45,377
Sub-total	1,411,838	1,824,087	3,488,083
– License fees, sales-based royalties, and sales-based management and consultation service fees			
– License fees and sales-based royalties	6,563	9,093	12,843
– Sales-based management and consultation service fees	19,687	27,034	36,515
Sub-total	26,250	36,127	49,358
– Others*	23,019	48,611	49,519
	1,461,107	1,908,825	3,586,960
<i>Primary geographical markets</i>			
– Chinese Mainland	1,461,107	1,897,015	3,291,146
– Overseas	–	11,810	295,814
	1,461,107	1,908,825	3,586,960
<i>Timing of revenue recognition</i>			
– Point in time	1,433,133	1,871,138	3,537,308
– Over time	27,974	37,687	49,652
	1,461,107	1,908,825	3,586,960

Note:

* Others mainly represented sales of fixtures to franchisees and distributors.

Revenue from individual customers contributing over 10% of total revenue of the Group for the respective reporting periods is set out as below:

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	781,358	922,785	1,671,368

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	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer B	256,239	229,581	N/A*

Note:

* Less than 10% of the Group’s revenue in the respective period.

(ii) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	Note	As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Receivables, which are included in ‘trade and other receivables’	16	156,785	223,723	304,886
Contract liabilities				
– Current portion		(10,039)	(15,670)	(28,400)
– Non-current portion		–	(305)	(172)
Total contract liabilities		(10,039)	(15,975)	(28,572)

The contract liabilities balance mainly consists of advance payments received from customers for purchase of goods. The Group requests 100% advance payment for purchase of goods from certain distributors prior to delivery of goods. This gives rise to contract liabilities at the start of a sales order, until the revenue being recognized.

(iii) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting dates

Contracts within the scope of IFRS 15

As at December 31, 2023, 2024 and 2025, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts were RMB1,248,000, RMB1,963,000 and RMB3,866,000, respectively. These amounts mainly represented deferred revenue associated with the price allocation of loyalty points rewarded under the customer loyalty programs. Deferred revenue of loyalty points is expected to be recognized within the next one year.

(b) Segment reporting

The directors of the Company have been identified as the Group’s most senior executive management. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group’s most senior executive management reviews the Group’s consolidated results of operations in assessing performance of and making decisions about resource allocation. Accordingly, no reportable segment information is presented.

(c) Geographic information

Information about the geographical location of the Group’s revenue from external customers is based on the location at which the services were provided or the goods delivered as disclosed in Note 4(a)(i).

The following table sets out information about the geographical location of the group’s property, plant and equipment, right-of-use assets and intangible assets (“specified non-current assets”). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in the case of intangible assets.

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Specified non-current assets			
– Chinese Mainland	101,642	244,398	333,853
– Overseas	–	5,627	29,695
	<u>101,642</u>	<u>250,025</u>	<u>363,548</u>

5 EXPENSES BY NATURE

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of inventories (<i>Note 15(a)</i>)	955,890	1,221,554	2,291,007
Payroll and employee benefits (<i>i</i>)	48,210	72,724	360,680
Depreciation and amortization (<i>ii</i>)	75,012	82,695	149,656
Licensing expenses	18,788	32,780	65,389
Promotion and advertising expenses	35,576	46,017	83,807
Logistics expenses	8,836	11,969	39,557
Rental and related expenses	2,714	12,095	39,383
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses	25,981	33,691	75,818
Total cost of sales, selling and distribution and general and administrative expenses	<u>1,171,007</u>	<u>1,513,525</u>	<u>3,131,167</u>

Notes:

- (i) Payroll and employee benefits are analyzed as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	43,287	66,698	112,801
Contributions to social security contribution plan	3,898	5,179	10,804
Equity-settled share-based payment expenses	1,025	847	237,075
	<u>48,210</u>	<u>72,724</u>	<u>360,680</u>

- (ii) Depreciation and amortization are analyzed as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment (<i>Note 12</i>)	21,807	26,891	45,794
Right-of-use assets (<i>Note 13</i>)	47,276	50,603	73,072
Intangible assets (<i>Note 14</i>)	5,929	5,201	30,790
	<u>75,012</u>	<u>82,695</u>	<u>149,656</u>

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6 OTHER NET INCOME/(LOSS)

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss on disposal of property, plant and equipment . .	(1,158)	(1,314)	(4,995)
Gain relating to cancellation and modification of lease contracts.	3,660	2,633	3,298
Others	(697)	(261)	208
	<u>1,805</u>	<u>1,058</u>	<u>(1,489)</u>

7 NET FINANCE COSTS

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income			
– Interest income	<u>1,129</u>	<u>1,093</u>	<u>5,101</u>
Finance costs			
– Interest expense on loans and borrowings	–	(208)	(1,548)
– Interest expense on lease liabilities	(4,287)	(5,590)	(7,442)
	<u>(4,287)</u>	<u>(5,798)</u>	<u>(8,990)</u>
Net finance costs	<u>(3,158)</u>	<u>(4,705)</u>	<u>(3,889)</u>

8 INCOME TAXES

(a) Taxation recognized in consolidated statements of profit or loss:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts recognized in consolidated statements of profit or loss			
<i>Current tax</i>			
– Provision for the year	76,240	89,363	177,967
<i>Deferred tax</i>			
– Origination and reversal of temporary differences (Note 8(c))	(1,841)	7,993	1,694
Income tax expense	<u>74,399</u>	<u>97,356</u>	<u>179,661</u>

(1) Cayman Islands and the BVI

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(2) Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the Company’s Hong Kong subsidiaries are subject to Hong Kong Profits Tax at the rate of 16.5% on their taxable income generated from the operations in Hong Kong. A two-tiered profits tax rate regime was introduced in 2018 where the first HKD2 million of

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assessable profits earned by a company will be taxed at half of the current tax rate (8.25%) whilst the remaining profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

(3) Chinese Mainland

Under the Corporate Income Tax (“CIT”) Law, the subsidiaries established in Chinese Mainland are subject to a unified statutory CIT rate of 25%, unless otherwise specified below.

A subsidiary established in Hengqin New Area of Zhuhai, a pilot free trade zone in Chinese Mainland, met the criteria for a preferential income tax rate of 15% for the year ended December 31, 2025.

The Group’s certain subsidiaries met the criteria required for a preferential income tax rate granted to small and low profit-making enterprises in Chinese Mainland, and were entitled to a preferential income tax rate of 5% on the taxable income.

(4) Other jurisdictions

Taxes on taxable profits in other jurisdictions have been calculated at the rates of tax prevailing in the countries and regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before taxation	286,788	390,886	280,702
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	71,764	98,229	120,736
Tax effect of non-taxable income	–	–	(1,115)
Tax effect of non-deductible expenses	306	10	59,828
Tax effect of unused tax losses not recognized	542	3,938	7,905
Tax effect of utilization of unused tax losses previously not recognized	–	(7,958)	(952)
Tax effect of other deductible temporary differences not recognized	1,787	3,724	275
Tax effect of utilization of deductible temporary differences previously not recognized	–	–	(3,393)
Effect of preferential tax rates	–	(587)	(3,623)
Actual tax expense	74,399	97,356	179,661

(c) Movement in deferred tax assets and liabilities

The components of deferred tax assets and liabilities recognized in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

	Unused tax losses	Right-of-use assets	Lease liabilities	Inventory provision	Intra-group unrealized profits	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Deferred tax arising from:							
At January 1, 2023	19,234	(22,747)	25,357	9,804	–	760	32,408
Charged/(credited) to profit or loss	1,739	9,558	(8,258)	(490)	–	(708)	1,841
At December 31, 2023 . .	20,973	(13,189)	17,099	9,314	–	52	34,249
(Credited)/charged to profit or loss	(3,267)	7,428	(8,570)	(3,983)	358	41	(7,993)

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	Unused tax losses	Right-of-use assets	Lease liabilities	Inventory provision	Intra-group unrealized profits	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024	17,706	(5,761)	8,529	5,331	358	93	26,256
(Credited)/charged to profit or loss	(5,646)	(23,999)	21,246	1,999	2,036	2,670	(1,694)
At December 31, 2025	12,060	(29,760)	29,775	7,330	2,394	2,763	24,562

The Group only recognizes deferred tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses.

(d) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, because it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	7,148	22,044	8,384
Unused tax losses	35,470	29,991	65,373
Total	42,618	52,035	73,757

(e) Tax losses carried forward

Tax losses for which no deferred tax assets have been recognized will expire as follows:

	As at December 31, 2023	Expiry date	As at December 31, 2024	Expiry date	As at December 31, 2025	Expiry date
	RMB'000		RMB'000		RMB'000	
With expiry date	35,470	2025-2028	26,807	2026-2034	64,841	2027-2035
Without expiry date	–	N/A	3,184	N/A	532	N/A

Tax losses for which no deferred tax assets have been recognized are related to subsidiaries that are not expected to derive sufficient taxable profits in the foreseeable future before unused tax losses expire.

9 DIRECTORS’ EMOLUMENTS

For the directors of the Company as of the date of this report, their emoluments for the years ended December 31, 2023, 2024 and 2025 are as follows:

For the year ended December 31, 2023							
Note	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Mr. Sun Yuanwen. (i)	–	875	151	24	1,050	268	1,318
Ms. Yan Xiaojiao. (ii)	–	175	72	5	252	–	252
Non-executive director							
Mr. Ye Guofu (iii)	–	–	–	–	–	–	–
	–	1,050	223	29	1,302	268	1,570

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For the year ended December 31, 2024							
Note	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Sun Yuanwen (i)	–	885	156	27	1,068	123	1,191
Ms. Yan Xiaojiao (ii)	–	512	171	32	715	–	715
Non-executive director							
Mr. Ye Guofu (iii)	–	–	–	–	–	–	–
	–	1,397	327	59	1,783	123	1,906
	–	–	–	–	–	–	–
For the year ended December 31, 2025							
Note	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments(vii)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Mr. Sun Yuanwen (i)	–	1,750	274	34	2,058	109,902	111,960
Ms. Yan Xiaojiao (ii)	–	885	399	35	1,319	23,649	24,968
Non-executive directors							
Mr. Ye Guofu (iii)	–	–	–	–	–	–	–
Mr. Chang Yuliang (iv)	–	–	–	–	–	–	–
	–	2,635	673	69	3,377	133,551	136,928
	–	–	–	–	–	–	–

Notes:

- (i) Mr. Sun Yuanwen was appointed as an executive director of the Company on April 24, 2025. His remuneration disclosed above represented the compensation for services rendered by him to the Group’s subsidiaries as a chief executive officer and/or legal representative and/or director.
- (ii) Ms. Yan Xiaojiao was appointed as an executive director of the Company on July 31, 2025. Her remuneration disclosed above represented the compensation for services rendered by her to the Group’s subsidiaries as a chief financial officer and/or director.
- (iii) Mr. Ye Guofu was appointed as a non-executive director of the Company on July 31, 2025. He is a director of certain subsidiaries within the Group during the Track Record Period. Mr. Ye Guofu received remuneration from the Controlling Shareholder and/or its subsidiaries during the Track Record Period in respect of his services to the Controlling Shareholder and its subsidiaries (including the Group). No apportionment has been made as the services provided by Mr. Ye Guofu to the Group are incidental to his responsibilities to the larger group.
- (iv) Mr. Chang Yuliang was appointed as a non-executive director of the Company on July 31, 2025.
- (v) During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office and no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.
- (vi) [Mr. Ng Likwa, Ms. Wang Xiaomei, and Ms. Wang Yajin were appointed as independent non-executive directors of the Company on [●], with effect from the [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited.]
- (vii) These represent the estimated value of restricted shares granted to the directors under the Company’s 2025 Share Incentive Plan. The value of these restricted shares is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note 2(n)(iii). The details of share-based payments, including the principal terms and number of restricted shares granted, are disclosed in Note 24.

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10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

For the years ended December 31, 2023, 2024 and 2025, of the five individuals with the highest emoluments, 1, 2 and 2 are directors whose emoluments are disclosed in Note 9.

The aggregate of the emoluments in respect of the other 4, 3, and 3 individuals are as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	2,287	1,535	1,418
Discretionary bonuses	402	269	381
Retirement scheme contributions	83	66	81
Equity-settled share-based payments	757	561	18,736
	<u>3,529</u>	<u>2,431</u>	<u>20,616</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	For the years ended December 31,		
	2023	2024	2025
Nil to HKD1,000,000	3	2	–
HKD1,000,001 to HKD1,500,000	–	1	–
HKD1,500,001 to HKD2,000,000	1	–	–
HKD5,500,001 to HKD6,000,000	–	–	1
HKD6,000,001 to HKD6,500,000	–	–	1
HKD10,500,001 to HKD11,000,000	–	–	–
	<u>4</u>	<u>3</u>	<u>3</u>

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Restructuring and the basis of preparation and presentation set out in Note 1.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Moulds	Office equipment	Store operating equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2023 . . .	<u>14,481</u>	<u>24,615</u>	<u>2,821</u>	<u>3,148</u>	<u>305</u>	<u>45,370</u>
Additions through purchases	1,543	16,168	466	1,332	2,935	22,444
Transfer from construction in progress	1,162	–	–	–	(1,162)	–
Disposals	<u>(7,126)</u>	<u>(6,445)</u>	<u>(1,417)</u>	<u>(2,248)</u>	<u>–</u>	<u>(17,236)</u>
At December 31, 2023 .	<u>10,060</u>	<u>34,338</u>	<u>1,870</u>	<u>2,232</u>	<u>2,078</u>	<u>50,578</u>
Additions through purchases	13,768	21,457	1,446	1,680	13,601	51,952
Transfer from construction in progress	8,219	–	–	–	(8,219)	–
Disposals	<u>(4,661)</u>	<u>(5,909)</u>	<u>(314)</u>	<u>(1,510)</u>	<u>–</u>	<u>(12,394)</u>
At December 31, 2024 .	<u>27,386</u>	<u>49,886</u>	<u>3,002</u>	<u>2,402</u>	<u>7,460</u>	<u>90,136</u>

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	Leasehold improvements	Moulds	Office equipment	Store operating equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Additions through purchases	17,234	45,062	3,386	3,517	13,927	83,126
Additions through acquisition of a subsidiary (<i>Note 25</i>) .	–	–	103	–	–	103
Transfer from construction in progress	15,712	–	–	–	(15,712)	–
Disposals	(8,831)	(900)	(1,062)	(765)	(3,001)	(14,559)
Exchange adjustments .	231	–	(1)	26	47	303
At December 31, 2025	<u>51,732</u>	<u>94,048</u>	<u>5,428</u>	<u>5,180</u>	<u>2,721</u>	<u>159,109</u>
Accumulated depreciation:						
At January 1, 2023 . . .	<u>(3,807)</u>	<u>(12,951)</u>	<u>(659)</u>	<u>(750)</u>	–	<u>(18,167)</u>
Charge for the year . . .	<u>(2,356)</u>	<u>(17,494)</u>	<u>(506)</u>	<u>(1,451)</u>	–	<u>(21,807)</u>
Written back on disposals	<u>2,864</u>	<u>6,102</u>	<u>384</u>	<u>1,194</u>	–	<u>10,544</u>
At December 31, 2023 .	<u>(3,299)</u>	<u>(24,343)</u>	<u>(781)</u>	<u>(1,007)</u>	–	<u>(29,430)</u>
Charge for the year . . .	<u>(6,464)</u>	<u>(18,543)</u>	<u>(363)</u>	<u>(1,521)</u>	–	<u>(26,891)</u>
Written back on disposals	<u>1,546</u>	<u>5,769</u>	<u>129</u>	<u>717</u>	–	<u>8,161</u>
At December 31, 2024 .	<u>(8,217)</u>	<u>(37,117)</u>	<u>(1,015)</u>	<u>(1,811)</u>	–	<u>(48,160)</u>
Charge for the year . . .	<u>(12,497)</u>	<u>(31,835)</u>	<u>(910)</u>	<u>(552)</u>	–	<u>(45,794)</u>
Written back on disposals	<u>3,830</u>	<u>226</u>	<u>349</u>	<u>85</u>	–	<u>4,490</u>
Exchange adjustments .	<u>(39)</u>	–	–	<u>(1)</u>	–	<u>(40)</u>
At December 31, 2025	<u>(16,923)</u>	<u>(68,726)</u>	<u>(1,576)</u>	<u>(2,279)</u>	–	<u>(89,504)</u>
Accumulated impairment:						
At January 1, 2023 . . .	<u>(3,730)</u>	–	–	<u>(188)</u>	–	<u>(3,918)</u>
Addition	<u>(1,863)</u>	–	–	<u>(1,017)</u>	–	<u>(2,880)</u>
Written back on disposals	<u>2,783</u>	–	–	<u>598</u>	–	<u>3,381</u>
At December 31, 2023 .	<u>(2,810)</u>	–	–	<u>(607)</u>	–	<u>(3,417)</u>
Addition	<u>(1,772)</u>	–	–	<u>(34)</u>	–	<u>(1,806)</u>
Written back on disposals	<u>1,227</u>	–	–	<u>234</u>	–	<u>1,461</u>
At December 31, 2024 .	<u>(3,355)</u>	–	–	<u>(407)</u>	–	<u>(3,762)</u>
Addition	<u>(867)</u>	–	–	<u>(15)</u>	–	<u>(882)</u>
Written back on disposals	<u>1,371</u>	–	–	<u>195</u>	–	<u>1,566</u>
At December 31, 2025	<u>(2,851)</u>	–	–	<u>(227)</u>	–	<u>(3,078)</u>
Net book value:						
At December 31, 2023 .	<u>3,951</u>	<u>9,995</u>	<u>1,089</u>	<u>618</u>	<u>2,078</u>	<u>17,731</u>
At December 31, 2024 .	<u>15,814</u>	<u>12,769</u>	<u>1,987</u>	<u>184</u>	<u>7,460</u>	<u>38,214</u>
At December 31, 2025	<u>31,958</u>	<u>25,322</u>	<u>3,852</u>	<u>2,674</u>	<u>2,721</u>	<u>66,527</u>

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13 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Property
	<i>RMB'000</i>
Cost:	
At January 1, 2023	140,075
Additions	67,691
Derecognition	(72,704)
At December 31, 2023	135,062
Additions	180,615
Derecognition	(27,669)
Exchange adjustments	(67)
At December 31, 2024	287,941
Additions	99,647
Derecognition	(78,233)
Exchange adjustments	319
At December 31, 2025	309,674
Accumulated depreciation:	
At January 1, 2023	(50,301)
Charge for the year	(47,276)
Derecognition	43,038
At December 31, 2023	(54,539)
Charge for the year	(50,603)
Derecognition	21,408
Exchange adjustments	5
At December 31, 2024	(83,729)
Charge for the year	(73,072)
Derecognition	38,282
Exchange adjustments	(47)
At December 31, 2025	(118,566)
Net book value:	
At December 31, 2023	80,523
At December 31, 2024	204,212
At December 31, 2025	191,108

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	For the years ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation charge of right-of-use assets by class of underlying asset:			
Property	47,276	50,603	73,072
Interest expense on lease liabilities (<i>Note 7</i>)	4,287	5,590	7,442
Expense relating to short-term leases	1,742	4,584	21,447
Variable lease payments	156	217	3,935

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 18(c) and Note 21, respectively.

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The Group leases properties for its directly operated stores, warehouse storage and office space. The leases of directly operated stores, office space and warehouse storage typically run for two to five years.

Some leases of directly operated stores contain variable lease payments, which typically range from 5% to 12% of the monthly sales that each store makes in excess of a certain breakpoint predetermined with landlords.

14 INTANGIBLE ASSETS

	Licensed IPs	IP rights	Total
	RMB'000	RMB'000	RMB'000
	(i)	(ii)	
Cost:			
At January 1, 2023	19,940	—	19,940
Additions through purchases	200	—	200
Termination of license agreements	(10,813)	—	(10,813)
At December 31, 2023	9,327	—	9,327
Additions through purchases	9,412	—	9,412
Termination of license agreements	(4,410)	—	(4,410)
At December 31, 2024	14,329	—	14,329
Additions through purchases	35,354	18,750	54,104
Additions through acquisition of a subsidiary (Note 25)	—	75,000	75,000
Termination of license agreements	(23,486)	—	(23,486)
At December 31, 2025	26,197	93,750	119,947
Accumulated depreciation:			
At January 1, 2023	(10,823)	—	(10,823)
Charge for the year	(5,929)	—	(5,929)
Written back	10,813	—	10,813
At December 31, 2023	(5,939)	—	(5,939)
Charge for the year	(5,201)	—	(5,201)
Written back	4,410	—	4,410
At December 31, 2024	(6,730)	—	(6,730)
Charge for the year	(27,014)	(3,776)	(30,790)
Written back	23,486	—	23,486
At December 31, 2025	(10,258)	(3,776)	(14,034)
Net book value:			
At December 31, 2023	3,388	—	3,388
At December 31, 2024	7,599	—	7,599
At December 31, 2025	15,939	89,974	105,913

Notes:

- (i) The amounts represent the exclusive and non-exclusive license rights obtained by the Group in accordance with the respective license agreements. Upon initial recognition, the Licensed IPs are recognized at the present values of the fixed minimum payments with the corresponding amounts recognized as other payables.
- (ii) The amortization of intangible assets has been charged to cost of sales in the consolidated statements of profit or loss during the Track Record Period.

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15 INVENTORIES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	127,887	227,191	461,178
Low-value consumables	241	225	197
	<u>128,128</u>	<u>227,416</u>	<u>461,375</u>

- (a) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold.	957,851	1,228,433	2,289,833
(Reversal of write-down)/write-down of inventories	(1,961)	(6,879)	1,174
Cost of inventories recognized in consolidated statements of profit or loss	<u>955,890</u>	<u>1,221,554</u>	<u>2,291,007</u>

16 TRADE AND OTHER RECEIVABLES

		As at December 31,		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current				
Deposits				
– Third parties		9,458	16,893	17,055
– Related parties	28(b)	–	–	4,010
		9,458	16,893	21,065
Current				
Trade receivables, net of loss allowance				
– Third parties		16,953	41,482	91,407
– Related parties	28(b)	139,832	182,241	213,479
Trade receivables, net of loss allowance		156,785	223,723	304,886
Miscellaneous expenses paid on behalf of franchisees		27,719	44,025	71,514
Prepayments for inventories		18,616	26,345	36,117
Deposits, net of loss allowance		11,520	16,013	14,432
Receivables due from on-line payment platforms and banks (i)		6,988	5,455	13,201
VAT recoverable		1,899	1,853	20,255
Prepayments for promotion and advertising expenses		1,871	5,207	4,640
Other receivables from related parties	28(b)	7	336	2,675
Prepayments for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Others		3,185	11,379	11,967
		228,590	334,336	484,002

Notes:

- (i) Receivables due from online payment platforms and banks included the proceeds of online sales through e-commerce platforms collected by and retained in third-party online payment platforms. Withdrawal of the balances retained in online payment platforms could be made anytime upon the Group’s instructions. The amounts also included those due from banks for offline sales made through customer credit/debit cards and other online payment platforms that require overnight processing by the collection banks.
- (ii) All of the trade and other receivables classified as current are expected to be recovered or recognized as expense within one year.
- (iii) All trade debtors are due within 30 to 180 days from the date of revenue recognition for domestic and overseas customers.

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- (iv) Further details on the Group’s credit policy and credit risk arising from trade and other receivable are set out in Note 27(a).

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 90 days	155,033	214,128	287,956
91 to 180 days	1,361	5,239	4,683
181 to 360 days	313	4,081	6,615
Over 360 days	78	275	5,632
	<u>156,785</u>	<u>223,723</u>	<u>304,886</u>

17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash on hand	—	24	190
Cash at bank	<u>33,421</u>	<u>71,859</u>	<u>391,641</u>
Cash and cash equivalents as presented in the consolidated statements of financial position	<u>33,421</u>	<u>71,883</u>	<u>391,831</u>
Accrued interest on fixed deposits with banks with original maturity within three months	—	—	(506)
Cash and cash equivalents as presented in the consolidated statements of cash flows	33,421	71,883	391,325

18 CASH FLOW INFORMATION

(a) Reconciliation of profit before taxation to cash generated from operations:

	Note	For the years ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Profit before taxation		286,788	390,886	280,702
Adjustments for:				
Depreciation and amortization	5	75,012	82,695	149,656
Loss on disposal of property, plant and equipment	6	1,158	1,314	4,995
Impairment loss on non-current assets		2,880	1,806	882
Gain relating to cancellation and modification of lease contracts	6	(3,660)	(2,633)	(3,298)
Interest expense on lease liabilities	7	4,287	5,590	7,442
Interest expense on loans and borrowings	7	—	208	1,548
Changes in the carrying amount of redemption liabilities	22	—	—	158,491
Interest income	7	(1,129)	(1,093)	(5,101)
Investment income from other investments		(280)	(286)	(69)
Unrealized foreign exchange gain		—	(969)	(6,682)
Equity-settled share-based payment expenses	5	1,025	847	237,075
Changes in working capital:				
Inventories		(47,191)	(99,288)	(233,959)
Trade and other receivables		(101,920)	(113,181)	(334,236)
Contract liabilities		(62)	5,936	12,590
Trade and other payables		92,714	153,002	309,273

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	Note	For the years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Restricted cash		736	(234)	352
Cash generated from operations		310,358	424,600	579,661

(b) **Reconciliation of liabilities arising from financing activities:**

	Loans and borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	Note 19	Note 21	
At January 1, 2023	280,000	100,252	380,252
Changes from financing cash flows:			
Proceeds from loans and borrowings	280,000	—	280,000
Repayments of loans and borrowings	(280,000)	—	(280,000)
Payments of capital element of lease liabilities	—	(53,877)	(53,877)
Payments of interest element of lease liabilities	—	(4,287)	(4,287)
Total changes from financing cash flows	—	(58,164)	(58,164)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	67,691	67,691
Decrease in lease liabilities from derecognition	—	(33,326)	(33,326)
Interest expenses	—	4,287	4,287
Total other changes	—	38,652	38,652
At December 31, 2023.	280,000	80,740	360,740

	Loans and borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
	Note 19	Note 21	
At January 1, 2024	280,000	80,740	360,740
Changes from financing cash flows:			
Proceeds from loans and borrowings	60,000	—	60,000
Payments of capital element of lease liabilities	—	(38,978)	(38,978)
Payments of interest element of lease liabilities	—	(5,590)	(5,590)
Total changes from financing cash flows	60,000	(44,568)	15,432
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	180,615	180,615
Decrease in lease liabilities from derecognition	—	(8,894)	(8,894)
Interest expenses	208	5,590	5,798
Total other changes	208	177,311	177,519
At December 31, 2024.	340,208	213,483	553,691

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	Loans and borrowings	Lease liabilities	Redemption liabilities arising from preferred shares	Total
	RMB'000 Note 19	RMB'000 Note 21	RMB'000 Note 22	RMB'000
At January 1, 2025	<u>340,208</u>	<u>213,483</u>	<u>—</u>	<u>553,691</u>
Changes from financing cash flows:				
Proceeds from loans and borrowings	80,000	—	—	80,000
Repayments of loans and borrowings	(110,000)	—	—	(110,000)
Interest of loans and borrowings paid	(1,756)	—	—	(1,756)
Proceeds from the issuance of preferred shares	—	—	424,862	424,862
Payments of capital element of lease liabilities	—	(70,462)	—	(70,462)
Payments of interest element of lease liabilities	<u>—</u>	<u>(7,442)</u>	<u>—</u>	<u>(7,442)</u>
Total changes from financing cash flows	<u>(31,756)</u>	<u>(77,904)</u>	<u>424,862</u>	<u>315,202</u>
Exchange adjustments	<u>—</u>	<u>—</u>	<u>(9,672)</u>	<u>(9,672)</u>
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	99,647	—	99,647
Decrease in lease liabilities from derecognition	—	(43,249)	—	(43,249)
Changes in the carrying amount of redemption liabilities	—	—	158,491	158,491
Interest expenses	<u>1,548</u>	<u>7,442</u>	<u>—</u>	<u>8,990</u>
Total other changes	<u>1,548</u>	<u>63,840</u>	<u>158,491</u>	<u>223,879</u>
At December 31, 2025	<u><u>310,000</u></u>	<u><u>199,419</u></u>	<u><u>573,681</u></u>	<u><u>1,083,100</u></u>

(c) **Total cash outflow for leases:**

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	(1,898)	(4,801)	(25,382)
Within financing cash flows	<u>(58,164)</u>	<u>(44,568)</u>	<u>(77,904)</u>
	<u><u>(60,062)</u></u>	<u><u>(49,369)</u></u>	<u><u>(103,286)</u></u>

19 LOANS AND BORROWINGS

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Borrowings from an entity under common control of the Controlling Shareholder (i)	280,000	310,000	310,000
Borrowing from the Controlling Shareholder (ii)	<u>—</u>	<u>30,208</u>	<u>—</u>
	<u><u>280,000</u></u>	<u><u>340,208</u></u>	<u><u>310,000</u></u>

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Notes:

- (i) The balances as at December 31, 2023, 2024 and 2025 represent the interest-free borrowings repayable on demand from MINISO (Guangzhou) Co., Ltd., a subsidiary of the Controlling Shareholder. In 2025, both parties entered into a supplementary agreement regarding the interest-free borrowings, stipulating the repayment period to be December 31, 2026.
- (ii) The balances as at December 31, 2024 represent the borrowing interest-bearing at 3% per annum from the Controlling Shareholder. The borrowing was repaid on September 15, 2025.

20 TRADE AND OTHER PAYABLES

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	136,889	207,417	334,797
Amounts due to related parties (<i>Note 28(b)</i>)	4,517	14,795	221
Accrued expenses	16,874	42,250	54,844
Deposits	69,271	98,481	113,440
Payable relating to leasehold improvements	6,812	13,945	14,446
Payroll payable	3,346	9,064	15,985
Other taxes payable	8,664	10,087	18,024
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	5,259	8,731	20,631
	<u>251,632</u>	<u>404,770</u>	<u>579,870</u>

Information about the Group’s exposure to liquidity risks is included in Note 27.

The credit period granted by suppliers is 30 to 60 days.

All trade and other payables are expected to be settled within one year or are repayable on demand.

Aging analysis

As of the end of each reporting period, the aging analysis of trade payables, based on the invoice date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	133,315	201,488	311,886
1 to 3 months	2,707	2,243	15,801
3 months to 1 year	718	2,781	5,141
Over 1 year	149	905	1,969
	<u>136,889</u>	<u>207,417</u>	<u>334,797</u>

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21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group’s lease liabilities at the end of each reporting period:

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	39,377	40,188	63,766	65,234	66,061	72,159
After 1 year but within 2 years	28,784	31,064	52,967	55,586	51,076	54,878
After 2 years but within 5 years	12,579	14,038	62,426	69,917	52,158	57,706
After 5 years	–	–	34,324	43,764	30,124	31,724
	<u>41,363</u>	<u>45,102</u>	<u>149,717</u>	<u>169,267</u>	<u>133,358</u>	<u>144,308</u>
	<u>80,740</u>	<u>85,290</u>	<u>213,483</u>	<u>234,501</u>	<u>199,419</u>	<u>216,467</u>
Less: total future interest expenses . .		(4,550)		(21,018)		(17,048)
Present value of lease liabilities		<u>80,740</u>		<u>213,483</u>		<u>199,419</u>

22 REDEMPTION LIABILITIES ARISING FROM PREFERRED SHARES

On July 24, 2025, the Company entered into Series A financing agreements with four Series A investors, pursuant to which, the Company issued 47,632,778 Series A Preferred Shares at an issue price totalling USD59,426,000 on July 31, 2025.

The key terms of the Series A Preferred Shares are summarized as follows:

Redemption right

The holders of Series A Preferred Shares may require the Company to redeem any or all of the Series A Preferred Shares held by them at any time after the occurrence of the following events (the “redemption events”) whichever is earlier:

- (i) a qualified IPO has not been consummated on or prior to the third anniversary of the issue date with respect to the relevant Series A Preferred Shares;
- (ii) the Company or any of its affiliates is subject to any sanctions enacted or enforced by the PRC, the United States of America, or other relevant countries, or the United Nations or the European Union; or
- (iii) the Group or the Controlling Shareholder has materially breached any of their respective representations, warranties, covenants or undertakings.

The redemption price shall be equal to the higher of (i) or (ii) below: (i) the issue price plus an interest at the simple rate of ten percent per annum accruing from the issue date to the date of payment of the redemption price; and (ii) the fair value of respective Series A Preferred Shares.

Financial effect

The Group’s obligation to redeem the preferred shares upon the occurrence of redemption events which are beyond the control of both the Group and the preferred shareholders gives rise to a financial liability. Such redemption liability is measured at the present value of the redemption price the Group could be required to pay from time to time. Subsequent changes in the carrying amount of the redemption liability arising from remeasurement of the redemption amount are recognized in profit or loss.

Accordingly, redemption liabilities were recognized at the issue price of USD59,426,000 upon the issuance of the Series A Preferred Shares.

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The movement of redemption liabilities arising from preferred shares during year ended December 31, 2025 is set out as below:

	For the year ended December 31,
	2025
	<i>RMB’000</i>
At the beginning of the year	–
Recognition of redemption liabilities arising from issuance of preferred share	424,862
Changes in the carrying amount of redemption liabilities	158,491
Exchange adjustments	(9,672)
At the end of the year	<u>573,681</u>

The Group had used the discounted cash flow method to determine the underlying equity value of the Company, and adopted option-pricing method to determine the fair value of Series A Preferred Shares at the end of the reporting period, with the assistance of an independent third-party valuation firm, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“Jones Lang LaSalle”).

Key valuation assumptions used to determine the fair value of Series A Preferred Shares were as follows:

	As at December 31,
	2025
	<i>RMB’000</i>
Weighted average cost of capital	13.5%
Risk-free interest rate	1.2%-2.3%
Discount for lack of marketability (“DLOM”)	5.5%
Expected volatility	38.7%-43.7%

Discount rate (post-tax) was estimated using the weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of China Government Bond. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Under the equity allocation model, volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for a period from the valuation date and with similar span as time to expected event dates. Probability weight under each of the redemption rights and liquidation preferences was based on the Group’s best estimates. In addition to the assumptions adopted above, projections of future performance were also factored into the determination of the fair value of Series A Preferred Shares on the valuation date.

23 CAPITAL AND RESERVES

(a) Share capital, capital reserve and share premium

The Company was incorporated on April 24, 2025 as part of the Restructuring with authorised 5,000,000,000 ordinary shares at a par value of USD0.00001 per share.

As at June 30, 2025, the Company issued 880,000,000 ordinary shares to the Controlling Shareholder at a par value of US\$0.00001 per share, and the aggregated par value of ordinary shares amounted to USD8,800 (equivalent to RMB63,000) was recognized as share capital of the Company. The excess of capital injections made by the equity shareholders over the par value was credited to the share premium.

As at December 31, 2025, the Company has issued 965,016,800 ordinary shares, among which 880,000,000 shares represented ordinary shares outstanding of the Company and 85,016,800 shares were recognized as treasury shares (see Note 23(b)(iii)).

The capital reserve represents the aggregate amount of the paid-up capitals of all the companies now comprising the Group at the respective dates, after the eliminations of investments in subsidiaries.

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During the year ended December 31, 2025, as part of the Restructuring, the Company acquired the equity interest of the companies now comprising the Group, which were under the common control of the Controlling Shareholder, at an aggregate consideration of RMB5,000,000. No difference exists between the consideration paid and the paid-in capital acquired.

In September 2025, the Controlling Shareholder made an additional capital injection of USD690,000 (equivalent to RMB4,911,000) to the Company, which was credited to the share premium.

(b) Nature and purposes of reserves

(i) *Net parent investment*

Prior to completion of the Restructuring, net parent investment represents the net assets related to the [REDACTED] Businesses which had been managed and controlled by the Associated Entities under common control of the Controlling Shareholder through the dates presented, inclusive of cumulative operating results.

(ii) *Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) *Treasury shares*

The Company issued 85,016,800 ordinary shares at par value of USD0.00001 each to three entities incorporated in the British Virgin Islands (“special purpose vehicles”), which together held the shares under the share incentive plan (see Note 24). The ordinary shares issued to these special purposed vehicles are treated as treasury shares until they are granted to directors and employees and become vested.

(iv) *Share-based payment reserve*

The share-based payment reserve represents the portion of the grant date fair value of restricted shares granted by the Company to the key management personnel and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(n)(iii).

The share-based payment reserve also includes the portion of the grant date fair value of restricted shares, share options and restricted share units granted by the Controlling Shareholder to the key management personnel and employees of the Group that has been recognized in the Historical Financial Information.

(v) *PRC statutory reserve*

PRC statutory reserve is established in accordance with the PRC Company Law and the Articles of Association of the subsidiaries which are established in the PRC. The subsidiaries being wholly foreign-owned enterprises or wholly domestic-owned enterprises, are required to allocate at least 10% of its net profits to a statutory surplus reserve. The transfer to this reserve must be made before distribution of dividends to equity shareholders can be made.

PRC statutory reserve can be used to make good previous years’ losses, if any, and may be converted into capital in proportion to their existing equity holdings, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(c) Capital management

The Group defines “capital” as including all components of equity and Series A Preferred Shares. The Group’s policy is to maintain a strong capital base to maintain investors, creditors and market confidence and to sustain future development of the business. There were no changes in the Group’s approach to capital management during the reporting periods. The Group is not subject to any externally imposed capital requirements.

(d) Dividends

No dividends have been declared or paid by the companies now comprising the Group to its equity shareholders during the Track Record Period.

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(e) Statement of changes in equity of the Company

	Note	Share capital	Share premium	Treasury shares	Share-based payment reserve	Translation reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 23(a)	Note 23(a)	Note 23(b)(iii)	Note 23(b)(iv)	Note 23(b)(ii)		
Balance at April 24, 2025 (date of incorporation)		—	—	—	—	—	—	—
Changes in equity for the year ended December 31, 2025								
Loss for the year		—	—	—	—	—	(184,278)	(184,278)
Other comprehensive income for the year		—	—	—	—	2,854	—	2,854
Total comprehensive income for the year		—	—	—	—	2,854	(184,278)	(181,424)
Issuance of ordinary shares	23(a)	63	—	—	—	—	—	63
Issuance of shares held for share incentive plan	23(b)(iii)	6	2,530	(2,536)	—	—	—	—
Equity-settled share-based transactions	24	—	—	—	236,534	—	—	236,534
Capital injection from shareholders		—	4,911	—	—	—	—	4,911
Balance at December 31, 2025		69	7,441	(2,536)	236,534	2,854	(184,278)	60,084

24 EQUITY SETTLED SHARE-BASED PAYMENTS

On July 10, 2025, the board of directors approved a share incentive plan (the “2025 Share Incentive Plan”). Pursuant to the 2025 Share Incentive Plan, restricted shares or other approved awards may be granted to the Group’s employees and directors. The maximum aggregate number of shares which could be issued under the 2025 Share Incentive Plan was 120,000,000.

Unless terminated earlier by the board of directors, the 2025 Share Incentive Plan will be valid and effective for a term of 10 years starting on July 10, 2025.

On the same date, 85,016,800 restricted shares of the Company were granted to the directors and certain employees of the Group at a purchase price of USD0.0042 per restricted share. The restricted shares granted were subject to certain restrictions on transferability and forfeiture/repurchase conditions. 20% of the restricted shares are not subject to repurchase conditions from the grant date, while each of 20% of the remaining restricted shares will no longer be subject to repurchase conditions on the first business day in 2026, 2027, 2028 and 2029, respectively, on the condition that employees remain in service without any performance requirements (“Specified Service Period”). In addition, if employees leave the Group before an [REDACTED] takes place, the awarded shares will be forfeited. The forfeited shares will be repurchased by the Company at the original purchase price, and if applicable, plus 10% per annum interest. As such, the actual length of vesting period of the restricted shares is subject to an [REDACTED] condition. The Group considered that an IPO is probable to incur and recognized the share-based payment expenses over the estimated actual vesting period, which is based on an estimate of when an IPO will incur or the Specified Service Period, whichever is longer.

Movements in the number of restricted shares granted to employees and the weighted average grant date fair value are as follows:

	Number of restricted shares	Weighted-average grant date fair value USD per restricted share
Outstanding as of January 1, 2025	—	—
Granted during the year	85,016,800	1.1137
Outstanding as of December 31, 2025	85,016,800	1.1137

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The aggregate fair value of restricted shares at the date of grant on July 10, 2025 were USD94,682,000 (equivalent to RMB677,074,000).

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of restricted shares at the grant date was determined with reference to the fair value of the equity interest of the Company which has been measured using discounted cash flow method.

The key inputs used in the measurement of the fair value of the equity interest of the Company at the grant date were as follows:

	<u>Inputs</u>
Discount rate	12.8%
Perpetual growth rate	2.0%
Expected dividends	0.0%
DLOM	12.1%~13.9%
Expected volatility	42.1%-46.8%
Discount for lack of control	24.1%

Expected dividends are based on that no dividend plan is expected within the estimated actual vesting period. Changes in the subjective input assumptions could materially affect the fair value estimate.

The post-vesting restrictions on transferability has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discounts have been determined using put option method.

Total share-based payment expense calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statement of profit or loss for aforementioned share-based awards granted to the Group’s employees was RMB236,534,000 for the year ended December 31, 2025.

25 ACQUISITION OF A SUBSIDIARY

In July 2025, the Group entered into a share transfer agreement with a third party to acquire 51% equity interest in a target entity at cash consideration of RMB39,680,000. Upon the completion of this acquisition on August 1, 2025, the target entity has become a subsidiary of the Group. The identifiable assets of this target entity mainly comprise of two groups of IP rights. The transaction was recognised as an acquisition of assets, rather than a business combination, given that substantially all of the fair value of the gross assets is concentrated in a group of similar identifiable assets being the major group of IP rights.

The following summarizes the amounts of assets and liabilities recognized in Group’s consolidated financial statements at the date of acquisition:

	<i>RMB’000</i>
Property, plant and equipment	103
Intangible assets	75,000
Trade and other receivables	1,565
Cash and cash equivalents	3,460
Trade and other payables	(3,090)
Contract liabilities	(7)
Current taxation	(363)
Total identifiable net assets acquired	<u>76,668</u>

Total acquisition cost for the above net assets:

	<i>RMB’000</i>
Cash consideration	39,680
Non-controlling interest	36,988
	<u>76,668</u>

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Analysis of net cash outflow of cash and cash equivalents in respect of this acquisition:

	<i>RMB’000</i>
Cash considerations paid	39,680
Less: cash and cash equivalents acquired	<u>(3,460)</u>
Net cash outflow	<u>36,220</u>

The value of identifiable net assets acquired was determined by the directors of the Company with reference to the valuation carried out by an independent valuer, Jones Lang LaSalle.

26 NON-CONTROLLING INTERESTS

The following table lists out the information relating to Dongguan Sure Fun Cultural and Creative Co., Ltd., the only subsidiary of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	For the year ended December 31,
	<u>2025</u>
	<i>RMB’000</i>
NCI percentage	49%
Current assets	83,404
Non-current assets	6,074
Current liabilities	(34,340)
Non-current liabilities	(2,093)
Net assets	53,045
Carrying amount of NCI	23,493
Revenue	201,964
Profit for the year	42,381
Total comprehensive income	42,381
Profit allocated to NCI	20,767
Dividend paid to NCI	–
Net cash generated from operating activities	7,342
Net cash used in investing activities	(5,025)
Net cash generated from financing activities	4,816

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business. The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and other receivables. The Group’s exposure to credit risk arising from cash and cash equivalents and restricted cash is limited because the counterparties are banks with high-credit-quality, for which the Group considers having low credit risk.

Trade receivables

The Group’s trade receivables are mainly derived from sales of goods to distributors and franchisees. The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At December 31, 2023, 2024 and 2025, 95%, 93% and 87% of the total trade receivables were due from the Group’s five largest debtors, respectively.

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Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

All trade receivables are due within 30 to 180 days from the date of billing. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The Group does not provide any guarantees which would expose the Group to credit risk.

Other receivables

In determining the ECL for remaining other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. During the year ended December 31, 2025, the management of the Group considered the deposit due from a third party amounting to RMB10,000,000 to be in default. The management of the Group has assessed that the remaining other receivables have not had a significant increase in credit risk since initial recognition and the risk of default is insignificant, and therefore, no credit loss allowance of the remaining other receivables is considered necessary by management for the Track Record Period.

Movement in the loss allowance account in respect of trade and other receivables during the Track Record Period is as follows:

	Trade receivables	Other receivables	Total
	RMB’000	RMB’000	RMB’000
Balance at January 1, 2023	(1,986)	—	(1,986)
Reversal of credit loss recognized during the year	871	—	871
Balance at December 31, 2023	(1,115)	—	(1,115)
Reversal of credit loss recognized during the year	970	—	970
Amounts written off during the year.	50	—	50
Balance at December 31, 2024	(95)	—	(95)
Credit loss recognized during the year	(483)	(10,000)	(10,483)
Balance at December 31, 2025	(578)	(10,000)	(10,578)

(b) Liquidity risk

As at December 31, 2023, 2024 and 2025, the Group’s net current liabilities amounted to RMB218,063,000, RMB216,406,000 and RMB278,557,000, respectively. Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising from loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group relies on the cash generated from operating activities as the main source of liquidity. For the years ended December 31, 2023, 2024 and 2025, the Group had net cash generated from operating activities of RMB256,985,000, RMB333,944,000 and RMB474,862,000, respectively. In addition, the management of the Group monitors the utilization of borrowings and ensures compliance with borrowing covenants, if any. The directors believe that the Group and the Company will have sufficient funds available from operating activities to meet their financial obligations in the foreseeable future.

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The following tables show the remaining contractual maturities at the end of each reporting period presented of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current at the end of each reporting period presented) and the earliest date the Group can be required to pay.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount at December 31, 2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	251,632	–	–	251,632	251,632
Loans and borrowings	280,000	–	–	280,000	280,000
Lease liabilities	40,188	31,064	14,038	85,290	80,740
	<u>571,820</u>	<u>31,064</u>	<u>14,038</u>	<u>616,922</u>	<u>612,372</u>

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	404,770	–	–	–	404,770	404,770
Loans and borrowings	340,903	–	–	–	340,903	340,208
Lease liabilities	65,234	55,586	69,917	43,764	234,501	213,483
	<u>810,907</u>	<u>55,586</u>	<u>69,917</u>	<u>43,764</u>	<u>980,174</u>	<u>958,461</u>

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31, 2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	579,870	–	–	–	579,870	579,870
Loans and borrowings	310,000	–	–	–	310,000	310,000
Lease liabilities	72,159	54,878	57,706	31,724	216,467	199,419
Redemption liabilities arising from preferred shares	573,681	–	–	–	573,681	573,681
	<u>1,535,710</u>	<u>54,878</u>	<u>57,706</u>	<u>31,724</u>	<u>1,680,018</u>	<u>1,662,970</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting period. Therefore, interest-bearing financial instruments at fixed rates do not expose the Group to fair value interest rate risk. The Group’s interest rate risk arises primarily from cash at bank and restricted cash at variable rates, which expose the Group to cash flow interest rate risk. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

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(i) Interest rate profile

The following table details the interest rate profile of the Group’s interest-bearing financial instruments at the end of each reporting period presented:

	Interest rates	As at December 31, 2023	Interest rates	As at December 31, 2024	Interest rates	As at December 31, 2025
	%	RMB’000	%	RMB’000	%	RMB’000
Fixed rate instrument:						
Cash at bank	–	–	–	–	3.22%~3.6%	276,035
Lease liabilities	3.45%~ 4.75%	(80,740)	3.45%~ 4.75%	(213,483)	2.75%~ 4.75%	(199,419)
Loans and borrowings . . .	–	–	3.0%	(30,208)	–	–
		<u>(80,740)</u>		<u>(243,691)</u>		<u>76,616</u>
Variable rate instrument:						
Restricted cash	0.2%~ 1.25%	118	0.1%~ 0.95%	352	–	–
Cash at bank (Note 17) . .	0.2%~ 1.8%	33,421	0.1%~ 1.15%	71,859	0.05%~ 1.1%	115,606
		<u>33,539</u>		<u>72,211</u>		<u>115,606</u>

(ii) Sensitivity analysis

At December 31, 2023 and 2024 and 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group’s results for the reporting periods and decreased/increased accumulated losses by approximately RMB126,000, RMB287,000 and RMB469,000, respectively.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

(e) Fair value measurement

The carrying amounts of the Group’s financial instruments were carried at amortized cost as at December 31, 2023, 2024 and 2025 and were not materially different from their fair values because of the short-term maturities of all these financial instruments.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

	For the years ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Short-term employee benefits	1,302	1,783	3,377
Equity-settled share-based payment expenses	268	123	133,551
	<u>1,570</u>	<u>1,906</u>	<u>136,928</u>

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(ii) Other transactions with related parties

	For the years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Entities under common control of the ultimate controlling shareholder:			
– Sales of products	781,358	922,785	1,671,368
– Purchase of catering services	390	491	890
– Rental and related expenses	–	581	2,357
– Payments of lease liabilities	–	–	4,278
– Payment of earnest money in connection with lease of a property	–	–	6,048
– Purchase of information technology support and consulting services	1,988	3,461	4,409
– Borrowings	280,000	60,000	80,000
– Interest expense on loans and borrowings	–	208	1,548

(b) Balances with related parties

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Entities under common control of the ultimate controlling shareholder:			
– Included in trade and other receivables from related parties	139,839	182,577	220,164
– Included in trade and other payables to related parties	4,517	14,795	221
– Included in lease liabilities due to related parties	–	–	12,769
Non-trade related:			
Entities under common control of the Controlling Shareholder:			
– Included in loans and borrowings from related parties (i)	280,000	340,208	310,000

- (i) The Group intends to settle RMB310,000,000 of loans and borrowings from related parties on December 31, 2026.

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the directors consider the immediate parent of the Group to be MINISO Group Holding Limited, which is incorporated in the Cayman Islands, as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, and the ultimate controlling party of the Company to be Mr. Ye Guofu and his spouse Ms. Yang Yunyun.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING YEAR BEGINNING ON JANUARY 1, 2025

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the year beginning on January 1, 2025 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

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	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts referencing nature-dependent electricity</i>	January 1, 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	January 1, 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that, except for IFRS 18 as disclosed below, the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have a significant impact on the financial performance and positions of the Group.

31 SUBSEQUENT EVENTS

No material subsequent events have occurred since December 31, 2025 up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2025.