

## APPENDIX I

## ACCOUNTANT’S REPORT

*The following is the text of a report set out on pages [I-1] to [I-3], received from the Company’s reporting accountant, [PricewaterhouseCoopers], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.*

*[To insert the firm’s letterhead]*

*[DRAFT]*

### **ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHANDO GLOBAL HOLDING LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND UBS SECURITIES HONG KONG LIMITED**

#### **Introduction**

We report on the historical financial information of CHANDO Global Holding Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-4] to [I-71], which comprises the consolidated balance sheets as at 31 December 2023, 2024 and 2025, the balance sheets of the Company as at 31 December 2023, 2024 and 2025, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-4] to [I-71] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) 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 Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### **Reporting accountant’s 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

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Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s 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 accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1.1 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 purposes of the accountant’s report, a true and fair view of the financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated financial position of the Group as at 31 December 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

### ***Adjustments***

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

### ***Dividends***

We refer to Note 32 to the Historical Financial Information which states that no dividends have been paid by CHANDO Global Holding Limited in respect of the Track Record Period.

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*No statutory financial statements for the Company*

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

**[PricewaterhouseCoopers]**

*Certified Public Accountants*

Hong Kong

**[REDACTED]**

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### **HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

#### **Preparation of Historical Financial Information**

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“IAASB”) (“Underlying Financial Statements”).

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

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### CONSOLIDATED BALANCE SHEETS

|                                                                       |      | As at 31 December |           |           |
|-----------------------------------------------------------------------|------|-------------------|-----------|-----------|
|                                                                       | Note | 2023              | 2024      | 2025      |
|                                                                       |      | RMB'000           | RMB'000   | RMB'000   |
| ASSETS                                                                |      |                   |           |           |
| Non-current assets                                                    |      |                   |           |           |
| Property, plant and equipment . . . . .                               | 7.1  | 579,287           | 612,608   | 617,052   |
| Right-of-use assets . . . . .                                         | 7.2  | 91,807            | 133,766   | 86,152    |
| Intangible assets . . . . .                                           | 8    | 44,404            | 41,336    | 31,117    |
| Investments in associates . . . . .                                   | 9    | —                 | —         | 1,449     |
| Other receivables . . . . .                                           | 13   | 56,958            | 50,614    | 48,031    |
| Deferred income tax assets . . . . .                                  | 10   | 87,624            | 139,199   | 190,118   |
| Time deposits . . . . .                                               | 11   | 300,356           | 257,422   | —         |
|                                                                       |      | 1,160,436         | 1,234,945 | 973,919   |
| Current assets                                                        |      |                   |           |           |
| Inventories . . . . .                                                 | 12   | 488,098           | 439,746   | 475,674   |
| Trade and other receivables and<br>prepayments . . . . .              | 13   | 322,774           | 279,754   | 375,124   |
| Financial assets at fair value<br>through profit or loss . . . . .    | 3.5  | —                 | —         | 150,000   |
| Restricted cash . . . . .                                             | 14   | —                 | —         | 751       |
| Time deposits . . . . .                                               | 11   | —                 | —         | 264,547   |
| Cash and cash equivalents . . . . .                                   | 14   | 575,160           | 858,110   | 948,939   |
|                                                                       |      | 1,386,032         | 1,577,610 | 2,215,035 |
| Total assets . . . . .                                                |      | 2,546,468         | 2,812,555 | 3,188,954 |
| EQUITY                                                                |      |                   |           |           |
| Capital and reserves attributable to<br>equity holders of the Company |      |                   |           |           |
| Share capital . . . . .                                               | 15   | —                 | 71        | 72        |
| Treasury shares held for restricted<br>share . . . . .                | 15   | —                 | —         | (1)       |
| Reserves . . . . .                                                    | 16   | 1,224,852         | 926,789   | 1,258,701 |
|                                                                       |      | 1,224,852         | 926,860   | 1,258,772 |
| Non-controlling interests . . . . .                                   |      | (3,733)           | 29        | —         |
| Total equity . . . . .                                                |      | 1,221,119         | 926,889   | 1,258,772 |

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|                                                                         |             | As at 31 December |                  |                  |
|-------------------------------------------------------------------------|-------------|-------------------|------------------|------------------|
|                                                                         | <i>Note</i> | 2023              | 2024             | 2025             |
|                                                                         |             | <i>RMB'000</i>    | <i>RMB'000</i>   | <i>RMB'000</i>   |
| <b>LIABILITIES</b>                                                      |             |                   |                  |                  |
| <b>Non-current liabilities</b>                                          |             |                   |                  |                  |
| Lease liabilities . . . . .                                             | 22          | 28,774            | 56,236           | 28,307           |
| Deferred income tax liabilities . . . . .                               | 10          | 2,614             | 4,528            | 7,536            |
|                                                                         |             | <u>31,388</u>     | <u>60,764</u>    | <u>35,843</u>    |
| <b>Current liabilities</b>                                              |             |                   |                  |                  |
| Trade and other payables . . . . .                                      | 18          | 802,395           | 1,054,709        | 822,136          |
| Current income tax liabilities . . . . .                                |             | 29,638            | 43,323           | 93,262           |
| Contract liabilities . . . . .                                          | 20          | 390,890           | 229,067          | 186,889          |
| Borrowings . . . . .                                                    | 21          | 50,486            | 50,027           | —                |
| Financial liabilities at fair value<br>through profit or loss . . . . . | 19          | —                 | 410,222          | 773,405          |
| Lease liabilities . . . . .                                             | 22          | 20,552            | 37,554           | 18,647           |
|                                                                         |             | <u>1,293,961</u>  | <u>1,824,902</u> | <u>1,894,339</u> |
| <b>Total liabilities . . . . .</b>                                      |             | <u>1,325,349</u>  | <u>1,885,666</u> | <u>1,930,182</u> |
| <b>Total equity and liabilities . . . . .</b>                           |             | <u>2,546,468</u>  | <u>2,812,555</u> | <u>3,188,954</u> |

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### BALANCE SHEETS OF THE COMPANY

|                                                                               |      | As at<br>31 December | As at<br>31 December | As at<br>31 December |
|-------------------------------------------------------------------------------|------|----------------------|----------------------|----------------------|
|                                                                               | Note | 2023                 | 2024                 | 2025                 |
|                                                                               |      | RMB'000              | RMB'000              | RMB'000              |
| <b>ASSETS</b>                                                                 |      |                      |                      |                      |
| <b>Non-current assets</b>                                                     |      |                      |                      |                      |
| Investment in a subsidiary . . . . .                                          | 37   | –                    | 1,801,529            | 1,811,724            |
| Amount due from a subsidiary . . . . .                                        | 36   | –                    | 22,225               | 591,104              |
|                                                                               |      | –                    | 1,823,754            | 2,402,828            |
| <b>Current assets</b>                                                         |      |                      |                      |                      |
| Amount due from related parties . . . . .                                     | 36   | –                    | 9,423                | 9,352                |
| Prepayments . . . . .                                                         |      | 1,826                | 3,916                | 6,475                |
| Cash and cash equivalents . . . . .                                           | 14   | –                    | 421,134              | 94,701               |
|                                                                               |      | 1,826                | 434,473              | 110,528              |
| <b>Total assets . . . . .</b>                                                 |      | <b>1,826</b>         | <b>2,258,227</b>     | <b>2,513,356</b>     |
| <b>EQUITY</b>                                                                 |      |                      |                      |                      |
| <b>Capital and reserves attributable to equity holders of the Company . .</b> |      |                      |                      |                      |
| Share capital . . . . .                                                       | 15   | –                    | 71                   | 72                   |
| Reserves . . . . .                                                            | 16   | (10,604)             | 1,778,683            | 1,702,274            |
| <b>Total equity . . . . .</b>                                                 |      | <b>(10,604)</b>      | <b>1,778,754</b>     | <b>1,702,346</b>     |
| <b>LIABILITIES</b>                                                            |      |                      |                      |                      |
| <b>Current liabilities</b>                                                    |      |                      |                      |                      |
| Financial liabilities at fair value                                           |      |                      |                      |                      |
| through profit or loss . . . . .                                              | 19   | –                    | 410,222              | 773,405              |
| Amount due to a related party . . . . .                                       | 36   | 7,082                | 25,511               | 32,505               |
| Other payables . . . . .                                                      | 18   | 5,348                | 43,740               | 5,100                |
|                                                                               |      | 12,430               | 479,473              | 811,010              |
| <b>Total liabilities . . . . .</b>                                            |      | <b>12,430</b>        | <b>479,473</b>       | <b>811,010</b>       |
| <b>Total equity and liabilities . . . . .</b>                                 |      | <b>1,826</b>         | <b>2,258,227</b>     | <b>2,513,356</b>     |

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### CONSOLIDATED INCOME STATEMENTS

|                                                                                             | <i>Note</i> | Year ended 31 December |                |                |
|---------------------------------------------------------------------------------------------|-------------|------------------------|----------------|----------------|
|                                                                                             |             | 2023                   | 2024           | 2025           |
|                                                                                             |             | <i>RMB’000</i>         | <i>RMB’000</i> | <i>RMB’000</i> |
| <b>Revenue</b> . . . . .                                                                    | 24          | 4,441,767              | 4,600,664      | 5,318,273      |
| Cost of sales. . . . .                                                                      | 25          | (1,429,378)            | (1,405,705)    | (1,561,128)    |
| <b>Gross profit</b> . . . . .                                                               |             | 3,012,389              | 3,194,959      | 3,757,145      |
| Selling and marketing costs . . . . .                                                       | 25          | (2,406,023)            | (2,716,641)    | (3,044,410)    |
| Administrative expenses . . . . .                                                           | 25          | (200,366)              | (209,777)      | (245,142)      |
| Research and development expenses . . . . .                                                 | 25          | (93,822)               | (91,212)       | (106,238)      |
| Other income . . . . .                                                                      | 27          | 35,724                 | 20,180         | 69,809         |
| Other gains – net. . . . .                                                                  | 28          | 11,579                 | 5,704          | 898            |
| Reversal/(provision) of impairment losses on<br>financial assets. . . . .                   | 33          | 3,253                  | 2,810          | (4,487)        |
| Fair value losses of financial liabilities at<br>fair value through profit or loss. . . . . | 19          | –                      | (1,120)        | (30,190)       |
| <b>Operating profit</b> . . . . .                                                           |             | 362,734                | 204,903        | 397,385        |
| Finance income . . . . .                                                                    | 29          | 16,638                 | 11,863         | 18,391         |
| Finance costs . . . . .                                                                     | 29          | (7,514)                | (5,880)        | (4,484)        |
| <b>Finance income – net</b> . . . . .                                                       |             | 9,124                  | 5,983          | 13,907         |
| Share of results of associates . . . . .                                                    | 9           | (2,526)                | –              | (51)           |
| <b>Profit before income tax</b> . . . . .                                                   |             | 369,332                | 210,886        | 411,241        |
| Income tax expense . . . . .                                                                | 30          | (67,388)               | (21,065)       | (60,461)       |
| <b>Profit for the year</b> . . . . .                                                        |             | 301,944                | 189,821        | 350,780        |
| <b>Profit attributable to:</b>                                                              |             |                        |                |                |
| <b>Equity holders of the Company</b> . . . . .                                              |             | 302,822                | 190,097        | 350,820        |
| <b>Non-controlling interests</b> . . . . .                                                  |             | (878)                  | (276)          | (40)           |
|                                                                                             |             | 301,944                | 189,821        | 350,780        |
| Earnings per share for profit attributable to<br>equity holders of the Company              |             |                        |                |                |
| – Basic earnings per share (expressed in<br>RMB per share) . . . . .                        | 31          | 3.03                   | 1.90           | 3.51           |
| – Diluted earnings per share (expressed in<br>RMB per share) . . . . .                      | 31          | 3.03                   | 1.90           | 3.51           |

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### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|                                                                                    | <i>Note</i> | <b>Year ended<br/>31 December</b> | <b>Year ended<br/>31 December</b> | <b>Year ended<br/>31 December</b> |
|------------------------------------------------------------------------------------|-------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                                                                    |             | <b>2023</b>                       | <b>2024</b>                       | <b>2025</b>                       |
|                                                                                    |             | <i>RMB’000</i>                    | <i>RMB’000</i>                    | <i>RMB’000</i>                    |
| <b>Profit for the year</b> . . . . .                                               |             | 301,944                           | 189,821                           | 350,780                           |
| <b>Other comprehensive income/(losses)</b>                                         |             |                                   |                                   |                                   |
| <i>Items that may not be reclassified<br/>subsequently to profit or loss:</i>      |             |                                   |                                   |                                   |
| – Changes in fair value of financial<br>liabilities from own credit risk . . . . . | 19          | –                                 | 110                               | 461                               |
| <b>Other comprehensive income/(losses) for<br/>the year, net of tax</b> . . . . .  |             | –                                 | 110                               | 461                               |
| <b>Total comprehensive income for the year</b> . .                                 |             | 301,944                           | 189,931                           | 351,241                           |
| <b>Total comprehensive income for the year<br/>attributable to</b>                 |             |                                   |                                   |                                   |
| – Equity holders of the Company . . . . .                                          |             | 302,822                           | 190,207                           | 351,281                           |
| – Non-controlling interests . . . . .                                              |             | (878)                             | (276)                             | (40)                              |
|                                                                                    |             | <u>301,944</u>                    | <u>189,931</u>                    | <u>351,241</u>                    |

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### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

|                                                                                              | Attributable to equity holders of the Company |                      |                      |                      |                      |                  | Non-controlling interests | Total equity     |
|----------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------|---------------------------|------------------|
|                                                                                              | Share capital                                 | Merger reserves      | Capital reserves     | Other reserves       | Retained earnings    | Sub-total        |                           |                  |
|                                                                                              | RMB'000<br>(Note 15)                          | RMB'000<br>(Note 16) | RMB'000<br>(Note 16) | RMB'000<br>(Note 16) | RMB'000<br>(Note 16) | RMB'000          | RMB'000                   | RMB'000          |
| Balance as at 1 January 2023 . . . . .                                                       | –                                             | 250,000              | 128,504              | 138,640              | 420,173              | 937,317          | (24,708)                  | 912,609          |
| <b>Comprehensive income</b>                                                                  |                                               |                      |                      |                      |                      |                  |                           |                  |
| Profit for the year . . . . .                                                                | –                                             | –                    | –                    | –                    | 302,822              | 302,822          | (878)                     | 301,944          |
| <b>Transactions with equity holders</b>                                                      |                                               |                      |                      |                      |                      |                  |                           |                  |
| Changes in ownership interests in subsidiaries without change of control (Note 34) . . . . . | –                                             | –                    | (29,773)             | –                    | –                    | (29,773)         | 21,853                    | (7,920)          |
| Wavier of the loan due to a related party (Note 33(d)(i)), net of tax . . . . .              | –                                             | –                    | 14,486               | –                    | –                    | 14,486           | –                         | 14,486           |
| Capitalisation of retained earnings of CHANDO Limited (Note 33(d)(ii)) . . . . .             | –                                             | –                    | 350,000              | –                    | (350,000)            | –                | –                         | –                |
| Balance as at 31 December 2023. . . . .                                                      | <u>–</u>                                      | <u>250,000</u>       | <u>463,217</u>       | <u>138,640</u>       | <u>372,995</u>       | <u>1,224,852</u> | <u>(3,733)</u>            | <u>1,221,119</u> |
| Balance as at 1 January 2024 . . . . .                                                       | –                                             | 250,000              | 463,217              | 138,640              | 372,995              | 1,224,852        | (3,733)                   | 1,221,119        |
| <b>Comprehensive income</b>                                                                  |                                               |                      |                      |                      |                      |                  |                           |                  |
| Profit for the year . . . . .                                                                | –                                             | –                    | –                    | –                    | 190,097              | 190,097          | (276)                     | 189,821          |
| Other comprehensive loss                                                                     |                                               |                      |                      |                      |                      |                  |                           |                  |
| – Changes in fair value of financial liabilities from own credit risk. . . . .               | –                                             | –                    | –                    | 110                  | –                    | 110              | –                         | 110              |
| Total comprehensive income . . . . .                                                         | –                                             | –                    | –                    | 110                  | 190,097              | 190,207          | (276)                     | 189,931          |
| <b>Transactions with equity holders</b>                                                      |                                               |                      |                      |                      |                      |                  |                           |                  |
| Appropriation of statutory reserve . . . . .                                                 | –                                             | –                    | –                    | 24,867               | (24,867)             | –                | –                         | –                |
| Changes in ownership interests in subsidiaries without change of control (Note 34) . . . . . | –                                             | –                    | (4,038)              | –                    | –                    | (4,038)          | 4,038                     | –                |
| Capital injection from shareholders . . . . .                                                | –                                             | –                    | 868                  | –                    | –                    | 868              | –                         | 868              |
| Issuance of ordinary shares . . . . .                                                        | 71                                            | –                    | –                    | –                    | –                    | 71               | –                         | 71               |
| Deemed distributions to the shareholders of the Company (Note 1.2(x)) . . . . .              | –                                             | (250,000)            | (235,100)            | –                    | –                    | (485,100)        | –                         | (485,100)        |
| Balance as at 31 December 2024. . . . .                                                      | <u>71</u>                                     | <u>–</u>             | <u>224,947</u>       | <u>163,617</u>       | <u>538,225</u>       | <u>926,860</u>   | <u>29</u>                 | <u>926,889</u>   |

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|                                                                                              | Attributable to equity holders of the Company |                 |                                                  |                  |                |                   |                  |                           |                  |
|----------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------|--------------------------------------------------|------------------|----------------|-------------------|------------------|---------------------------|------------------|
|                                                                                              | Share capital                                 | Merger reserves | Treasury shares held for restricted share scheme | Capital reserves | Other reserves | Retained earnings | Sub-total        | Non-controlling interests | Total equity     |
|                                                                                              | RMB'000                                       | RMB'000         | RMB'000                                          | RMB'000          | RMB'000        | RMB'000           | RMB'000          | RMB'000                   | RMB'000          |
|                                                                                              | (Note 15)                                     | (Note 16)       |                                                  | (Note 16)        | (Note 16)      | (Note 16)         |                  |                           |                  |
| Balance as at 1 January                                                                      |                                               |                 |                                                  |                  |                |                   |                  |                           |                  |
| 2025 . . . . .                                                                               | 71                                            | –               | –                                                | 224,947          | 163,617        | 538,225           | 926,860          | 29                        | 926,889          |
| <b>Comprehensive income</b>                                                                  |                                               |                 |                                                  |                  |                |                   |                  |                           |                  |
| Profit for the year. . . . .                                                                 | –                                             | –               | –                                                | –                | –              | 350,820           | 350,820          | (40)                      | 350,780          |
| Other comprehensive loss                                                                     |                                               |                 |                                                  |                  |                |                   |                  |                           |                  |
| – Changes in fair value of financial liabilities from own credit risk . . . . .              | –                                             | –               | –                                                | –                | 461            | –                 | 461              | –                         | 461              |
| Total comprehensive income . . . . .                                                         | –                                             | –               | –                                                | –                | 461            | 350,820           | 351,281          | (40)                      | 351,241          |
| <b>Transactions with equity holders</b>                                                      |                                               |                 |                                                  |                  |                |                   |                  |                           |                  |
| Appropriation of statutory reserve . . . . .                                                 | –                                             | –               | –                                                | –                | 28,080         | (28,080)          | –                | –                         | –                |
| Changes in ownership interests in subsidiaries without change of control (Note 34) . . . . . | –                                             | –               | –                                                | (2,091)          | –              | –                 | (2,091)          | 11                        | (2,080)          |
| Share-based compensation .                                                                   | –                                             | –               | –                                                | –                | 10,195         | –                 | 10,195           | –                         | 10,195           |
| Issuance of ordinary shares .                                                                | 1                                             | –               | –                                                | –                | –              | –                 | 1                | –                         | 1                |
| Treasury shares held for restricted share scheme . .                                         | –                                             | –               | (1)                                              | –                | –              | –                 | (1)              | –                         | (1)              |
| Transfer from ordinary shares to preferred shares (Note 19) . . . . .                        | –                                             | –               | –                                                | (27,473)         | –              | –                 | (27,473)         | –                         | (27,473)         |
| <b>Balance as at 31 December</b>                                                             |                                               |                 |                                                  |                  |                |                   |                  |                           |                  |
| <b>2025 . . . . .</b>                                                                        | <u>72</u>                                     | <u>–</u>        | <u>(1)</u>                                       | <u>195,383</u>   | <u>202,353</u> | <u>860,965</u>    | <u>1,258,772</u> | <u>–</u>                  | <u>1,258,772</u> |

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### CONSOLIDATED STATEMENTS OF CASH FLOWS

|                                                               | Year ended 31 December |                 |                  |
|---------------------------------------------------------------|------------------------|-----------------|------------------|
|                                                               | 2023                   | 2024            | 2025             |
|                                                               | RMB'000                | RMB'000         | RMB'000          |
| <b>Operating activities</b>                                   |                        |                 |                  |
| Net cash generated from operations                            |                        |                 |                  |
| <i>(Note 33(a))</i> . . . . .                                 | 425,992                | 123,786         | 542,751          |
| Interest received . . . . .                                   | 41,088                 | 4,797           | 11,266           |
| Interest paid . . . . .                                       | (7,232)                | (6,339)         | (4,511)          |
| Income taxes paid . . . . .                                   | <u>(15,666)</u>        | <u>(57,041)</u> | <u>(58,239)</u>  |
| <b>Net cash generated from operating activities</b> . . . . . | <u>444,182</u>         | <u>65,203</u>   | <u>491,267</u>   |
| <b>Investing activities</b>                                   |                        |                 |                  |
| Purchase of property, plant and equipment . .                 | (55,174)               | (92,031)        | (68,199)         |
| Purchase of intangible assets . . . . .                       | (13,825)               | (8,218)         | (4,477)          |
| Disposal of property, plant and equipment . .                 | 101                    | 811             | 1,203            |
| Placing of time deposits . . . . .                            | (300,000)              | –               | –                |
| Maturity of time deposits . . . . .                           | 350,000                | 50,000          | –                |
| Purchase of Financial assets at fair value                    |                        |                 |                  |
| through profit or loss . . . . .                              | –                      | –               | (150,000)        |
| Capital injection to associates . . . . .                     | (2,526)                | –               | (1,500)          |
| Cash receipt of finance lease receivables                     |                        |                 |                  |
| <i>(Note 13)</i> . . . . .                                    | <u>14,920</u>          | <u>4,592</u>    | <u>2,935</u>     |
| <b>Net cash used in investing activities</b> . . . . .        | <u>(6,504)</u>         | <u>(44,846)</u> | <u>(220,038)</u> |
| <b>Financing activities</b>                                   |                        |                 |                  |
| Proceeds from borrowings . . . . .                            | 100,000                | 50,000          | –                |
| Repayments of borrowings . . . . .                            | (258,000)              | (50,000)        | (50,000)         |
| Proceeds from related parties loan . . . . .                  | –                      | 600,000         | –                |
| Repayment of related parties loan . . . . .                   | –                      | (600,000)       | –                |
| Changes in ownership interests in                             |                        |                 |                  |
| subsidiaries without change of control                        |                        |                 |                  |
| <i>(Note 34)</i> . . . . .                                    | (7,920)                | –               | (2,080)          |
| Cash receipt from/(payment to) a third party                  |                        |                 |                  |
| – net <i>(Note 1.2(vii), (x))</i> . . . . .                   | –                      | 9,352           | (9,352)          |
| Payment for deemed distribution                               |                        |                 |                  |
| <i>(Note 1.2(x))</i> . . . . .                                | –                      | (143,052)       | (342,048)        |

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|                                                                               | Year ended 31 December |                       |                       |
|-------------------------------------------------------------------------------|------------------------|-----------------------|-----------------------|
|                                                                               | 2023                   | 2024                  | 2025                  |
|                                                                               | RMB'000                | RMB'000               | RMB'000               |
| Proceeds from issuance of preferred shares<br>(Note 19) . . . . .             | –                      | 409,212               | 300,000               |
| Payment/(repayment of payables) from a<br>preferred shares investor . . . . . | –                      | 33,454                | (33,454)              |
| Payments for [REDACTED] . . . . .                                             | (1,077)                | (2,624)               | (1,922)               |
| Payments in connection with leases<br>(note 33(c)) . . . . .                  | (47,288)               | (45,922)              | (35,739)              |
| Treasury Shares held for restricted shares<br>scheme . . . . .                | –                      | –                     | (1)                   |
| Capital injections from shareholders . . . . .                                | –                      | 868                   | 72                    |
| <b>Net cash (used in)/generated from<br/>financing activities . . . . .</b>   | <b>(214,285)</b>       | <b>261,288</b>        | <b>(174,524)</b>      |
| Net increase in cash and cash equivalents . . .                               | 223,393                | 281,645               | 96,705                |
| Effect of foreign exchange rate changes . . .                                 | –                      | 1,305                 | (5,876)               |
| Cash and cash equivalents at beginning of<br>the year . . . . .               | <u>351,767</u>         | <u>575,160</u>        | <u>858,110</u>        |
| <b>Cash and cash equivalents at end of the<br/>year . . . . .</b>             | <b><u>575,160</u></b>  | <b><u>858,110</u></b> | <b><u>948,939</u></b> |

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### NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1 GENERAL INFORMATION

##### 1.1 General information

CHANDO Global Holding Limited (the “Company”) was incorporated in the Cayman Islands on 10 October 2023 as an exempted company with limited liability under the Companies Act Cap 22 of the Cayman Islands. The address of its registered office was Palm Grove Unit 4, 265 Smith Road, George Town, P.O. Box 52A Edgewater Way, #1653, Grand Cayman KY1-9006, Cayman Islands.

The Company, which is an investment holding company, and its subsidiaries (together the “Group”) are engaged in cosmetics wholesale and retail business (the “Listing Business”) in the People’s Republic of China (the “PRC”).

The ultimate controlling shareholder of the Company is Mr. Zheng Chunying.

The Historical Financial Information are presented in Renminbi (“RMB”), unless otherwise stated.

##### 1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”) as described below, the Listing Business was operated by Shanghai CHANDO Group Co., Limited (上海自然堂集團有限公司, “CHANDO Limited”, formerly known as: JALA Group Co., Ltd.) and its subsidiaries (collectively known as the “CHANDO Group”).

CHANDO Limited was held as to 14.85%, 4.05%, 4.05%, 4.05%, 63.00% and 10.00% by Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan, Shanghai Jiaxin Holdings Limited (“Jiaxin Holdings”) and Shanghai Jiamei Fashion Culture Industry Partnership Enterprise LLP (“Jiamei Fashion”), respectively before the Reorganisation.

Jiaxin Holdings was held as to 55%, 15%, 15% and 15% by Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan, respectively before the Reorganisation.

Jiamei Fashion was held as to 99% and 1% by Mr. Zheng Chunying and Mr. Zheng Chunbin respectively before the Reorganisation.

In preparation for the [REDACTED] and [REDACTED] of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “[REDACTED]”), the Group underwent the Reorganisation to transfer the [REDACTED] Business to the Company principally through the following steps:

- (i) On 27 September 2023, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan, as shareholders, established Jiaxin (BVI) Holding Limited (“JIAXIN BVI”) in the BVI. Upon incorporation, JIAXIN BVI was held as to 51.25%, 16.25%, 16.25% and 16.25% by Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan, respectively.
- (ii) On 10 October 2023, the Company was incorporated in the Cayman Islands with an authorised share capital of US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each (the “share”). Upon incorporation, the Company allotted and issued one share to ICS Corporate Services (Cayman) Limited. On the same day, the one share was transferred to YING (BVI) Holding Limited (“YING BVI”), and 499 shares, 500 shares, 500 shares, 500 shares and 8,000 shares were allotted and issued to YING BVI, BIN (BVI) Holding Limited (“BIN BVI”), WEI (BVI) Holding Limited (“WEI BVI”), DAN (BVI) Holding Limited (“DAN BVI”) and JIAXIN BVI respectively, YING BVI, BIN BVI, WEI BVI and DAN BVI were all incorporated in the BVI and are beneficially owned by Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan respectively. Upon the share allotments and issuance, the Company was owned as to 5%, 5%, 5%, 5% and 80% by YING BVI, BIN BVI, WEI BVI, DAN BVI and JIAXIN BVI respectively. JIAXIN BVI, YING BVI, BIN BVI, WEI BVI and DAN BVI are collectively referred to as “Founder BVIs”.

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- (iii) On 10 November 2023, CHANDO (BVI) Holding Limited (“CHANDO BVI”) was incorporated under the law of BVI as a wholly-owned subsidiary of the Company.
- (iv) On 1 December 2023, CHANDO (HK) Holding Limited (“CHANDO HK”) was incorporated under the law of Hong Kong as a wholly-owned subsidiary of CHANDO BVI.
- (v) On 7 February 2024, Shanghai CHANDO Jiaxin Enterprise Management Co., Ltd. (“CHANDO WFOE”) was incorporated under the law of the PRC as a wholly-owned subsidiary of CHANDO HK.
- (vi) On 18 December 2023, CHANDO Limited was converted from a joint stock company into a limited liability company. The registered capital of CHANDO Limited as well as the shareholders’ respective shareholding percentages in CHANDO Limited remain unchanged before and after the conversion.
- (vii) In January 2024, AJS Family Holding Limited (“AJS”), Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan entered into a capital increase agreement, pursuant to which AJS agreed to subscribe for 1.00% of the equity interest in CHANDO Limited for a total consideration of approximately RMB14.25 million. Upon completion of the subscription on 22 February 2024, CHANDO Limited was held by Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan and AJS as to 62.37%, 9.90%, 14.70%, 4.01%, 4.01%, 4.01% and 1.00%, respectively. CHANDO Limited became a sino-foreign legal entity since then.
- (viii) On 29 February 2024, CHANDO WFOE subscribed for RMB600 million newly issued paid-in capital of CHANDO Limited at a total consideration of RMB600 million. Upon completion of such capital increase, CHANDO Limited was held by Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan, AJS and CHANDO WFOE as to 18.47%, 2.93%, 4.35%, 1.19%, 1.19%, 1.19%, 0.30% and 70.38%, respectively.
- (ix) On 14 March 2024, the Company allotted and issued 4,999,500 shares, 4,999,500 shares, 4,999,500 shares, 4,999,500 shares, and 79,992,000 shares to YING BVI, BIN BVI, WEI BVI, DAN BVI AND JIAXIN BVI, respectively, at par value. Immediately after such allotment, the Company was held as to 5%, 5%, 5%, 5% and 80% by YING BVI, BIN BVI, WEI BVI, DAN BVI AND JIAXIN BVI, respectively.
- (x) On 26 March 2024, CHANDO WFOE, Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan and AJS entered into an equity transfer agreement, pursuant to which Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan and AJS agreed to transfer all their equity interests in CHANDO Limited to CHANDO WFOE for a total consideration of RMB490 million of which RMB4.9 million was consideration paid to AJS and RMB485.1 million were considerations to be paid to Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan. Upon completion of the above transaction, CHANDO Limited was wholly-owned by CHANDO WFOE.
- (xi) In March and April, JIAXIN (BVI) II Holding Limited (“JIAXIN BVI II”), YING (BVI) II Holding Limited (“YING BVI II”), BIN (BVI) II Holding Limited (“BIN BVI II”), WEI (BVI) II Holding Limited (“WEI BVI II”) and DAN (BVI) II Holding Limited (“DAN BVI II”) (collectively, “Direct Offshore Holding Companies”) were incorporated in the BVI and each of the Founder BVIs transferred its entire equity interests in the Company to each of the Direct Offshore Holding Companies ultimately in exchange for 1% shareholding with voting rights in each of the Direct Offshore Holding Companies, respectively.

In April 2024, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan set up their respective family trusts. Each of the family trusts holds 99% shareholding without voting rights in each of the Direct Offshore Holding Companies, respectively.

Following the above share allotment and transfer, the Company was held as to 5%, 5%, 5%, 5% and 80% by YING BVI II, BIN BVI II, WEI BVI II, DAN BVI II and JIAXIN BVI II, respectively.

After the completion of the Reorganisation as described above, the Company became the holding company of the subsidiaries now comprising the Group set out in note 6.

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### 1.3 Basis of presentation

Immediately prior to the Reorganisation, the [REDACTED] Business was conducted by the CHANDO Group. Pursuant to the Reorganisation, CHANDO Group and the [REDACTED] Business were transferred to and held by the Company. The Company and its newly incorporated subsidiaries have not been involved in any business prior to the reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalisation of the ownership of the [REDACTED] Business with no change in ultimate controlling shareholders and management of such business. Accordingly, the Historical Financial Information of the companies now comprising the Group is presented the Group resulting from the Reorganization is regarded as a continuation of the [REDACTED] Business under CHANDO Limited and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of CHANDO Limited and its subsidiaries, with the assets and liabilities of the Group recognized and measured at the carrying values of the [REDACTED] Business under the consolidated financial statements of CHANDO Limited for all periods presented. Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

## 2 SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the years ended 31 December 2023, 2024 and 2025, unless otherwise stated.

### 2.1 Summary of material accounting policies

#### 2.1.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB (“IFRS Accounting Standards”).

The Historical Financial Information has been prepared under the historical cost convention, except that the financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

In preparing the Historical Financial Information, the Group has consistently adopted all new standards and amendments to existing standards that were effective for accounting periods beginning on or before 1 January 2025 throughout the years ended 31 December 2023, 2024 and 2025.

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The following sets out the new standards and amendments to existing standards that have not been early adopted by the Group:

|                                                  | New standards and amendments                                                          | Effective for Accounting periods beginning on or after |
|--------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------|
| Amendments to IFRS 7 and IFRS 9 . .              | Classification and Measurement of Financial Instruments                               | 1 January 2026                                         |
| Amendments to IFRS 7 and IFRS 9 . .              | Contracts Referencing Nature-dependent Electricity                                    | 1 January 2026                                         |
| Amendment to IFRS Accounting Standards . . . . . | Annual Improvements to IFRS Accounting Standards – Volume 11                          | 1 January 2026                                         |
| IFRS 19 . . . . .                                | Subsidiaries without Public Accountability: Disclosures                               | 1 January 2027                                         |
| IFRS 18 . . . . .                                | Presentation and Disclosure in Financial Statements                                   | 1 January 2027                                         |
| Amendments to IAS 21 . . . . .                   | Translation to a Hyperinflationary Presentation Currency                              | 1 January 2027                                         |
| Amendments to IFRS 10 and IAS 28 .               | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined                                       |

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18, which will mainly impact the presentation of the consolidated income statements.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Impact on consolidated income statements:

- Although the adoption of IFRS 18 will have no impact on the Group’s net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

*Gain or loss of financial liabilities measured at fair value through profit or loss*

The loss of financial liabilities at fair value through profit or loss currently aggregated in the line item “Fair value losses of financial liabilities at fair value through profit or loss” in operating profit and will be presented below operating profit.

*Interest income from finance lease receivables*

The interest income from finance lease receivables currently aggregated in the line item “other income” in operating profit and will be presented below operating profit.

Impact on consolidated balance sheets:

- The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.

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Impact on disclosures:

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

### **2.1.2 Subsidiaries**

#### **2.1.2.1 Consolidation**

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheets, consolidated income statements and consolidated statements of changes in equity respectively.

#### **(a) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### **(b) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value became the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of the equity as specified/permitted by the applicable IFRS Accounting Standards.

### **2.1.3 Separate financial statements**

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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### 2.1.4 Financial assets

#### 2.1.4.1 Classification

The Group classifies its financial assets in the following measurement category:

- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### 2.1.4.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### 2.1.4.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. The Group has only one category of debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “other gains/(losses) — net” together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in “Other losses, net”. Interest income from these financial assets is included in “Other income” using the effective interest rate method. Foreign exchange gains and losses are presented in “Other losses, net” and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in “Other losses, net” in the consolidated income statement in the period in which it arises.

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### *2.1.4.4 Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 Financial Instruments ("IFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.3 for further details.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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

### *2.1.5 Inventories*

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### *2.1.6 Trade and other receivables*

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables mainly includes finance lease receivables, deposits, amount due from related parties, etc. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 13 for further information about the Group's accounting for trade receivables and other receivables and see Note 2.1.4.4 and Note 3.2 for a description of the Group's impairment policies.

### *2.1.7 Current and deferred income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

#### *(a) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### *(b) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does

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not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company 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.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **2.1.8 Revenue recognition**

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. Control of good or service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from the good or service.

The Group generates revenues from two major revenue streams, including sale of goods and provision of services.

#### *Sales of goods*

Revenue from sale of goods includes two models, online channel and offline channel. Revenues are measured as the amount of consideration the Group expects to receive in exchange for transferring goods to customers, net of discounts, rebate to customers, refund liabilities, loyalty programme, value added tax and related surcharges. Refund liabilities, which are reduced from revenue, are estimated based on historical data the Group has maintained and its analysis of returns by categories of goods, and subject to adjustments to the extent that actual returns differ or expected to differ.

##### *Online Channel Model*

The Group sells goods to users of the e-commerce platforms (“online directly-operated stores”) and online retailers (“sales to online retailers”).

Under online directly-operated store model, the Group established and operates online stores on platforms. Users of the platforms are considered as the customers as they place orders on the online stores. Revenue from sale of goods under this model is recognised when control of goods is transferred to users, being the acceptance of the goods upon delivery.

Under sales to online retailers model, revenue from sale of goods is recognised when control of goods is transferred to online retailers upon receipt, when online retailers have full discretion over the channel and price to sell the goods to end customers, and there is no unfulfilled obligation that could affect the online retailers’ acceptance of the goods.

##### *Offline Channel Model*

The Group sells goods to distributors, offline retailers (“sales to offline retailers”) and individual customers.

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Under sales to offline retailers or distributors, revenue from sale of goods is recognised when control of goods is transferred to offline retailers or distributors upon receipt, when offline retailers or distributors have full discretion over the channel and price to sell the goods to their customers, and there is no unfulfilled obligation that could affect the offline retailers or distributors acceptance of the goods.

Under the offline sales to individual customers model, the Group sells its products to individual customers through its offline self-operated stores and counters. Revenue is recognised at a point in time when the products are accepted by the individual customers.

### *Sales Rebates*

Sales rebates provided to customers are mainly sales volume rebate. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebate. Accumulated experience is used to estimate the provision for the volume rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

### *Refund liabilities*

Refund liabilities are estimated based on historical experiences, which were insignificant as at 31 December 2023, 2024 and 2025.

### *Provision of services*

The Group provides operation support services to distributors and recognises revenue when the services are rendered.

### *Loyalty programme*

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases from the Group. A contract liability for the award points is recognised at the time of sale. Revenue is recognised when the points are redeemed or expired.

### **2.1.9 Leases**

#### *(a) The Group as lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. The Group leases certain office buildings and land use rights.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the leases of the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the entity, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to consolidated income statements over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use asset is generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### *(b) The Group as lessor*

#### Operating Lease

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term.

#### Finance Lease

As lessor of the finance lease, the Group recognises the finance lease receivables for the finance lease on the commencement date of the lease period and derecognises the related assets. Finance lease receivables are recognised at the net lease investment for the initial measurement. The net lease investment is the sum of the unsecured residual value and the present value of the lease payments unreceived at the commencement date of the lease period discounted at the interest rate implicit in lease.

Finance lease receivables are derecognised when the contractual rights of receiving cash from the finance lease receivables have expired or have been transferred and all substantial risks and rewards regarding the lease have been transferred.

During the lease period, the lessor applies the fixed periodic interest rate to calculate the interest income for each period. Contingent rentals are recognised in profit or loss when incurred.

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### 2.1.10 *Convertible preferred shares*

Convertible preferred shares issued by the Company are redeemable upon occurrence of certain future events. This instrument can be converted into ordinary shares of the Company at any time at the option of the holders or automatically converted into ordinary shares upon occurrence of an [REDACTED] (“[REDACTED]”) of the Company.

The Group designated the convertible preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Subsequent to initial recognition, the convertible preferred shares are carried at fair value with changes in fair value recognized in the consolidated income statements.

If the Company’s own credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognized in other comprehensive income.

### 2.1.11 *Accounting policies of share-based compensation expenses*

#### *Equity-settled share-based payment transactions*

The Group operates share incentive plans, under which it receives services from employees as consideration for equity instruments (including restricted shares) of the Company. The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense on the consolidated income statements with a corresponding increase in equity.

In terms of the restricted shares (“RSU”) awarded to employees, the total amount to be expensed is determined by reference to the fair value of the restricted shares granted:

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions and market performance vesting conditions.

Service and non-marketing performance vesting conditions are included in calculation of the number of restricted shares that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of restricted shares that are expected to vest based on the service and non-marketing vesting performance conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group shall account for the cancellation or settlement as an acceleration of vesting, and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

#### *Cash-settled share-based payment transactions*

The Group had cash-settled share-based compensation transactions, under which the Group receive or acquire goods or services, pays the cash amounts based on the value of granted preferred rights of certain preferred shares which were transferred from ordinary shares held by the grantee (Note 19).

## 2.2 **Summary of other accounting policies**

### 2.2.1 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. See Note 5 for further information about the segment.

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### 2.2.2 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the “other gains/(losses) — net” in the consolidated income statements.

#### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet are translated at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

### 2.2.3 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.2.4 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.2.5 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the consolidated income statements, and its share of post-acquisition movement in other comprehensive income is recognised in other comprehensive income with a corresponding adjustments to the carrying amount of the investment. When the Group’s share of losses in an associate equal or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The impairment amount, as the difference between the recoverable amount of the associate and its carrying value is recognised in the consolidated income statements.

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Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s historical financial information only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statements.

### **2.2.6 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss in the consolidated income statements during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

|                                                   |                                      |
|---------------------------------------------------|--------------------------------------|
| – Buildings . . . . .                             | 20 years                             |
| – Machinery and equipment . . . . .               | 5-10 years                           |
| – Tools and moulds . . . . .                      | 5 years                              |
| – Vehicles, office and other equipments . . . . . | 3-5 years                            |
| – Leasehold improvements . . . . .                | Shorter of useful life or lease term |

The assets’ residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as other (losses)/gains — net in the consolidated income statements.

### **2.2.7 Intangible assets**

#### **(a) Computer software**

Acquired computer software license are capitalised on the basis of the costs incurred to acquire the specific software. Computer software is carried at cost less accumulated amortisation and impairment, if any. These costs are amortised on a straight-line basis over their estimated useful lives of 5 years.

#### **(b) Trademarks and royalties**

Separately acquired trademarks and royalties are initially capitalised at historical cost. They have a finite useful life of 10 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

### **2.2.8 Impairment of non-financial assets**

Non-financial assets — for example, property, plant and equipment, right-of-use assets and intangible assets — are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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### **2.2.9 Borrowings and borrowing costs**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

### **2.2.10 Interest income**

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statements.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in the consolidated income statements as part of other income.

### **2.2.11 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statements over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

### **2.2.12 Dividend distribution**

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s and the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

### **2.2.13 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.2.14 Employee benefits**

#### **(a) Short-term obligations**

Liabilities for wages and salaries are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheets.

#### **(b) Pension obligations**

Employees in the PRC are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pensions. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the

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contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for an employee are not available to reduce the Group’s future obligations to such defined contribution pension plans even if the staff leaves.

*(c) Housing funds, medical insurances and other social insurances*

Employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

### **2.2.15 Provisions and contingencies**

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Historical Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

### **2.2.16 Earnings per share**

*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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### 2.2.17 *Research and development*

Research expenditures are recognised as expenses as incurred. Costs incurred on development projects are capitalised as intangible assets when recognition criteria are met, including:

- (a) it is technically feasible to complete the software so that it will be available for use;
- (b) management intends to complete the software and use or sell it;
- (c) there is an ability to use or sell the software;
- (d) it can be demonstrated how the software will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- (f) the expenditure attributable to the software during its development can be reliably measured.

Other development costs that do not meet those criteria are expensed as incurred.

There were no development costs meeting these criteria and capitalised as intangible assets during the years ended 31 December 2023, 2024 and 2025.

### 2.2.18 *Contract liabilities*

A contract liability is recorded when the Group’s obligation to transfer goods to a customer has not yet occurred but for which the Group has received consideration from the customer. The Group presents such advances from customers as contract liabilities on the Consolidated Balance Sheets.

## 3 FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

### 3.1 Market risk

#### (a) *Foreign exchange risk*

The Group principally operates in the PRC with most of the transactions denominated in RMB. The exposure to foreign exchange risk is not material to the Group.

#### (b) *Cash flow and fair value interest rate risk*

The Group’s income and operating cash flows are substantially independent of changes in market interest rates, and the Group has no significant interest-bearing assets except for cash and cash equivalents and time deposits measured at amortised cost.

The Group’s exposure to changes in interest rates is mainly attributable to its borrowings from banks. Borrowings at variable rates expose the Group to cash flow interest rate risk. Whereas borrowings at fixed rates expose the Group to fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 19.

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As at 31 December 2023, 2024 and 2025, the Group does not anticipate significant impact to bank borrowings resulted from the changes in interest rates.

### 3.2 Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, time deposits, trade and other receivables. The carrying amounts of each class of the above financial assets represent the Group’s maximum exposure to credit risk in relation to financial assets.

#### (a) Cash and cash equivalents and time deposits

The Group expects that there is no significant credit risk associated with cash and cash equivalents and time deposits since they are substantially deposited with state-owned banks and other listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

#### (b) Trade receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the management performs ongoing credit evaluations of its customers. The credit period granted to the customers is typically of 7 to 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group applies IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the aging. Expected credit losses are determined based on historical default rates and also incorporate forward looking information. The Group identifies GDP growth rate, unemployment rate and growth rate of total retail sales of consumer goods as the key economic variables impacting the expected credit losses.

As at 31 December 2023, 2024 and 2025, the provision for impairment was determined as follows for trade receivables:

##### 1) Individual basis

|                        | Within 3 months | Over 3 months and within 6 months | Over 6 months and within 9 months | Over 9 months and within 12 months | Over 12 months | Total   |
|------------------------|-----------------|-----------------------------------|-----------------------------------|------------------------------------|----------------|---------|
|                        | RMB'000         | RMB'000                           | RMB'000                           | RMB'000                            | RMB'000        | RMB'000 |
| 31 December 2023 . . . | —               | —                                 | —                                 | 629                                | 4,071          | 4,700   |
| 31 December 2024 . . . | —               | —                                 | —                                 | —                                  | —              | —       |
| 31 December 2025 . . . | —               | —                                 | —                                 | —                                  | —              | —       |

The expected loss rate of trade receivables on the individual basis was 100% as at 31 December 2023, 2024 and 2025.

##### 2) Collective basis

| 31 December 2023              | Within 3 months | Over 3 months and within 6 months | Over 6 months and within 9 months | Over 9 months and within 12 months | Over 12 months | Total          |
|-------------------------------|-----------------|-----------------------------------|-----------------------------------|------------------------------------|----------------|----------------|
|                               | RMB'000         | RMB'000                           | RMB'000                           | RMB'000                            | RMB'000        | RMB'000        |
| Expected loss rate . . . . .  | 1.39%           | 19.85%                            | 44.53%                            | 79.98%                             | 100.00%        |                |
| Gross carrying amount . . . . | 194,373         | 3,557                             | 256                               | 934                                | 3,541          | 202,661        |
| Provision for impairment . .  | (2,696)         | (706)                             | (114)                             | (747)                              | (3,541)        | (7,804)        |
| Accounts receivables – net .  | <u>191,677</u>  | <u>2,851</u>                      | <u>142</u>                        | <u>187</u>                         | <u>—</u>       | <u>194,857</u> |

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| 31 December 2024               | Within 3 months | Over 3 months and within 6 months | Over 6 months and within 9 months | Over 9 months and within 12 months | Over 12 months | Total          |
|--------------------------------|-----------------|-----------------------------------|-----------------------------------|------------------------------------|----------------|----------------|
|                                | RMB'000         | RMB'000                           | RMB'000                           | RMB'000                            | RMB'000        | RMB'000        |
| Expected loss rate . . . . .   | 0.57%           | 14.83%                            | 42.57%                            | 83.99%                             | 100.00%        |                |
| Gross carrying amount . . . .  | 122,592         | 236                               | 343                               | 381                                | 2,889          | 126,441        |
| Provision for impairment . . . | (698)           | (35)                              | (146)                             | (320)                              | (2,889)        | (4,088)        |
| Accounts receivables – net . . | <u>121,894</u>  | <u>201</u>                        | <u>197</u>                        | <u>61</u>                          | <u>–</u>       | <u>122,353</u> |
|                                |                 |                                   |                                   |                                    |                |                |
| 31 December 2025               | Within 3 months | Over 3 months and within 6 months | Over 6 months and within 9 months | Over 9 months and within 12 months | Over 12 months | Total          |
|                                | RMB'000         | RMB'000                           | RMB'000                           | RMB'000                            | RMB'000        | RMB'000        |
| Expected loss rate . . . . .   | 0.89%           | 18.56%                            | 47.19%                            | 81.67%                             | 100.00%        |                |
| Gross carrying amount . . . .  | 207,684         | 1,083                             | 89                                | 360                                | 3,888          | 213,104        |
| Provision for impairment . . . | (1,847)         | (201)                             | (42)                              | (294)                              | (3,888)        | (6,272)        |
| Accounts receivables – net . . | <u>205,837</u>  | <u>882</u>                        | <u>47</u>                         | <u>66</u>                          | <u>–</u>       | <u>206,832</u> |

The movements of provision for impairment for trade receivables during the years ended 31 December 2023, 2024 and 2025 were as follows:

|                                                                                                        | Year ended 31 December |              |              |
|--------------------------------------------------------------------------------------------------------|------------------------|--------------|--------------|
|                                                                                                        | 2023                   | 2024         | 2025         |
|                                                                                                        | RMB'000                | RMB'000      | RMB'000      |
| At the beginning of the year . . . . .                                                                 | 16,256                 | 12,504       | 4,088        |
| (Decrease)/increase in provision for impairment recognised in consolidated income statements . . . . . | (3,115)                | (3,728)      | 2,322        |
| Receivables written off during the year as uncollectible . . . . .                                     | (637)                  | (4,688)      | (138)        |
| At the end of the year . . . . .                                                                       | <u>12,504</u>          | <u>4,088</u> | <u>6,272</u> |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### (c) Other receivables

The Group uses three category prescribed by IFRS 9 for other receivables which reflects their credit risk and how the loss provision is determined for each of these category. As at 31 December 2023, 2024 and 2025, impairment provision of other receivables from one related party, amounting to RMB2.6 million (Note 36 (d) (i)) was determined on individual basis and 100% provided since a significant increase in credit risk. For the year ended 31 December 2025, additional impairment provisions of RMB2.45 million from two third parties were also determined on an individual basis and 100% provided due to a significant increase in credit risk. For others, since credit risk has not significantly increased after initial recognition, the provision for impairment recognised during the Track Record Period was therefore limited to 12 months expected losses.

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Movements on the Group’s provision for impairment of other receivables, other current assets and other non-current assets were as follows:

|                                                                                                | Year ended 31 December |              |              |
|------------------------------------------------------------------------------------------------|------------------------|--------------|--------------|
|                                                                                                | 2023                   | 2024         | 2025         |
|                                                                                                | RMB’000                | RMB’000      | RMB’000      |
| <b>At the beginning of the year</b> . . . . .                                                  | 3,124                  | 2,986        | 3,744        |
| Increase/(decrease) in provision for impairment recognised in consolidated income statements . | (138)                  | 918          | 2,165        |
| Receivables written off during the year as uncollectible . . . . .                             | —                      | (160)        | (55)         |
| <b>At the end of the year</b> . . . . .                                                        | <u>2,986</u>           | <u>3,744</u> | <u>5,854</u> |

Impairment losses on other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 3.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing to meet its daily operations.

The table below analyses the Group’s financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the consolidated balance sheets, as the impact of discounting is not significant.

|                                                                                   | Within 1 year    | 1 and 2 years | 2 and 5 years  | Total            |
|-----------------------------------------------------------------------------------|------------------|---------------|----------------|------------------|
|                                                                                   | RMB’000          | RMB’000       | RMB’000        | RMB’000          |
| <b>As at 31 December 2023</b>                                                     |                  |               |                |                  |
| Borrowings (including interests) . . .                                            | 50,956           | —             | —              | 50,956           |
| Trade and other payables ( <i>Note</i> ) . . .                                    | 685,420          | —             | —              | 685,420          |
| Lease liabilities . . . . .                                                       | <u>21,523</u>    | <u>14,849</u> | <u>15,376</u>  | <u>51,748</u>    |
|                                                                                   | <u>757,899</u>   | <u>14,849</u> | <u>15,376</u>  | <u>788,124</u>   |
|                                                                                   |                  |               |                |                  |
|                                                                                   | Within 1 year    | 1 and 2 years | 2 and 5 years  | Total            |
|                                                                                   | RMB’000          | RMB’000       | RMB’000        | RMB’000          |
| <b>As at 31 December 2024</b>                                                     |                  |               |                |                  |
| Borrowings (including interests) . . .                                            | 51,007           | —             | —              | 51,007           |
| Trade and other payables ( <i>Note</i> ) . . .                                    | 947,528          | —             | —              | 947,528          |
| Financial liabilities at fair value through profit or loss ( <i>Note 19</i> ) . . | —                | —             | 497,822        | 497,822          |
| Lease liabilities . . . . .                                                       | <u>40,995</u>    | <u>26,424</u> | <u>33,318</u>  | <u>100,737</u>   |
|                                                                                   | <u>1,039,530</u> | <u>26,424</u> | <u>531,140</u> | <u>1,597,094</u> |

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|                                                                                      | Within 1 year  | 1 and 2 years | 2 and 5 years  | Total            |
|--------------------------------------------------------------------------------------|----------------|---------------|----------------|------------------|
|                                                                                      | RMB'000        | RMB'000       | RMB'000        | RMB'000          |
| <b>As at 31 December 2025</b>                                                        |                |               |                |                  |
| Trade and other payables ( <i>Note</i> ) . . .                                       | 642,911        | –             | –              | 642,911          |
| Financial liabilities at fair value<br>through profit or loss ( <i>Note 19</i> ) . . | –              | –             | 881,465        | 881,465          |
| Lease liabilities . . . . .                                                          | 20,227         | 14,763        | 15,038         | 50,028           |
|                                                                                      | <u>663,138</u> | <u>14,763</u> | <u>896,503</u> | <u>1,574,404</u> |

*Note:* Trade and other payables excludes accrued payroll and other taxes payable.

### 3.4 Capital risk management

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

Consistent with others in the industry, the Group monitors capital using the net debt to equity ratio. This ratio is calculated as “net debt” divided by “total equity”. Net debt is calculated as borrowings, financial liabilities at fair value through profit or loss and lease liabilities less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.

As at 31 December 2023, 2024 and 2025, the Group was in a net cash position, and hence it is not meaningful to present the net debt equity ratio.

### 3.5 Fair value estimation

The fair values of financial assets and liabilities carried at amortised cost approximate their carrying amounts due to their short-term maturities, and the impact of discounting is not significant.

The table below analyses the Group’s financial instruments carried at fair value as at 31 December 2024 and 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

As at 31 December 2024 and 2025, the Group had wealth management products as financial assets at fair value through profit or loss and preferred shares (*Note 18*) as Financial liabilities at fair value through profit or loss.

As at 31 December 2024 and 2025, the Group had preferred shares (*Note 18*) as Financial liabilities at fair value through profit or loss.

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| Recurring fair value measurements                                                  | Level 1 | Level 2 | Level 3 | Total   |
|------------------------------------------------------------------------------------|---------|---------|---------|---------|
|                                                                                    | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| <b>As at 31 December 2024</b>                                                      |         |         |         |         |
| Financial liabilities                                                              |         |         |         |         |
| Financial liabilities at fair value through profit or loss ( <i>Note 19</i> ). . . | –       | –       | 410,222 | 410,222 |
| <b>As at 31 December 2025</b>                                                      |         |         |         |         |
| Financial assets                                                                   |         |         |         |         |
| Financial assets at fair value through profit or loss ( <i>Note</i> ) . . . . .    | –       | –       | 150,000 | 150,000 |
| Financial liabilities                                                              |         |         |         |         |
| Financial liabilities at fair value through profit or loss ( <i>Note 19</i> ). . . | –       | –       | 773,405 | 773,405 |

*Note:* As at 31 December 2025, the Group held certain wealth management products purchased from banks of approximately RMB150,000,000, which will be due or sold within one year. The fair value was determined by the discounted cash flows approach, the expected rate of return was based on the estimation of management and the discount rate which was adjusted for counterparty credit risk.

There were no changes in valuation techniques during the track record periods.

There were no transfers among levels of the fair value hierarchy during the track record periods.

The following table presents the changes in level 3 items including financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss for the year ended 31 December 2024 and 2025.

|                                                                              | Financial liabilities at fair value through profit or loss |
|------------------------------------------------------------------------------|------------------------------------------------------------|
|                                                                              | RMB'000                                                    |
| <b>At 1 January 2024</b>                                                     |                                                            |
| Addition . . . . .                                                           | 409,212                                                    |
| Fair value loss . . . . .                                                    | 1,120                                                      |
| Changes in fair value of financial liabilities from own credit risk. . . . . | (110)                                                      |
| <b>At 31 December 2024</b> . . . . .                                         | <u>410,222</u>                                             |

|                                                                              | Financial liabilities at fair value through profit or loss |
|------------------------------------------------------------------------------|------------------------------------------------------------|
|                                                                              | RMB'000                                                    |
| <b>At 1 January 2025</b> . . . . .                                           | 410,222                                                    |
| Addition . . . . .                                                           | 333,454                                                    |
| Fair value loss . . . . .                                                    | 30,190                                                     |
| Changes in fair value of financial liabilities from own credit risk. . . . . | (461)                                                      |
| <b>At 31 December 2025</b> . . . . .                                         | <u>773,405</u>                                             |

|                                      | Financial assets at fair value through profit or loss |
|--------------------------------------|-------------------------------------------------------|
|                                      | RMB'000                                               |
| <b>At 1 January 2025</b>             |                                                       |
| Addition . . . . .                   | 150,000                                               |
| <b>At 31 December 2025</b> . . . . . | <u>150,000</u>                                        |

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As at 31 December 2024 and 2025, the balance of financial liabilities at fair value through profit or loss mainly was preferred shares (Note 19) amounting to RMB410,220,000 and RMB773,405,000 in Level 3. The fair value of the preferred shares was determined by the back-solve method for the underlying equity value of the Group and the equity allocation model for the preferred shares issued to investors based on the terms of the related agreement and the Group’s knowledge of the business. The significant assumption for the fair value measurement is the risk-free interest rate, and expected volatility.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

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

#### 4.1 Impairment of inventories to net realisable value

Impairment of inventories to net realisable value is based on the assessment of the possibility to sell in the future and the net realisable value of inventories. Identification of impairment of inventories requires judgements and estimates from management on the basis of obtaining conclusive evidence and considering the purpose for holding inventories and impact of events after the balance sheet date. Difference between the actual results and original estimates will have an impact on the carrying amount of inventories and accrual or reversal of provision for decline in the value of inventories for the period in which the estimates are changed.

#### 4.2 Impairment of receivables

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At each balance sheet date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, the impairment is measured as lifetime expected credit losses.

#### 4.3 Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

#### 4.4 Depreciation of property, plant and equipment

The Group’s management determines the estimated useful lives and related depreciation charges for the Group’s property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management performs periodic review of the estimated useful lives of property, plant and equipment, and will revise the depreciation charges where estimated useful lives are different than those previously estimated.

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### 4.5 Fair value of convertible preferred shares

The fair value of convertible preferred shares that are not traded in an active market is determined by using valuation techniques. The Group applied the back-solve method to determine the underlying equity value of the Group and adopted option-pricing method and equity allocation model to determine the fair value of the convertible preferred shares. Key assumptions such as discount rate, volatility and discount for lack of marketability (“DLOM”) are disclosed in Note 18.

### 4.6 Share-based compensation expenses

As mentioned in Note 17, the Company has adopted Pre-[REDACTED] RSU scheme to the Group’s management and employees. The Company has engaged an independent valuer to determine the grant date fair value of the restricted shares to management and employees using the option pricing model and equity allocation model respectively, which is to be expensed over the vesting period. Various assumptions are involved in the model and significant estimate on assumptions is required to be made by the management, including discount rate, risk-free interest, expected volatility and dividend. The management applies judgements and estimate on those significant assumptions in determining the fair value of the restricted shares to the Group’s management and employees.

At the end of each reporting period, the Group reassesses estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions.

## 5 SEGMENT INFORMATION

The executive directors have been identified as the CODM. Management has determined the operating segments based on the operating results reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in cosmetics wholesale and retail business in the PRC. The CODM reviews the operating results of the business as one segment to make decision about resources to be allocated. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group’s revenue are derived in the PRC during the Track Record Period.

As at 31 December 2023, 2024 and 2025, all non-current assets of the Group were located in the PRC.

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### 6 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2023, 2024 and 2025 are as follows:

| Company name                                                                          | Establishment date | Registered capital | Paid-in capital/<br>issued shares | Percentage of attributable equity interest of the Group as at |                  |                  | Principal activities | Place of incorporation                        | Statutory auditors            |                                       |                            |
|---------------------------------------------------------------------------------------|--------------------|--------------------|-----------------------------------|---------------------------------------------------------------|------------------|------------------|----------------------|-----------------------------------------------|-------------------------------|---------------------------------------|----------------------------|
|                                                                                       |                    |                    |                                   | 31 December 2023                                              | 31 December 2024 | 31 December 2025 |                      |                                               | As at the date of this report | 31 December 2023                      | 31 December 2024           |
| Directly held by the Company                                                          |                    |                    |                                   |                                                               |                  |                  |                      |                                               |                               |                                       |                            |
| CHANDO BVI . . . . .                                                                  | 11 October 2023    | USD50,000          | Nil                               | 100.00%                                                       | 100.00%          | 100.00%          | [100.00%]            | Investment holding                            | British Virgin Islands        | N/A                                   | N/A                        |
| Indirectly held by the Company                                                        |                    |                    |                                   |                                                               |                  |                  |                      |                                               |                               |                                       |                            |
| CHANDO Limited . . . . .                                                              | 5 February 2004    | RMB852,525,253     | RMB852,525,253                    | 100.00%                                                       | 100.00%          | 100.00%          | [100.00%]            | Manufacturing, Trading and Investment Holding | Shanghai, PRC                 | PricewaterhouseCoopers Zhong Tian LLP | N/A                        |
| Shanghai JALA Beauty Sales Co., Ltd. . . . .                                          | 13 December 2017   | RMB10,000,000      | RMB10,000,000                     | 100.00%                                                       | 100.00%          | 100.00%          | [100.00%]            | Trading                                       | Shanghai, PRC                 | PricewaterhouseCoopers Zhong Tian LLP | N/A                        |
| Shanghai Biorrier Pharmaceutical Technology Co., Ltd. (“Shanghai Biorrier”) . . . . . | 13 March 2019      | RMB150,000,000     | RMB150,000,000                    | 95.84%                                                        | 98.61%           | 100.00%          | [100.00%]            | Trading                                       | Shanghai, PRC                 | PricewaterhouseCoopers Zhong Tian LLP | N/A                        |
| Shanghai Li Gan Perfume Cosmetics Co., Ltd. (“Li Gan Perfume”) . . . . .              | 19 November 2019   | RMB45,000,000      | RMB45,000,000                     | 100.00%                                                       | 100.00%          | 100.00%          | [100.00%]            | Trading                                       | Shanghai, PRC                 | N/A                                   | N/A                        |
| Shanghai Jiatai E-Commerce Co., Ltd. . . . .                                          | 23 February 2021   | RMB10,000,000      | RMB1,000,000                      | 100.00%                                                       | 100.00%          | 100.00%          | [100.00%]            | Trading                                       | Shanghai, PRC                 | N/A                                   | N/A                        |
| CHANDO WOFE . . . . .                                                                 | 07 February 2024   | RMB600,000,000     | RMB600,000,000                    | –                                                             | 100.00%          | 100.00%          | [100.00%]            | Investment holding                            | Shanghai, PRC                 | N/A                                   | N/A                        |
| CHANDO HK . . . . .                                                                   | 1 December 2023    | HKD10,000          | Nil                               | 100.00%                                                       | 100.00%          | 100.00%          | [100.00%]            | Investment holding                            | Hong Kong, PRC                | N/A                                   | PricewaterhouseCoopers N/A |

The English names of the PRC companies referred to above in this note represent management’s best efforts in translating the Chinese names of those companies as no English names have been registered.

As at 31 December 2023, 2024 and 2025, there is no subsidiary with non-controlling interests material to the Group.

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### 7 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

#### 7.1 Property, plant and equipment

|                                                  | Buildings      | Machinery and equipment | Tools and moulds | Vehicles, office and other equipment | Leasehold improvements | Construction in progress | Total          |
|--------------------------------------------------|----------------|-------------------------|------------------|--------------------------------------|------------------------|--------------------------|----------------|
|                                                  | RMB'000        | RMB'000                 | RMB'000          | RMB'000                              | RMB'000                | RMB'000                  | RMB'000        |
| <b>At 1 January 2023</b>                         |                |                         |                  |                                      |                        |                          |                |
| Cost . . . . .                                   | 347,948        | 126,591                 | 17,029           | 73,858                               | 144,473                | 202,456                  | 912,355        |
| Accumulated depreciation . . . . .               | (82,461)       | (49,196)                | (5,308)          | (64,683)                             | (117,206)              | –                        | (318,854)      |
| Net book amount . . . . .                        | <u>265,487</u> | <u>77,395</u>           | <u>11,721</u>    | <u>9,175</u>                         | <u>27,267</u>          | <u>202,456</u>           | <u>593,501</u> |
| <b>Year ended 31 December 2023</b>               |                |                         |                  |                                      |                        |                          |                |
| Opening net book amount . . . . .                | 265,487        | 77,395                  | 11,721           | 9,175                                | 27,267                 | 202,456                  | 593,501        |
| Transfer from construction in progress . . . . . | 28,103         | –                       | –                | –                                    | 78                     | (28,181)                 | –              |
| Additions . . . . .                              | 26             | 3,928                   | 2,372            | 1,240                                | 13,672                 | 33,936                   | 55,174         |
| Disposals . . . . .                              | (9,576)        | (56)                    | –                | (186)                                | (827)                  | –                        | (10,645)       |
| Depreciation charge ( <i>Note 25</i> ) . . . . . | (18,383)       | (10,952)                | (3,286)          | (2,908)                              | (23,214)               | –                        | (58,743)       |
| Closing net book amount . . . . .                | <u>265,657</u> | <u>70,315</u>           | <u>10,807</u>    | <u>7,321</u>                         | <u>16,976</u>          | <u>208,211</u>           | <u>579,287</u> |
| <b>At 31 December 2023</b>                       |                |                         |                  |                                      |                        |                          |                |
| Cost . . . . .                                   | 366,247        | 130,017                 | 19,401           | 73,138                               | 141,563                | 208,211                  | 938,577        |
| Accumulated depreciation . . . . .               | (100,590)      | (59,702)                | (8,594)          | (65,817)                             | (124,587)              | –                        | (359,290)      |
| Net book amount . . . . .                        | <u>265,657</u> | <u>70,315</u>           | <u>10,807</u>    | <u>7,321</u>                         | <u>16,976</u>          | <u>208,211</u>           | <u>579,287</u> |
| <b>Year ended 31 December 2024</b>               |                |                         |                  |                                      |                        |                          |                |
| Opening net book amount . . . . .                | 265,657        | 70,315                  | 10,807           | 7,321                                | 16,976                 | 208,211                  | 579,287        |
| Transfer from construction in progress . . . . . | 402            | 23,253                  | –                | –                                    | 2,367                  | (26,022)                 | –              |
| Additions . . . . .                              | –              | 13,279                  | 612              | 7,087                                | 27,070                 | 43,983                   | 92,031         |
| Disposals . . . . .                              | (3)            | (98)                    | –                | (665)                                | (1,115)                | –                        | (1,881)        |
| Depreciation charge ( <i>Note 25</i> ) . . . . . | (18,690)       | (13,297)                | (3,101)          | (3,276)                              | (18,465)               | –                        | (56,829)       |
| Closing net book amount . . . . .                | <u>247,366</u> | <u>93,452</u>           | <u>8,318</u>     | <u>10,467</u>                        | <u>26,833</u>          | <u>226,172</u>           | <u>612,608</u> |
| <b>At 31 December 2024</b>                       |                |                         |                  |                                      |                        |                          |                |
| Cost . . . . .                                   | 366,639        | 165,981                 | 20,013           | 75,182                               | 139,654                | 226,172                  | 993,641        |
| Accumulated depreciation . . . . .               | (119,273)      | (72,529)                | (11,695)         | (64,715)                             | (112,821)              | –                        | (381,033)      |
| Net book amount . . . . .                        | <u>247,366</u> | <u>93,452</u>           | <u>8,318</u>     | <u>10,467</u>                        | <u>26,833</u>          | <u>226,172</u>           | <u>612,608</u> |
| <b>Year ended 31 December 2025</b>               |                |                         |                  |                                      |                        |                          |                |
| Opening net book amount . . . . .                | 247,366        | 93,452                  | 8,318            | 10,467                               | 26,833                 | 226,172                  | 612,608        |
| Transfer from construction in progress . . . . . | –              | 8,680                   | 5,197            | –                                    | 3,259                  | (17,136)                 | –              |
| Additions . . . . .                              | –              | 11,941                  | 1,114            | 4,989                                | 19,562                 | 30,593                   | 68,199         |
| Disposals . . . . .                              | (411)          | (342)                   | –                | (448)                                | (1,633)                | –                        | (2,834)        |
| Depreciation charge ( <i>Note 25</i> ) . . . . . | (18,692)       | (14,982)                | (3,248)          | (3,589)                              | (20,410)               | –                        | (60,921)       |
| Closing net book amount . . . . .                | <u>228,263</u> | <u>98,749</u>           | <u>11,381</u>    | <u>11,419</u>                        | <u>27,611</u>          | <u>239,629</u>           | <u>617,052</u> |
| <b>At 31 December 2025</b>                       |                |                         |                  |                                      |                        |                          |                |
| Cost . . . . .                                   | 366,213        | 183,586                 | 26,324           | 71,898                               | 129,017                | 239,629                  | 1,016,667      |
| Accumulated depreciation . . . . .               | (137,950)      | (84,837)                | (14,943)         | (60,479)                             | (101,406)              | –                        | (399,615)      |
| Net book amount . . . . .                        | <u>228,263</u> | <u>98,749</u>           | <u>11,381</u>    | <u>11,419</u>                        | <u>27,611</u>          | <u>239,629</u>           | <u>617,052</u> |

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Depreciation expenses were charged to the consolidated income statements as follows:

|                                            | Year ended 31 December |               |               |
|--------------------------------------------|------------------------|---------------|---------------|
|                                            | 2023                   | 2024          | 2025          |
|                                            | RMB'000                | RMB'000       | RMB'000       |
| Cost of sales . . . . .                    | 27,405                 | 31,432        | 32,429        |
| Administrative expenses . . . . .          | 12,570                 | 11,392        | 12,655        |
| Selling and marketing costs . . . . .      | 14,431                 | 11,872        | 13,630        |
| Research and development expenses. . . . . | 4,337                  | 2,133         | 2,207         |
|                                            | <u>58,743</u>          | <u>56,829</u> | <u>60,921</u> |

As at 31 December 2023, 2024 and 2025, no property, plant and equipment was restricted or pledged as security for the Group’s liabilities.

### 7.2 Right-of-use assets

#### (a) Amounts recognised in the consolidated balance sheets

|                                         | Office and<br>warehouse<br>properties | Land use rights | Total          |
|-----------------------------------------|---------------------------------------|-----------------|----------------|
|                                         | RMB'000                               | RMB'000         | RMB'000        |
| <b>At 1 January 2023</b>                |                                       |                 |                |
| Cost . . . . .                          | 157,875                               | 61,467          | 219,342        |
| Accumulated depreciation . . . . .      | (73,725)                              | (15,385)        | (89,110)       |
| Net book amount . . . . .               | <u>84,150</u>                         | <u>46,082</u>   | <u>130,232</u> |
| <b>Year ended 31 December 2023</b>      |                                       |                 |                |
| Opening net book amount . . . . .       | 84,150                                | 46,082          | 130,232        |
| Additions . . . . .                     | 11,441                                | –               | 11,441         |
| Disposals . . . . .                     | (2,146)                               | –               | (2,146)        |
| Depreciation charge (Note 25) . . . . . | (46,438)                              | (1,282)         | (47,720)       |
| Closing net book amount. . . . .        | <u>47,007</u>                         | <u>44,800</u>   | <u>91,807</u>  |
| <b>At 31 December 2023</b>              |                                       |                 |                |
| Cost . . . . .                          | 78,407                                | 61,467          | 139,874        |
| Accumulated depreciation . . . . .      | (31,400)                              | (16,667)        | (48,067)       |
| Net book amount . . . . .               | <u>47,007</u>                         | <u>44,800</u>   | <u>91,807</u>  |
| <b>Year ended 31 December 2024</b>      |                                       |                 |                |
| Opening net book amount . . . . .       | 47,007                                | 44,800          | 91,807         |
| Additions . . . . .                     | 95,193                                | –               | 95,193         |
| Disposals . . . . .                     | (4,542)                               | –               | (4,542)        |
| Depreciation charge (Note 25) . . . . . | (47,410)                              | (1,282)         | (48,692)       |
| Closing net book amount. . . . .        | <u>90,248</u>                         | <u>43,518</u>   | <u>133,766</u> |
| <b>At 31 December 2024</b>              |                                       |                 |                |
| Cost . . . . .                          | 140,958                               | 61,467          | 202,425        |
| Accumulated depreciation . . . . .      | (50,710)                              | (17,949)        | (68,659)       |
| Net book amount . . . . .               | <u>90,248</u>                         | <u>43,518</u>   | <u>133,766</u> |

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|                                                  | Office and<br>warehouse<br>properties | Land use rights | Total          |
|--------------------------------------------------|---------------------------------------|-----------------|----------------|
|                                                  | <i>RMB'000</i>                        | <i>RMB'000</i>  | <i>RMB'000</i> |
| <b>Year ended 31 December 2025</b>               |                                       |                 |                |
| Opening net book amount . . . . .                | 90,248                                | 43,518          | 133,766        |
| Additions . . . . .                              | 2,603                                 | –               | 2,603          |
| Disposals . . . . .                              | (12,314)                              | –               | (12,314)       |
| Depreciation charge ( <i>Note 25</i> ) . . . . . | (36,621)                              | (1,282)         | (37,903)       |
| Closing net book amount. . . . .                 | <u>43,916</u>                         | <u>42,236</u>   | <u>86,152</u>  |
| <b>At 31 December 2025 . . . . .</b>             |                                       |                 |                |
| Cost . . . . .                                   | 78,502                                | 61,467          | 139,969        |
| Accumulated depreciation . . . . .               | (34,586)                              | (19,231)        | (53,817)       |
| Net book amount . . . . .                        | <u>43,916</u>                         | <u>42,236</u>   | <u>86,152</u>  |

The consolidated income statements show the following amounts relating to leases:

|                                                                                                                                                                  | Year ended 31 December |                |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------|----------------|
|                                                                                                                                                                  | 2023                   | 2024           | 2025           |
|                                                                                                                                                                  | <i>RMB'000</i>         | <i>RMB'000</i> | <i>RMB'000</i> |
| Depreciation charge of right-of-use assets                                                                                                                       |                        |                |                |
| – Office and warehouse properties . . . . .                                                                                                                      | 46,438                 | 47,410         | 36,621         |
| – Land use rights . . . . .                                                                                                                                      | <u>1,282</u>           | <u>1,282</u>   | <u>1,282</u>   |
|                                                                                                                                                                  | <u>47,720</u>          | <u>48,692</u>  | <u>37,903</u>  |
| Interest expense (included in finance costs)                                                                                                                     |                        |                |                |
| ( <i>Note 29</i> ) . . . . .                                                                                                                                     | 3,316                  | 5,433          | 3,449          |
| Expense relating to short-term leases and<br>variable lease (included in cost of sales,<br>administrative expenses and selling and<br>marketing costs) . . . . . | 1,674                  | 1,302          | 667            |

Depreciation expenses were charged to the consolidated income statements as follows:

|                                            | Year ended 31 December |                |                |
|--------------------------------------------|------------------------|----------------|----------------|
|                                            | 2023                   | 2024           | 2025           |
|                                            | <i>RMB'000</i>         | <i>RMB'000</i> | <i>RMB'000</i> |
| Cost of sales . . . . .                    | 1,030                  | 929            | 1,394          |
| Administrative expenses . . . . .          | 24,399                 | 25,764         | 21,985         |
| Selling and marketing costs . . . . .      | 16,729                 | 16,215         | 8,726          |
| Research and development expenses. . . . . | <u>5,562</u>           | <u>5,784</u>   | <u>5,798</u>   |
|                                            | <u>47,720</u>          | <u>48,692</u>  | <u>37,903</u>  |

The total cash outflow for leases for the years ended 31 December 2023, 2024 and 2025 were approximately RMB52,278,000, RMB52,657,000, and RMB39,855,000 respectively.

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The Group leases various offices and warehouse properties. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets can not be used as security for borrowing purposes.

### 8 INTANGIBLE ASSETS

|                                         | Computer<br>software | Trademarks   | Royalties  | Total         |
|-----------------------------------------|----------------------|--------------|------------|---------------|
|                                         | RMB'000              | RMB'000      | RMB'000    | RMB'000       |
| At 1 January 2023                       |                      |              |            |               |
| Cost . . . . .                          | 69,124               | 7,929        | 1,047      | 78,100        |
| Accumulated amortisation . . . . .      | (33,239)             | (879)        | (672)      | (34,790)      |
| Net book amount . . . . .               | <u>35,885</u>        | <u>7,050</u> | <u>375</u> | <u>43,310</u> |
| Year ended 31 December 2023             |                      |              |            |               |
| Opening net book amount . . . . .       | 35,885               | 7,050        | 375        | 43,310        |
| Additions . . . . .                     | 13,825               | –            | –          | 13,825        |
| Disposals . . . . .                     | (2,066)              | –            | –          | (2,066)       |
| Amortisation charge (Note 25) . . . . . | (9,752)              | (808)        | (105)      | (10,665)      |
| Closing net book amount . . . . .       | <u>37,892</u>        | <u>6,242</u> | <u>270</u> | <u>44,404</u> |
| At 31 December 2023                     |                      |              |            |               |
| Cost . . . . .                          | 79,304               | 7,929        | 1,047      | 88,280        |
| Accumulated amortisation . . . . .      | (41,412)             | (1,687)      | (777)      | (43,876)      |
| Net book amount . . . . .               | <u>37,892</u>        | <u>6,242</u> | <u>270</u> | <u>44,404</u> |
| Year ended 31 December 2024             |                      |              |            |               |
| Opening net book amount . . . . .       | 37,892               | 6,242        | 270        | 44,404        |
| Additions . . . . .                     | 8,218                | –            | –          | 8,218         |
| Amortisation charge (Note 25) . . . . . | (10,396)             | (785)        | (105)      | (11,286)      |
| Closing net book amount . . . . .       | <u>35,714</u>        | <u>5,457</u> | <u>165</u> | <u>41,336</u> |
| At 31 December 2024                     |                      |              |            |               |
| Cost . . . . .                          | 87,522               | 7,929        | 1,047      | 96,498        |
| Accumulated amortisation . . . . .      | (51,808)             | (2,472)      | (882)      | (55,162)      |
| Net book amount . . . . .               | <u>35,714</u>        | <u>5,457</u> | <u>165</u> | <u>41,336</u> |
| Year ended 31 December 2025             |                      |              |            |               |
| Opening net book amount . . . . .       | 35,714               | 5,457        | 165        | 41,336        |
| Additions . . . . .                     | 4,477                | –            | –          | 4,477         |
| Amortisation charge (Note 25) . . . . . | (13,807)             | (784)        | (105)      | (14,696)      |
| Closing net book amount . . . . .       | <u>26,384</u>        | <u>4,673</u> | <u>60</u>  | <u>31,117</u> |
| At 31 December 2025                     |                      |              |            |               |
| Cost . . . . .                          | 91,999               | 7,929        | 1,047      | 100,975       |
| Accumulated amortisation . . . . .      | (65,615)             | (3,256)      | (987)      | (69,858)      |
| Net book amount . . . . .               | <u>26,384</u>        | <u>4,673</u> | <u>60</u>  | <u>31,117</u> |

Amortisation expenses were charged to the consolidated income statements as follows:

|                                       | Year ended 31 December |               |               |
|---------------------------------------|------------------------|---------------|---------------|
|                                       | 2023                   | 2024          | 2025          |
|                                       | RMB'000                | RMB'000       | RMB'000       |
| Administrative expenses . . . . .     | 8,872                  | 9,938         | 13,431        |
| Selling and marketing costs . . . . . | <u>1,793</u>           | <u>1,348</u>  | <u>1,265</u>  |
|                                       | <u>10,665</u>          | <u>11,286</u> | <u>14,696</u> |

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### 9 INVESTMENTS IN ASSOCIATES

|                            | Year ended 31 December |         |         |
|----------------------------|------------------------|---------|---------|
|                            | 2023                   | 2024    | 2025    |
|                            | RMB'000                | RMB'000 | RMB'000 |
| Opening balance . . . . .  | —                      | —       | —       |
| Additions . . . . .        | 2,526                  | —       | 1,500   |
| Share of results . . . . . | (2,526)                | —       | (51)    |
| Ending balance . . . . .   | —                      | —       | 1,449   |

The particulars of the associates of the Group as at 31 December 2023, 2024 and 2025, which is unlisted, are set out as follows:

| Company name                                                                                                 | Country/date of incorporation        | Paid-in capital | % interests held  |      |      | Principal activities |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------|-----------------|-------------------|------|------|----------------------|
|                                                                                                              |                                      |                 | As at 31 December |      |      |                      |
|                                                                                                              |                                      |                 | 2023              | 2024 | 2025 |                      |
| Oriental Beauty Valley Enterprise Group Shanghai Culture Media Co., Ltd. (“Oriental Beauty Valley”). . . . . | 15 September 2017, Shanghai, the PRC | RMB12,317,000   | 15%               | 15%  | 15%  | Advertisement        |
| Shanghai Ziranhuida International Trade Co., Ltd (“Ziranhuida”) (Note). . . . .                              | 3 December 2024, Shanghai, the PRC   | RMB5,000,000    | –                 | 30%  | 30%  | Trading              |

*Note:* During the year ended 31 December 2025, the Group invested in an associate, Ziranhuida. The total investments in the associate amounted to RMB1,500,000.

#### Individually immaterial associates

The Group has interests in Oriental Beauty Valley and Ziranhuida those were accounted for using the equity method as of and for the years ended 31 December 2023, 2024 and 2025 are as follows:

|                                                                            | As at 31 December |         |         |
|----------------------------------------------------------------------------|-------------------|---------|---------|
|                                                                            | 2023              | 2024    | 2025    |
|                                                                            | RMB'000           | RMB'000 | RMB'000 |
| Carrying amount of Oriental Beauty Valley . . . .                          | —                 | —       | —       |
| Amount of the Group’s share of loss and total comprehensive loss . . . . . | (2,526)           | —       | —       |
| Carrying amount of Ziranhuida . . . . .                                    | —                 | —       | 1,449   |
| Amount of the Group’s share of loss and total comprehensive loss . . . . . | —                 | —       | (51)    |

The commitment relating to the Group’s interests in the associates as at 31 December 2024 is presented in Note 35(b). There was no commitments as at 31 December 2023 and 2025.

There were no material contingent liabilities relating to the Group’s interests in the associates as at 31 December 2023, 2024 and 2025.

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### 10 DEFERRED INCOME TAX

|                                                              | As at 31 December |                |                |
|--------------------------------------------------------------|-------------------|----------------|----------------|
|                                                              | 2023              | 2024           | 2025           |
|                                                              | RMB'000           | RMB'000        | RMB'000        |
| <u>Deferred tax assets to be recovered</u>                   |                   |                |                |
| Lease liabilities . . . . .                                  | 6,942             | 16,679         | 8,432          |
| Provision for impairment and inventory provisions . . . . .  | 9,449             | 7,697          | 6,797          |
| Temporary difference on revenue recognition (Note) . . . . . | 46,437            | 38,282         | 36,523         |
| Advertising expenses . . . . .                               | 37,031            | 98,544         | 151,150        |
|                                                              | <u>99,859</u>     | <u>161,202</u> | <u>202,902</u> |
| Set-off of deferred tax liabilities . . . . .                | (12,235)          | (22,003)       | (12,784)       |
| Net deferred tax assets . . . . .                            | <u>87,624</u>     | <u>139,199</u> | <u>190,118</u> |

*Note:* temporary difference on revenue recognition refers to those sales that have been recognised under local tax books but are yet to be recognised from accounting perspective.

|                                               | As at 31 December |               |               |
|-----------------------------------------------|-------------------|---------------|---------------|
|                                               | 2023              | 2024          | 2025          |
|                                               | RMB'000           | RMB'000       | RMB'000       |
| <u>Deferred tax liabilities to be settled</u> |                   |               |               |
| Right-of-use assets . . . . .                 | 6,733             | 16,001        | 7,828         |
| Property, plant and equipment . . . . .       | 8,116             | 10,530        | 12,492        |
|                                               | <u>14,849</u>     | <u>26,531</u> | <u>20,320</u> |
| Set-off against deferred tax assets . . . . . | (12,235)          | (22,003)      | (12,784)      |
| Net deferred tax liabilities . . . . .        | <u>2,614</u>      | <u>4,528</u>  | <u>7,536</u>  |

The gross movement on the deferred income tax account is as follows:

|                                                                              | Year ended 31 December |                |                |
|------------------------------------------------------------------------------|------------------------|----------------|----------------|
|                                                                              | 2023                   | 2024           | 2025           |
|                                                                              | RMB'000                | RMB'000        | RMB'000        |
| At beginning of year . . . . .                                               | 107,818                | 85,010         | 134,671        |
| (Charged)/credited to the consolidated income statements (Note 30) . . . . . | (22,808)               | 49,661         | 47,911         |
| At end of year . . . . .                                                     | <u>85,010</u>          | <u>134,671</u> | <u>182,582</u> |

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## ACCOUNTANT’S REPORT

### 10.1 Deferred income tax assets

The movement in deferred income tax assets during each of the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

| Movements                                                      | Lease liabilities | Tax losses | Provision for impairment and inventory provisions | Temporary difference on revenue recognition | Advertising expenses | Total          |
|----------------------------------------------------------------|-------------------|------------|---------------------------------------------------|---------------------------------------------|----------------------|----------------|
|                                                                | RMB'000           | RMB'000    | RMB'000                                           | RMB'000                                     | RMB'000              | RMB'000        |
| <b>At 1 January 2023</b>                                       | 13,028            | 40,280     | 12,308                                            | 45,136                                      | 18,552               | 129,304        |
| (Charged)/credited to consolidated income statements . . . . . | (6,086)           | (40,280)   | (2,859)                                           | 1,301                                       | 18,479               | (29,445)       |
| <b>At 31 December 2023 . .</b>                                 | <u>6,942</u>      | <u>—</u>   | <u>9,449</u>                                      | <u>46,437</u>                               | <u>37,031</u>        | <u>99,859</u>  |
| <b>At 1 January 2024</b>                                       | 6,942             | —          | 9,449                                             | 46,437                                      | 37,031               | 99,859         |
| Credited/(charged) to consolidated income statements . . . . . | 9,737             | —          | (1,752)                                           | (8,155)                                     | 61,513               | 61,343         |
| <b>At 31 December 2024 . .</b>                                 | <u>16,679</u>     | <u>—</u>   | <u>7,697</u>                                      | <u>38,282</u>                               | <u>98,544</u>        | <u>161,202</u> |
| <b>At 1 January 2025 . . . .</b>                               | 16,679            | —          | 7,697                                             | 38,282                                      | 98,544               | 161,202        |
| (Charged)/credited to consolidated income statements . . . . . | (8,247)           | —          | (900)                                             | (1,759)                                     | 52,606               | 41,700         |
| <b>At 31 December 2025 . .</b>                                 | <u>8,432</u>      | <u>—</u>   | <u>6,797</u>                                      | <u>36,523</u>                               | <u>151,150</u>       | <u>202,902</u> |

In accordance with the PRC laws and regulations, tax losses generally could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profit is probable. As at 31 December 2023, 2024 and 2025, the Group did not recognise deferred income tax asset in respect of cumulative tax losses of approximately RMB242,086,000, RMB242,510,000 and RMB140,492,000 respectively that can be carried forward to offset against future taxable income, because it was uncertain whether there would be sufficient profit to offset in the near future. The outcome of their actual utilisation may be different from management’s estimation. All these tax losses will expire within five years.

### 10.2 Deferred income tax liabilities

The movement in deferred income tax liabilities during each of the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

| Movements                                                      | Right-of-use assets | Property, plant and equipment | Total         |
|----------------------------------------------------------------|---------------------|-------------------------------|---------------|
|                                                                | RMB'000             | RMB'000                       | RMB'000       |
| <b>At 1 January 2023 . . . . .</b>                             | 12,730              | 8,756                         | 21,486        |
| Credited to consolidated income statements . . . . .           | (5,997)             | (640)                         | (6,637)       |
| <b>At 31 December 2023 . . . . .</b>                           | <u>6,733</u>        | <u>8,116</u>                  | <u>14,849</u> |
| <b>At 1 January 2024 . . . . .</b>                             | 6,733               | 8,116                         | 14,849        |
| Charged to consolidated income statements . . . . .            | 9,268               | 2,414                         | 11,682        |
| <b>At 31 December 2024 . . . . .</b>                           | <u>16,001</u>       | <u>10,530</u>                 | <u>26,531</u> |
| <b>At 1 January 2025 . . . . .</b>                             | 16,001              | 10,530                        | 26,531        |
| (Credited)/charged to consolidated income statements . . . . . | (8,173)             | 1,962                         | (6,211)       |
| <b>At 31 December 2025 . . . . .</b>                           | <u>7,828</u>        | <u>12,492</u>                 | <u>20,320</u> |

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### 11 TIME DEPOSITS

|                                     | As at 31 December |           |                |
|-------------------------------------|-------------------|-----------|----------------|
|                                     | 2023              | 2024      | 2025           |
|                                     | RMB'000           | RMB'000   | RMB'000        |
| Time deposits at banks . . . . .    | 300,356           | 257,422   | 264,547        |
| Less: non-current portion . . . . . | (300,356)         | (257,422) | —              |
|                                     | <u>—</u>          | <u>—</u>  | <u>264,547</u> |

The balance of time deposits which were with maturities over three months as at 31 December 2023, 2024 and 2025 were bank deposits and related interest receivables, which were held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. The interest rate on the deposits during the years ended 31 December 2023, 2024, and 2025 ranged from 2.85% to 4.00%.

### 12 INVENTORIES

|                                          | As at 31 December |                |                |
|------------------------------------------|-------------------|----------------|----------------|
|                                          | 2023              | 2024           | 2025           |
|                                          | RMB'000           | RMB'000        | RMB'000        |
| Raw materials . . . . .                  | 68,886            | 62,960         | 105,367        |
| Work in progress . . . . .               | 9,985             | 11,419         | 16,242         |
| Finished goods . . . . .                 | 445,313           | 401,545        | 379,317        |
|                                          | <u>524,184</u>    | <u>475,924</u> | <u>500,926</u> |
| Less: provision for write-down . . . . . | (36,086)          | (36,178)       | (25,252)       |
|                                          | <u>488,098</u>    | <u>439,746</u> | <u>475,674</u> |

Movement on the Group’s provision of inventory was as follows:

|                                                                                                             | Year ended 31 December |               |               |
|-------------------------------------------------------------------------------------------------------------|------------------------|---------------|---------------|
|                                                                                                             | 2023                   | 2024          | 2025          |
|                                                                                                             | RMB'000                | RMB'000       | RMB'000       |
| At the beginning of the year . . . . .                                                                      | 52,192                 | 36,086        | 36,178        |
| Provision/(reversal of provision) for write-down of inventories in consolidated income statements . . . . . | (16,106)               | 92            | (10,926)      |
| At the end of the year . . . . .                                                                            | <u>36,086</u>          | <u>36,178</u> | <u>25,252</u> |

### 13 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

|                                                                             | As at 31 December |                |                |
|-----------------------------------------------------------------------------|-------------------|----------------|----------------|
|                                                                             | 2023              | 2024           | 2025           |
|                                                                             | RMB'000           | RMB'000        | RMB'000        |
| Trade receivables . . . . .                                                 | 207,361           | 126,441        | 213,104        |
| Less: provision for impairment of trade receivables (Note 3.2(b)) . . . . . | (12,504)          | (4,088)        | (6,272)        |
|                                                                             | <u>194,857</u>    | <u>122,353</u> | <u>206,832</u> |
| Prepayments to suppliers . . . . .                                          | 103,301           | 92,685         | 115,067        |
| Finance lease receivables (Note) . . . . .                                  | 49,285            | 46,914         | 46,272         |
| Prepaid taxes and surcharges and deductible input VAT . . . . .             | 9,578             | 24,729         | 16,410         |
| Deposits . . . . .                                                          | 21,033            | 39,811         | 32,190         |
| Amounts due from related parties (Note 36(d)(i)).                           | 2,600             | 2,671          | 2,600          |
| Prepayments for [REDACTED] . . . . .                                        | 1,826             | 3,916          | 6,475          |
| Others . . . . .                                                            | 238               | 1,033          | 3,163          |
| Less: provision for impairment of other receivables (Note 3.2(c)) . . . . . | (2,986)           | (3,744)        | (5,854)        |
|                                                                             | <u>379,732</u>    | <u>330,368</u> | <u>423,155</u> |
| Less: non-current portion . . . . .                                         | (56,958)          | (50,614)       | (48,031)       |
|                                                                             | <u>322,774</u>    | <u>279,754</u> | <u>375,124</u> |

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*Note:* The Group entered into certain finance lease arrangements as lessor in connection with leasing certain staff apartments of the Group to eligible employees. The term of the finance leases is 10 years. Upon the end of the finance lease period, the purchase option entitled by the eligible employees will become exercisable. The interest rate inherent in the finance leases is 5.0% over the lease term. The total balance of finance lease receivables as at 31 December 2023, 2024 and 2025 were classified as other receivables in non current assets pursuant to the finance lease agreements between the Group and the employees.

The Group generally allows a credit period range from 7-90 days to its customers. As at 31 December 2023, 2024 and 2025, ageing analysis of trade receivables based on recognition date before provision for impairment was as follows:

|                                              | As at 31 December |                |                |
|----------------------------------------------|-------------------|----------------|----------------|
|                                              | 2023              | 2024           | 2025           |
|                                              | RMB'000           | RMB'000        | RMB'000        |
| Within 3 months . . . . .                    | 194,373           | 122,592        | 207,684        |
| Over 3 months and within 6 months . . . . .  | 3,557             | 236            | 1,083          |
| Over 6 months and within 9 months . . . . .  | 256               | 343            | 89             |
| Over 9 months and within 12 months . . . . . | 1,563             | 381            | 360            |
| Over 12 months . . . . .                     | 7,612             | 2,889          | 3,888          |
| Trade receivable, gross . . . . .            | <u>207,361</u>    | <u>126,441</u> | <u>213,104</u> |

The maximum exposure to credit risk at each of the reporting dates is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2023, 2024 and 2025, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2023, 2024 and 2025, the carrying amounts of trade and other receivables and prepayments were all denominated in RMB.

### 14 CASH AND CASH EQUIVALENTS

#### The Group

|                                     | As at 31 December |                |                |
|-------------------------------------|-------------------|----------------|----------------|
|                                     | 2023              | 2024           | 2025           |
|                                     | RMB'000           | RMB'000        | RMB'000        |
| Cash at banks and on hand . . . . . | 575,160           | 858,110        | 949,690        |
| Less: restricted cash . . . . .     | —                 | —              | (751)          |
|                                     | <u>575,160</u>    | <u>858,110</u> | <u>948,939</u> |

(a) The carrying amounts of cash at banks and on hand were denominated in the following currencies:

|                                    | As at 31 December |                |                |
|------------------------------------|-------------------|----------------|----------------|
|                                    | 2023              | 2024           | 2025           |
|                                    | RMB'000           | RMB'000        | RMB'000        |
| RMB . . . . .                      | 575,160           | 402,482        | 834,210        |
| US Dollar (“USD”) . . . . .        | —                 | 24,217         | 115,201        |
| Hong Kong Dollar (“HKD”) . . . . . | —                 | 431,411        | 279            |
|                                    | <u>575,160</u>    | <u>858,110</u> | <u>949,690</u> |

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### The Company

|                                     | As at 31 December |         |         |
|-------------------------------------|-------------------|---------|---------|
|                                     | 2023              | 2024    | 2025    |
|                                     | RMB'000           | RMB'000 | RMB'000 |
| Cash at banks and on hand . . . . . | –                 | 421,134 | 94,701  |
|                                     | =                 | =       | =       |

The carrying amounts of cash at banks and on hand were denominated in the following currencies:

|               | As at 31 December |         |         |
|---------------|-------------------|---------|---------|
|               | 2023              | 2024    | 2025    |
|               | RMB'000           | RMB'000 | RMB'000 |
| USD . . . . . | –                 | 10,923  | 94,637  |
| HKD . . . . . | –                 | 410,211 | 64      |
|               | –                 | 421,134 | 94,701  |
|               | =                 | =       | =       |

### 15 SHARE CAPITAL

#### The Group and the Company

|                                                | Number of shares | Nominal value of shares |
|------------------------------------------------|------------------|-------------------------|
|                                                |                  | US\$                    |
|                                                |                  |                         |
| <b>Authorised</b>                              |                  |                         |
| As at 10 October 2023 (date of incorporation), |                  |                         |
| 31 December 2023, 2024 and 2025 . . . . .      | 500,000,000      | 50,000                  |
|                                                | =                | =                       |

Upon incorporation of the Company, 500,000,000 shares were authorised at par value of USD0.0001 each.

|                                                                                                             | Number of shares | Nominal value of shares | Share capital | Share capital | Treasury shares held for restricted share scheme (Note 17) |
|-------------------------------------------------------------------------------------------------------------|------------------|-------------------------|---------------|---------------|------------------------------------------------------------|
|                                                                                                             |                  | RMB'000                 | RMB           | RMB'000       |                                                            |
|                                                                                                             |                  |                         |               |               |                                                            |
| <b>Issued</b>                                                                                               |                  |                         |               |               |                                                            |
| As at 10 October 2023 (date of incorporation), 31 December 2023 and 1 January 2024 (Note 1.2(ii)) . . . . . | 10,000           | –*                      | 1             | –*            | –                                                          |
| Issuance of shares pursuant to the Reorganisation (Note 1.2(ix)) . . . . .                                  | 99,990,000       | 71                      | 70,966        | 71            | –                                                          |
| <b>As at 31 December 2024</b> . . . . .                                                                     | 100,000,000      | 71                      | 70,967        | 71            | –                                                          |
| Issuance of shares during the year ended 31 December 2025 . . . . .                                         | 1,477,742        | 1                       | 961           | 1             | (1)                                                        |
| Transfer from ordinary shares to preferred shares (Note 19) . . . . .                                       | (531,023)        | –*                      | (376)         | –*            | –                                                          |
| <b>As at 31 December 2025</b> . . . . .                                                                     | 100,946,719      | 72                      | 71,552        | 72            | (1)                                                        |

\* The relevant amounts are less than RMB1,000.

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### 16 RESERVES

| The Group                                                                                               | Merger reserves<br>(a) | Capital reserves<br>(b) | Statutory surplus<br>reserve (c) | Credit risk of<br>convertible<br>preferred shares | Retained<br>earnings | Total            |
|---------------------------------------------------------------------------------------------------------|------------------------|-------------------------|----------------------------------|---------------------------------------------------|----------------------|------------------|
|                                                                                                         | RMB'000                | RMB'000                 | RMB'000                          | RMB'000                                           | RMB'000              | RMB'000          |
| <b>Balance at 1 January 2023</b>                                                                        | 250,000                | 128,504                 | 138,640                          | —                                                 | 420,173              | 937,317          |
| Profit for the year                                                                                     | —                      | —                       | —                                | —                                                 | 302,822              | 302,822          |
| <b>Transactions with equity<br/>holders</b>                                                             |                        |                         |                                  |                                                   |                      |                  |
| Changes in ownership interests<br>in subsidiaries without<br>change of control (Note 34)                | —                      | (29,773)                | —                                | —                                                 | —                    | (29,773)         |
| Waiver of the loan due to a<br>related party (Note 33(d)(i))                                            | —                      | 14,486                  | —                                | —                                                 | —                    | 14,486           |
| Capitalisation of retained<br>earnings of CHANDO<br>Limited (Note 33(d)(ii))                            | —                      | 350,000                 | —                                | —                                                 | (350,000)            | —                |
| <b>Balance at 31 December 2023</b>                                                                      | <u>250,000</u>         | <u>463,217</u>          | <u>138,640</u>                   | <u>—</u>                                          | <u>372,995</u>       | <u>1,224,852</u> |
| <b>Balance at 1 January 2024</b>                                                                        | 250,000                | 463,217                 | 138,640                          | —                                                 | 372,995              | 1,224,852        |
| Profit for the year                                                                                     | —                      | —                       | —                                | —                                                 | 190,097              | 190,097          |
| Other comprehensive loss –<br>resulted from change of<br>credit risk of convertible<br>preferred shares | —                      | —                       | —                                | 110                                               | —                    | 110              |
| Total Comprehensive income                                                                              | —                      | —                       | —                                | 110                                               | 190,097              | 190,207          |
| <b>Transactions with equity<br/>holders</b>                                                             |                        |                         |                                  |                                                   |                      |                  |
| Appropriation of statutory<br>reserve                                                                   | —                      | —                       | 24,867                           | —                                                 | (24,867)             | —                |
| Changes in ownership interests<br>in subsidiaries without<br>change of control (Note 34)                | —                      | (4,038)                 | —                                | —                                                 | —                    | (4,038)          |
| Capital injection from<br>shareholders                                                                  | —                      | 868                     | —                                | —                                                 | —                    | 868              |
| Deemed distributions to the<br>shareholders of the Company<br>(Note 1.2(ix))                            | (250,000)              | (235,100)               | —                                | —                                                 | —                    | (485,100)        |
| <b>Balance at 31 December 2024</b>                                                                      | <u>—</u>               | <u>224,947</u>          | <u>163,507</u>                   | <u>110</u>                                        | <u>538,225</u>       | <u>926,789</u>   |

| The Group                                                                                                    | Merger<br>reserves (a) | Capital<br>reserves (b) | Statutory<br>surplus<br>reserve (c) | Share-based<br>compensation<br>reserve<br>(note 17) | Credit risk of<br>convertible<br>preferred<br>shares | Retained<br>earnings | Total            |
|--------------------------------------------------------------------------------------------------------------|------------------------|-------------------------|-------------------------------------|-----------------------------------------------------|------------------------------------------------------|----------------------|------------------|
|                                                                                                              | RMB'000                | RMB'000                 | RMB'000                             | RMB'000                                             | RMB'000                                              | RMB'000              | RMB'000          |
| <b>Balance at 1 January<br/>2025</b>                                                                         | —                      | 224,947                 | 163,507                             | —                                                   | 110                                                  | 538,225              | 926,789          |
| Profit for the year                                                                                          | —                      | —                       | —                                   | —                                                   | —                                                    | 350,820              | 350,820          |
| Other comprehensive<br>income – resulted from<br>change of credit risk of<br>convertible preferred<br>shares | —                      | —                       | —                                   | —                                                   | 461                                                  | —                    | 461              |
| Total Comprehensive<br>income                                                                                | —                      | —                       | —                                   | —                                                   | 461                                                  | 350,820              | 351,281          |
| <b>Transactions with equity<br/>holders</b>                                                                  |                        |                         |                                     |                                                     |                                                      |                      |                  |
| Appropriation of statutory<br>reserve                                                                        | —                      | —                       | 28,080                              | —                                                   | —                                                    | (28,080)             | —                |
| Changes in ownership<br>interests in subsidiaries<br>without change of<br>control (Note 34)                  | —                      | (2,091)                 | —                                   | —                                                   | —                                                    | —                    | (2,091)          |
| Share-based compensation                                                                                     | —                      | —                       | —                                   | 10,195                                              | —                                                    | —                    | 10,195           |
| Transfer from ordinary<br>shares to preferred<br>shares (Note 19)                                            | —                      | (27,473)                | —                                   | —                                                   | —                                                    | —                    | (27,473)         |
| <b>Balance at 31 December<br/>2025</b>                                                                       | <u>—</u>               | <u>195,383</u>          | <u>191,587</u>                      | <u>10,195</u>                                       | <u>571</u>                                           | <u>860,965</u>       | <u>1,258,701</u> |

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### (a) Merger reserves

The Historical Financial Information has been prepared on a combined basis before the completion of Reorganisation and on consolidated basis upon the completion of Reorganisation. Merger reserves as at 1 January 2023, 31 December 2023, and 1 January 2024 represented the paid-in capital of CHANDO Limited.

### (b) Capital reserves

Capital reserves mainly represented the share premium of CHANDO Limited, the effect of transaction with non-controlling interests of the Group, waiver of the loan due to a related party of Li Gan Perfume, deemed distributions to the shareholders of the Company and effect of transition from ordinary shares to preferred shares.

### (c) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years’ losses) to the statutory surplus reserve (“SSR”) account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years’ losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

| The Company                                                                  | Other reserve | Share-based payment | Accumulated losses | Total     |
|------------------------------------------------------------------------------|---------------|---------------------|--------------------|-----------|
|                                                                              | RMB’000       | RMB’000             | RMB’000            | RMB’000   |
| <b>Balance at 10 October 2023 (date of incorporation)</b> . . . . .          | –             | –                   | –                  | –         |
| Loss for the period . . . . .                                                | –             | –                   | (10,604)           | (10,604)  |
| <b>Balance at 31 December 2023</b> . . . . .                                 | –             | –                   | (10,604)           | (10,604)  |
| <b>Balance at 1 January, 2024</b> . . . . .                                  | –             | –                   | (10,604)           | (10,604)  |
| Contributed surplus pursuant to the Reorganisation ( <i>Note</i> ) . . . . . | 1,801,529     | –                   | –                  | 1,801,529 |
| Loss for the year . . . . .                                                  | –             | –                   | (12,352)           | (12,352)  |
| Other comprehensive loss . . . . .                                           | –             | –                   | –                  | –         |
| – Changes in fair value of financial liabilities from own credit risk. . .   | 110           | –                   | –                  | 110       |
| <b>Balance at 31 December 2024</b> . . . . .                                 | 1,801,639     | –                   | (22,956)           | 1,778,683 |
| <b>Balance at 1 January, 2025</b> . . . . .                                  | 1,801,639     | –                   | (22,956)           | 1,778,683 |
| Loss for the period . . . . .                                                | –             | –                   | (59,592)           | (59,592)  |
| Other comprehensive loss . . . . .                                           | –             | –                   | –                  | –         |
| – Changes in fair value of financial liabilities from own credit risk. . .   | 461           | –                   | –                  | 461       |
| Share-based payments . . . . .                                               | –             | 10,195              | –                  | 10,195    |
| Transfer from ordinary shares to preferred shares . . . . .                  | (27,473)      | –                   | –                  | (27,473)  |
| <b>Balance at 31 December 2025</b> . . . . .                                 | 1,774,627     | 10,195              | (82,548)           | 1,702,274 |

*Note:* Contributed surplus of the Company represents the difference between the excess of the equity funding to the subsidiaries by the Company for the purpose of completion of the Reorganisation and the net book value of the CHANDO limited acquired pursuant to the Reorganisation.

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### 17 SHARE-BASED COMPENSATION PLANS

#### Pre-[REDACTED] RSU Scheme

On 18 September 2025, the Company adopted a Pre-[REDACTED] restricted share units scheme (the “Pre-[REDACTED] RSU Scheme”). On September 18, 2025, the Company allotted and issued 53,156 and 1,424,586 Ordinary Shares to the Pre-[REDACTED] RSU Scheme holding entities, namely Chando Growing I (BVI) Limited and Chando Growing II (BVI) Limited, respectively, to be held on trust, for the benefit of the participants of the Pre-[REDACTED] RSU Scheme.

Under the Pre-[REDACTED] RSU Scheme, certain managements and employees are granted the respective equity interests in Pre-[REDACTED] RSU Scheme holding entities at nil consideration.

Pursuant to the Pre-[REDACTED] RSU Scheme, restricted shares will be vested upon the listing of the Company, on the condition that employees remain in service, subjected to a one year to five years service schedule from the date of grant, and the fulfilment of certain non-market performance conditions of each year.

If the participant fail to fulfill the remaining service period as agreed in the Pre-[REDACTED] RSU scheme, the Group has the right to require the participant to transfer equity interests held by this personnel to the third party designated by the Company at nil consideration.

If the participant fails the fulfilment of certain non-market performance conditions during any vesting periods, the RSU corresponding to the proportion of that vesting period that has not yet been unlocked and vested shall be forfeited

Movements in the number of RSU during the Track Record Period are as follows:

|                                                                | <u>Numbers of underlying<br/>shares of the Company</u> |
|----------------------------------------------------------------|--------------------------------------------------------|
| 1 January 2025. . . . .                                        | –                                                      |
| Granted but unvested under Pre-[REDACTED] RSU Scheme . . . . . | 1,477,742                                              |
| 31 December 2025 . . . . .                                     | <u>1,477,742</u>                                       |

With the assistance from an external valuer appointed by the Group, the Group applied the equity allocation model to determine the fair value of the RSU. Key assumptions are set out as below:

| Unobservable inputs                | RSU Granted under<br>Pre-[REDACTED] RSU<br>Scheme on 18<br>September 2025 | Relationship of unobservable<br>inputs to fair value                                               |
|------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Risk-free interest rates . . . . . | 50.1%                                                                     | The higher the risk-free interest, the higher the fair value of financial instrument to investors. |
| Expected volatility . . . . .      | 1.60%                                                                     | Nonlinear relationships                                                                            |

During the Track Record Period, the amounts of share-based compensation expenses charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follow:

|                                               | <u>As at 31 December</u> |
|-----------------------------------------------|--------------------------|
|                                               | <i>RMB'000</i>           |
| Research and development expenses. . . . .    | 1,170                    |
| General and administrative expenses . . . . . | 2,545                    |
| Selling and marketing expenses . . . . .      | 6,480                    |
|                                               | <u>10,195</u>            |

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### 18 TRADE AND OTHER PAYABLES

| The Group                                                                 | As at 31 December |                  |                |
|---------------------------------------------------------------------------|-------------------|------------------|----------------|
|                                                                           | 2023              | 2024             | 2025           |
|                                                                           | RMB'000           | RMB'000          | RMB'000        |
| Trade payables . . . . .                                                  | 158,271           | 159,877          | 223,411        |
| Payables for marketing and promotions . . . . .                           | 420,646           | 316,653          | 308,558        |
| Deposits payables . . . . .                                               | 84,659            | 77,360           | 86,084         |
| Accrued payroll . . . . .                                                 | 94,318            | 91,456           | 104,768        |
| Other taxes payable . . . . .                                             | 22,657            | 15,725           | 74,457         |
| Amounts due to related parties ( <i>Note 36(d)(ii)</i> ) . .              | 12,765            | 349,799          | 15,152         |
| Payables for [REDACTED] . . . . .                                         | 5,348             | 90               | 5,091          |
| Amount due to a preferred shares investor<br>( <i>Note 19</i> ) . . . . . | –                 | 33,454           | –              |
| Others . . . . .                                                          | 3,731             | 10,295           | 4,615          |
|                                                                           | <u>802,395</u>    | <u>1,054,709</u> | <u>822,136</u> |

The ageing analysis of trade payables based on invoice date as at 31 December 2023, 2024 and 2025 are as follows:

|                            | As at 31 December |                |                |
|----------------------------|-------------------|----------------|----------------|
|                            | 2023              | 2024           | 2025           |
|                            | RMB'000           | RMB'000        | RMB'000        |
| Less than 1 year . . . . . | <u>158,271</u>    | <u>159,877</u> | <u>223,411</u> |

As at 31 December 2023, 2024 and 2025, the fair value of trade and other payables approximated their carrying amounts.

As at 31 December 2023, 2024 and 2025, the carrying amounts of trade and other payables were all denominated in RMB.

| The Company                                                               | As at 31 December |               |              |
|---------------------------------------------------------------------------|-------------------|---------------|--------------|
|                                                                           | 2023              | 2024          | 2025         |
|                                                                           | RMB'000           | RMB'000       | RMB'000      |
| Payables for [REDACTED] . . . . .                                         | 5,348             | 90            | 5,091        |
| Amount due to a preferred shares investor<br>( <i>Note 19</i> ) . . . . . | –                 | 33,454        | –            |
| Others . . . . .                                                          | –                 | 10,196        | 9            |
|                                                                           | <u>5,348</u>      | <u>43,740</u> | <u>5,100</u> |

As at 31 December 2023 and 2024 and 2025, the fair value of trade and other payables approximated their carrying amounts.

As at 31 December 2023 and 2024 and 2025, the other payables were all denominated in RMB.

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### 19 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

|                                                   | As at 31 December | As at 31 December |
|---------------------------------------------------|-------------------|-------------------|
|                                                   | 2024              | 2025              |
|                                                   | RMB'000           | RMB'000           |
| Series A convertible preferred shares . . . . .   | 410,222           | 439,536           |
| Series A-1 convertible preferred shares . . . . . | –                 | 33,490            |
| Series A1 convertible preferred shares . . . . .  | –                 | 300,379           |
|                                                   | <u>410,222</u>    | <u>773,405</u>    |

#### Convertible preferred shares of the Company

In 2024, the Company entered into subscription agreements with a Series A investor, pursuant to which, the Company received a total cash payment of approximately RMB442,666,000 to subscribe 7,026,459 convertible preferred shares. According to the further implementation of subscription agreement with the Series A investor, the final subscription of the 7,026,459 convertible preferred shares was finally determined to be approximately RMB409,212,000. The difference between the original amount and the finally determined amount, which is equal to approximately RMB33,454,000, was refunded in September 2025.

In 2025, the Company entered into an equity transfer agreement with its shareholder, Ying (BVI) II Holding Limited, pursuant to which, 531,023 ordinary shares (“the transferred shares”) of the Company held by Ying (BVI) II Holding Limited were transferred to 531,023 preferred shares with nil consideration. Upon the completion of the transaction, the excess of the fair value of the transferred shares over the carrying amount approximately RMB27,473,000 was recognised in equity attributable to equity holders of the Company. The additionally granted preferred rights increased the fair value of the transferred shares and was recognised as share-based payments to Ying (BVI) II Holding Limited of RMB5,981,000 by crediting financial liabilities at fair value through profit or loss on the consolidated balance sheets.

In 2025, Ying (BVI) II Holding Limited entered into an equity transfer agreement with a Series A-1 investor, pursuant to which Ying (BVI) II Holding Limited transferred 531,023 preferred shares to the Series A-1 investor.

In 2025, the Company entered into subscription agreements with a Series A1 investor, pursuant to which, the Company received a total cash payment of approximately RMB300,000,000 to subscribe 4,761,905 convertible preferred shares.

The convertible preferred shares are classified as financial liabilities at fair value through profit or loss due to the following arrangements:

#### (i) *Conversion feature*

Each convertible preferred share may, at the option of the holder thereof, be converted at any time after the date of issuance of such convertible preferred shares into ordinary shares, or shall automatically be converted into ordinary shares immediately prior to the consummation of a qualified [REDACTED] (“qualified [REDACTED]”).

The conversion ratio for the convertible preferred shares to the ordinary shares is 1:1 if no adjustments to conversion price have occurred. As at 31 December 2024 and 31 December 2025, each convertible preferred share is convertible into one ordinary share.

#### (ii) *Liquidation preferences*

Unless otherwise agreed upon by the Parties in writing, upon occurrence of any liquidation event or deemed liquidation event, Investor Shareholders shall be entitled to the liquidation preference with respect to the residual assets of the Company available for distribution to its Shareholders after payment of liquidation expenses, employee payroll, social insurance contributions, statutory compensation and outstanding taxes and repayment of debts.

The investor shareholder of convertible preferred shall be entitled to the liquidation preference with respect to the residual assets of the Company available for distribution to its Shareholders after payment of liquidation expenses, employee payroll, social insurance contributions, statutory compensation and outstanding taxes and repayment of debts. The investor shareholder receives from the Distributable Liquidation Assets an amount equal to (1) the then applicable Issue Price; plus (2) interest amount on the then applicable Issue Price calculated at the simple

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interest rate of 6% per annum from the closing Date of the Transaction up to the date on which the Liquidation Preference Amount is received by such Investor Shareholder, plus (3) declared but unpaid dividends on such convertible preferred shares, plus (4) any residual assets of the Distributable Liquidation Assets after the payment of the liquidation preference amount to Investor Shareholder in full, shall be distributed to all Shareholders of the Company, including the ordinary shareholders and the investor shareholder on a pro rata basis in proportion to their respective number of paid-up ordinary shares held by the shareholders on an as-converted basis.

### *(iii) Redemption feature*

The shareholders of the preferred shares shall have the right to request the Company, and the Company shall be obliged, to redeem all or part of the preferred shares in the Company held by the investor shareholder under certain conditions. These conditions substantially include the following:

- (a) the Company fails to submit the application for a Qualified [REDACTED] to the China Securities Regulatory Commission or the Stock Exchange of Hong Kong (or such other securities regulatory authorities or stock exchanges as may be agreed by Investor Shareholder) within forty-eight (48) months (or such longer period as may be agreed by Investor Shareholder) from the later of the Closing Date or date on which the Investment Amount is paid in full by relevant Investor Shareholder;
- (b) the Company fails to complete a Qualified [REDACTED] within six (6) years the closing date or the date on which the investment amount is paid in full by relevant investor shareholder as defined in shareholders agreements;
- (c) the Company, the Group or directors, the senior management and other core management of the Company, in each case appointed by the Company unilaterally, decide to terminate the listing of the Company for the purpose of Qualified [REDACTED] which is already in progress without written consent of Investor Shareholder, and the listing of the Company is so terminated;
- (d) the Company fails to achieve the qualified [REDACTED] as a result of any material adverse change that creates a material impediment to the qualified [REDACTED] due to reasons that are within control of and attributable to the Company, the Group or directors, the senior management and other core management of the Company in each case appointed by the Company;
- (e) the shareholders, directors and officers of the Company and the entities controlled by the Shareholders, directors and officers of the Company other than the Group Companies misappropriate the funds of the Group in violation of regulations, or the Group provides guarantee for the entities controlled by the shareholders other than those within the Group in violation of regulations, in each case which results in material adverse effect on the Group;
- (f) the Group engages in transactions or business with the related parties of the Company as determined in accordance with the laws and regulations or listing rules of the jurisdiction where the listing of the Company is being regulated, which are materially detrimental to the interests of the Group, including but not limited to engaging in unfair business dealings with such related parties or related party transactions, in each case is prohibited by laws and regulations or listing rules of the jurisdiction where the listing of the Company is being regulated;
- (g) the Company fails to obtain a standard unqualified audit report for the purpose of the qualified [REDACTED], which is issued by a qualified accounting firm within the statutory time limit or fails to complete the annual final settlement within the prescribed time limit and pay taxes in full and on time in accordance with the laws and regulations which results in material administrative penalties on the Group Companies;
- (h) there is any repurchase or redemption of any Shares of the Company by the Company without the prior written consent of the investor shareholder;

The redemption price payable on each of the abovementioned convertible preferred shares shall be equal to the aggregate of:

- (1) the then applicable Issue Price; plus
- (2) interest amount on the then applicable Issue Price calculated at the simple interest of 6% per annum.

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|                                                             | Total                 |
|-------------------------------------------------------------|-----------------------|
|                                                             | <i>RMB'000</i>        |
| At 1 January 2024. . . . .                                  | –                     |
| Issuance of convertible preferred shares . . . . .          | 409,212               |
| Changes in fair value – profit or loss . . . . .            | 1,120                 |
| Changes in fair value – other comprehensive loss . . . . .  | (110)                 |
| At 31 December 2024 . . . . .                               | <u>410,222</u>        |
| Issuance of convertible preferred shares . . . . .          | 300,000               |
| Transfer from ordinary shares to preferred shares . . . . . | 33,454                |
| Changes in fair value – profit or loss . . . . .            | 30,190                |
| Changes in fair value – other comprehensive loss . . . . .  | (461)                 |
| At 31 December 2025 . . . . .                               | <u><u>773,405</u></u> |

With the assistance from an external valuer appointed by the Group, the Group applied the back-solve method to determine the underlying equity value of the Group and adopted equity allocation model to determine the fair value of the financial instruments issued to investors. Key assumptions are set out as below:

| Unobservable inputs          | As at 31 December<br>2024 | As at 31 December<br>2025 | Relationship of unobservable inputs to<br>fair value                                              |
|------------------------------|---------------------------|---------------------------|---------------------------------------------------------------------------------------------------|
| Risk-free interest . . . . . | 1.28%                     | 1.61%                     | The higher the risk-free interest, the lower the fair value of financial instrument to investors. |
| Volatility . . . . .         | 51.6%                     | 50.1%                     | Nonlinear relationships                                                                           |

As of 31 December 2024, increasing/decreasing expected volatility by 5% would increase/decrease the fair value of financial instruments by RMB451,900 and RMB812,500 respectively. Increasing/Decreasing risk-free interest by 0.2% would decrease/increase the fair value by RMB623,300 and RMB628,000 respectively.

As of 31 December 2025, increasing/decreasing expected volatility by 5% would increase/decrease the fair value of financial instruments by RMB1,756,000 and RMB684,000 respectively. Increasing/Decreasing risk-free interest by 0.2% would decrease/increase the fair value by RMB1,295,000 and RMB1,307,000 respectively.

## 20 CONTRACT LIABILITIES

The Group has recognised the following liabilities related to contracts with customers:

|                                      | As at 31 December |                |                |
|--------------------------------------|-------------------|----------------|----------------|
|                                      | 2023              | 2024           | 2025           |
|                                      | <i>RMB'000</i>    | <i>RMB'000</i> | <i>RMB'000</i> |
| Advances from customers . . . . .    | 236,638           | 105,663        | 67,690         |
| Customer loyalty programme . . . . . | 58,456            | 53,513         | 53,897         |
| Sales rebates . . . . .              | 95,796            | 69,891         | 65,302         |
|                                      | <u>390,890</u>    | <u>229,067</u> | <u>186,889</u> |

Contract liabilities represent advanced payments received from customers for products that have not yet been provided to the customers, customer loyalty programme, and sales rebates, which were all expected to be satisfied within one year.

During the years ended 31 December 2023, 2024 and 2025, all brought-forward contract liabilities at the beginning of the financial years were fully recognised as revenue.

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### 21 BORROWINGS

|                      | As at 31 December |                   |                   |
|----------------------|-------------------|-------------------|-------------------|
|                      | 2023              | 2024              | 2025              |
|                      | RMB'000           | RMB'000           | RMB'000           |
| <b>Current</b>       |                   |                   |                   |
| Bank loans . . . . . | 50,486            | 50,027            | –                 |
|                      | <u>          </u> | <u>          </u> | <u>          </u> |

As at 31 December 2023 and 2024, the balance of bank borrowings were unsecured, unguaranteed mature within one year and at annual interest rates ranging from 2.40% to 3.40%.

All of the Group’s borrowings were denominated in RMB.

The fair value of borrowings approximated their carrying amounts.

### 22 LEASE LIABILITIES

|                                           | As at 31 December |               |               |
|-------------------------------------------|-------------------|---------------|---------------|
|                                           | 2023              | 2024          | 2025          |
|                                           | RMB'000           | RMB'000       | RMB'000       |
| <b>Minimum lease payments due:</b>        |                   |               |               |
| Within 1 year. . . . .                    | 21,523            | 40,995        | 20,227        |
| Between 1 and 2 years . . . . .           | 14,849            | 26,424        | 14,763        |
| Between 2 and 5 years . . . . .           | 15,376            | 33,318        | 15,038        |
|                                           | 51,748            | 100,737       | 50,028        |
| Less: future finance charges. . . . .     | (2,422)           | (6,947)       | (3,074)       |
|                                           | <u>49,326</u>     | <u>93,790</u> | <u>46,954</u> |
| <b>Present value of lease liabilities</b> |                   |               |               |
| Within 1 year. . . . .                    | 20,552            | 37,554        | 18,647        |
| Between 1 and 2 years . . . . .           | 14,040            | 24,447        | 13,728        |
| Between 2 and 5 years . . . . .           | 14,734            | 31,789        | 14,579        |
|                                           | <u>49,326</u>     | <u>93,790</u> | <u>46,954</u> |

As at 31 December 2023, 2024 and 2025, the fair value of lease liabilities approximated their carrying amounts.

### 23 FINANCIAL INSTRUMENTS BY CATEGORY

|                                                                   | As at 31 December |                   |                   |
|-------------------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                                   | 2023              | 2024              | 2025              |
|                                                                   | RMB'000           | RMB'000           | RMB'000           |
| – Financial assets at amortised cost . . . . .                    |                   |                   |                   |
| Trade and other receivables . . . . .                             | 265,027           | 209,038           | 285,203           |
| Cash and cash equivalents . . . . .                               | 575,160           | 858,110           | 948,939           |
| Restricted cash. . . . .                                          | –                 | –                 | 751               |
| Time deposits . . . . .                                           | 300,356           | 257,422           | 264,547           |
|                                                                   | <u>          </u> | <u>          </u> | <u>          </u> |
| – Financial assets at fair value through profit or loss . . . . . |                   |                   |                   |
| Wealth management products . . . . .                              | –                 | –                 | 150,000           |
|                                                                   | <u>          </u> | <u>          </u> | <u>          </u> |
|                                                                   | <u>1,140,543</u>  | <u>1,324,570</u>  | <u>1,649,440</u>  |

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|                                                                                            | As at 31 December |                  |                  |
|--------------------------------------------------------------------------------------------|-------------------|------------------|------------------|
|                                                                                            | 2023              | 2024             | 2025             |
|                                                                                            | RMB'000           | RMB'000          | RMB'000          |
| – Financial liabilities at amortised cost . . . . .                                        |                   |                  |                  |
| Borrowings . . . . .                                                                       | 50,486            | 50,027           | –                |
| Trade and other payables excluding accrued<br>payroll and other taxes payable . . . . .    | 685,420           | 947,528          | 642,911          |
| Lease liabilities . . . . .                                                                | 49,326            | 93,790           | 46,954           |
| – Financial liabilities at fair value through profit<br>or loss-Preferred shares . . . . . | –                 | 410,222          | 773,405          |
|                                                                                            | <u>785,232</u>    | <u>1,501,567</u> | <u>1,463,270</u> |

During years ended December 2024 and 2025, the following losses were recognised in profit or loss and other comprehensive income:

|                                                            | Year ended 31<br>December 2024 | Year ended 31<br>December 2025 |
|------------------------------------------------------------|--------------------------------|--------------------------------|
|                                                            | RMB'000                        | RMB'000                        |
| Financial liabilities at fair value through profit or loss |                                |                                |
| Fair value losses on preferred shares . . . . .            | (1,120)                        | (30,190)                       |

### 24 REVENUE

|                                                                                | Year ended 31 December |                  |                  |
|--------------------------------------------------------------------------------|------------------------|------------------|------------------|
|                                                                                | 2023                   | 2024             | 2025             |
|                                                                                | RMB'000                | RMB'000          | RMB'000          |
| <b>Revenue from contracts with customers<br/>recognised at a point in time</b> |                        |                  |                  |
| Sale of goods. . . . .                                                         | 4,431,770              | 4,583,959        | 5,301,475        |
| <b>Revenue from contracts with customers<br/>recognised over time</b>          |                        |                  |                  |
| Provision of services . . . . .                                                | 9,997                  | 16,705           | 16,798           |
|                                                                                | <u>4,441,767</u>       | <u>4,600,664</u> | <u>5,318,273</u> |

During the years ended 31 December 2023, 2024 and 2025, no individual customer’s revenue contributed over 10% of the Group’s revenue.

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in prior year.

|                                                                                                                                                                                              | Year ended 31 December |         |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------|---------|
|                                                                                                                                                                                              | 2023                   | 2024    | 2025    |
|                                                                                                                                                                                              | RMB'000                | RMB'000 | RMB'000 |
| Revenue recognised that was included in the<br>contract liability balance at the beginning of<br>the year advances from customers, customer<br>loyalty programme and sales rebates . . . . . | 359,814                | 390,890 | 229,067 |

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The Group has elected the practical expedient for not to disclose the remaining performance obligations because the performance obligation is part of a contract that has an original expected duration of one year or less.

### 25 EXPENSES BY NATURE

|                                                                                                                                 | Year ended 31 December |            |            |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------|------------|------------|
|                                                                                                                                 | 2023                   | 2024       | 2025       |
|                                                                                                                                 | RMB'000                | RMB'000    | RMB'000    |
| Marketing and promotion expenses . . . . .                                                                                      | 1,719,657              | 2,059,443  | 2,381,043  |
| Raw materials and consumables used . . . . .                                                                                    | 1,075,996              | 1,031,109  | 1,171,325  |
| Change in inventories of finished goods and work in progress . . . . .                                                          | 82,754                 | 42,334     | 17,405     |
| Employee benefit expenses<br>(Note 26) . . . . .                                                                                | 582,891                | 621,283    | 660,755    |
| Outsourcing labour fees . . . . .                                                                                               | 164,225                | 121,277    | 132,151    |
| Warehousing and logistics expenses . . . . .                                                                                    | 204,358                | 201,084    | 219,809    |
| Depreciation and amortisation (Note 7 and Note 8) . .                                                                           | 117,128                | 116,807    | 113,520    |
| Travelling and entertainment expenses . . . . .                                                                                 | 35,676                 | 37,701     | 38,954     |
| Utilities, office and meeting expenses . . . . .                                                                                | 47,337                 | 51,316     | 53,534     |
| Stamp duty and other taxes . . . . .                                                                                            | 39,590                 | 48,157     | 52,511     |
| Provision for/(reversal of)<br>write-down of inventories (Note 12) . . . . .                                                    | (16,106)               | 92         | (10,926)   |
| Information system maintenance costs . . . . .                                                                                  | 15,554                 | 25,264     | 24,810     |
| Testing and inspection fees . . . . .                                                                                           | 27,616                 | 22,927     | 30,074     |
| Professional fees . . . . .                                                                                                     | 9,849                  | 12,101     | 20,853     |
| [REDACTED] . . . . .                                                                                                            | [REDACTED]             | [REDACTED] | [REDACTED] |
| Share-based compensation . . . . .                                                                                              | –                      | –          | 16,176     |
| Other expenses . . . . .                                                                                                        | 12,460                 | 19,977     | 19,433     |
| Total cost of sales, selling and marketing costs,<br>administrative expenses and research and<br>development expenses . . . . . | 4,129,589              | 4,423,335  | 4,956,918  |

### 26 EMPLOYEE BENEFIT EXPENSES

|                                      | Year ended 31 December |         |         |
|--------------------------------------|------------------------|---------|---------|
|                                      | 2023                   | 2024    | 2025    |
|                                      | RMB'000                | RMB'000 | RMB'000 |
| Wages and salaries . . . . .         | 424,777                | 467,250 | 498,480 |
| Social insurance (a) . . . . .       | 117,812                | 125,014 | 133,427 |
| Welfare and other expenses . . . . . | 40,302                 | 29,019  | 28,848  |
|                                      | 582,891                | 621,283 | 660,755 |

#### (a) Social insurance

The employees of the Group’s subsidiaries participate in various government-sponsored defined contribution pension plans and various government supervised housing funds, medical insurance and other employee social insurance plan under which these subsidiaries are required to make monthly contributions to these plans at certain salaries and wages subject to certain ceilings. During the years ended 31 December 2023, 2024 and 2025, the Group had no forfeited contributions under these plans which may be utilized by the Group to reduce its contributions for the current year.

The Group has no other material obligation for the payment of retirement benefit associated with these schemes beyond the annual contribution described above.

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### (b) Five highest paid employees

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include nil, nil and nil director whose emoluments is reflected in the analysis shown in Note 25(c). The emoluments payable to the remaining five, five, and five individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

|                                      | Year ended 31 December |               |               |
|--------------------------------------|------------------------|---------------|---------------|
|                                      | 2023                   | 2024          | 2025          |
|                                      | RMB'000                | RMB'000       | RMB'000       |
| Wages and salaries . . . . .         | 4,838                  | 8,694         | 6,040         |
| Bonuses . . . . .                    | 7,393                  | 4,043         | 4,530         |
| Social insurance . . . . .           | 658                    | 587           | 669           |
| Welfare and other expenses . . . . . | 474                    | 193           | 248           |
| Restricted shares scheme . . . . .   | –                      | –             | 2,983         |
|                                      | <u>13,363</u>          | <u>13,517</u> | <u>14,470</u> |

During the years ended 31 December 2023, 2024 and 2025, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments fell within the following bands:

|                                       | Number of individuals  |      |      |
|---------------------------------------|------------------------|------|------|
|                                       | Year ended 31 December |      |      |
|                                       | 2023                   | 2024 | 2025 |
| Emolument bands (in HKD)              |                        |      |      |
| Nil – HKD1,000,000 . . . . .          | –                      | –    | –    |
| HKD1,000,001 – HKD1,500,000 . . . . . | –                      | –    | –    |
| HKD1,500,001 – HKD2,000,000 . . . . . | –                      | –    | –    |
| HKD2,000,001 – HKD2,500,000 . . . . . | 1                      | 1    | –    |
| HKD2,500,001 – HKD3,000,000 . . . . . | 3                      | 3    | 1    |
| HKD3,000,001 – HKD3,500,000 . . . . . | 1                      | 1    | 3    |
| HKD3,500,001 – HKD4,000,000 . . . . . | –                      | –    | 1    |

### (c) Benefits and interests of directors

#### (i) Directors’ emoluments

The remuneration paid or payable to each of the directors (including emoluments for services as senior management or employees of companies now comprising the Group prior to appointment as directors of the Company) is as follows.

The remuneration of each director and the chief executive is set out below:

For the year ended 31 December 2023

| Name                                | Fee     | Salary       | Discretionary bonuses | Allowances and benefits in kind | Employer’s contribution to a retirement benefit scheme | Restricted shares scheme | Total        |
|-------------------------------------|---------|--------------|-----------------------|---------------------------------|--------------------------------------------------------|--------------------------|--------------|
|                                     | RMB'000 | RMB'000      | RMB'000               | RMB'000                         | RMB'000                                                | RMB'000                  | RMB'000      |
| <i>Executive directors</i>          |         |              |                       |                                 |                                                        |                          |              |
| Mr. Zheng Chunying (Note) . . . . . | –       | 1,201        | 400                   | 78                              | 68                                                     | –                        | 1,747        |
| Mr. Zheng Chunbin (Note) . . . . .  | –       | 1,204        | 300                   | 78                              | 68                                                     | –                        | 1,650        |
| Mr. Zheng Chunwei (Note) . . . . .  | –       | 1,207        | 300                   | 78                              | 68                                                     | –                        | 1,653        |
| Mr. Du Shenglin (Note) . . . . .    | –       | 86           | 90                    | –                               | –                                                      | –                        | 176          |
| <i>Non-executive directors</i>      |         |              |                       |                                 |                                                        |                          |              |
| Ms. Zheng Xiaodan (Note) . . . . .  | –       | 115          | –                     | –                               | –                                                      | –                        | 115          |
| Total . . . . .                     | –       | <u>3,813</u> | <u>1,090</u>          | <u>234</u>                      | <u>204</u>                                             | –                        | <u>5,341</u> |

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For the year ended 31 December 2024:

| Name                           | Fee     | Salary  | Discretionary bonuses | Allowances and benefits in kind | Employer's contribution to a retirement benefit scheme | Restricted shares scheme | Total   |
|--------------------------------|---------|---------|-----------------------|---------------------------------|--------------------------------------------------------|--------------------------|---------|
|                                | RMB'000 | RMB'000 | RMB'000               | RMB'000                         | RMB'000                                                | RMB'000                  | RMB'000 |
| <i>Executive directors</i>     |         |         |                       |                                 |                                                        |                          |         |
| Mr. Zheng Chunying (Note) .    | –       | 1,201   | 280                   | 52                              | 47                                                     | –                        | 1,580   |
| Mr. Zheng Chunbin (Note) . .   | –       | 1,200   | 210                   | 77                              | 71                                                     | –                        | 1,558   |
| Mr. Zheng Chunwei (Note) . .   | –       | 1,201   | 210                   | 77                              | 71                                                     | –                        | 1,559   |
| Mr. Du Shenglin (Note) . . . . | –       | 259     | 72                    | 331                             | –                                                      | –                        | 662     |
| <i>Non-executive directors</i> |         |         |                       |                                 |                                                        |                          |         |
| Ms. Zheng Xiaodan (Note) . .   | –       | 169     | 21                    | –                               | –                                                      | –                        | 190     |
| Total . . . . .                | –       | 4,030   | 793                   | 537                             | 189                                                    | –                        | 5,549   |

For the year ended 31 December 2025:

| Name                                       | Fee     | Salary  | Discretionary bonuses | Allowances and benefits in kind | Employer's contribution to a retirement benefit scheme | Restricted shares scheme | Total   |
|--------------------------------------------|---------|---------|-----------------------|---------------------------------|--------------------------------------------------------|--------------------------|---------|
|                                            | RMB'000 | RMB'000 | RMB'000               | RMB'000                         | RMB'000                                                | RMB'000                  | RMB'000 |
| <i>Executive directors</i>                 |         |         |                       |                                 |                                                        |                          |         |
| Mr. Zheng Chunying (Note) .                | –       | 1,201   | 400                   | –                               | –                                                      | –                        | 1,601   |
| Mr. Zheng Chunbin (Note) . .               | –       | 1,200   | 300                   | 78                              | 71                                                     | –                        | 1,649   |
| Mr. Zheng Chunwei (Note) . .               | –       | 1,201   | 300                   | 78                              | 71                                                     | –                        | 1,650   |
| Mr. Du Shenglin (Note) . . . .             | –       | 232     | 101                   | –                               | –                                                      | 394                      | 727     |
| <i>Non-executive directors</i>             |         |         |                       |                                 |                                                        |                          |         |
| Ms. Zheng Xiaodan (Note) . .               | –       | 293     | –                     | –                               | –                                                      | –                        | 293     |
| Ms. Zhu Xuejing (Note) . . . .             | –       | –       | –                     | –                               | –                                                      | –                        | –       |
| <i>Independent non-executive directors</i> |         |         |                       |                                 |                                                        |                          |         |
| Dr. Mao Jiye (Note) . . . . .              | –       | –       | –                     | –                               | –                                                      | –                        | –       |
| Mr. Li Chung Kwong Andrew (Note) . . . . . | –       | –       | –                     | –                               | –                                                      | –                        | –       |
| Ms. Hu Lielei (Note) . . . . .             | –       | –       | –                     | –                               | –                                                      | –                        | –       |
| Total . . . . .                            | –       | 4,127   | 1,101                 | 156                             | 142                                                    | 394                      | 5,920   |

*Notes:* Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Mr. Du Shenglin were appointed as executive directors of the Company in October 2023.

Ms. Zheng Xiaodan was appointed as non-executive director of the Company in October 2023.

Ms. Zhu Xuejing was appointed as non-executive director of the Company in September 2025.

Dr. Mao Jiye, Mr. Li Chung Kwong Andrew and Ms. Hu Lielei were appointed as independent non-executive directors of the Company on September 2025.

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2023, 2024 and 2025.

### (ii) Directors’ retirement and termination benefits

No retirement benefits or termination benefits were paid to or receivables by any directors of the Company in respect of their other services in connection with the management of affairs of the companies now comprising the Group during the years ended 31 December 2023, 2024 and 2025.

### (iii) Consideration provided to third parties for making available directors’ services

During the years ended 31 December 2023, 2024 and 2025, the Group did not pay consideration to any third parties for making available directors’ services.

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(iv) **Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities with directors**

Save as disclosed in Note 35, no other loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or periods or at any time during the years ended 31 December 2023, 2024 and 2025.

(v) **Directors’ material interests in transactions, arrangements or contracts**

Save as disclosed in Note 36, no other significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted as at 31 December 2023, 2024 and 2025, or at any time during the years ended 31 December 2023, 2024 and 2025.

### 27 OTHER INCOME

|                                                          | Year ended 31 December |               |               |
|----------------------------------------------------------|------------------------|---------------|---------------|
|                                                          | 2023                   | 2024          | 2025          |
|                                                          | RMB’000                | RMB’000       | RMB’000       |
| Government grants . . . . .                              | 26,984                 | 11,868        | 61,384        |
| Rental income . . . . .                                  | 6,537                  | 6,092         | 6,010         |
| Interest income from finance lease receivables . . . . . | 2,203                  | 2,220         | 2,415         |
|                                                          | <u>35,724</u>          | <u>20,180</u> | <u>69,809</u> |

### 28 OTHER GAINS – NET

|                                                                                      | Year ended 31 December |              |            |
|--------------------------------------------------------------------------------------|------------------------|--------------|------------|
|                                                                                      | 2023                   | 2024         | 2025       |
|                                                                                      | RMB’000                | RMB’000      | RMB’000    |
| Losses on disposal of property, plant and equipment, and intangible assets . . . . . | (1,244)                | (1,070)      | (1,631)    |
| Compensations . . . . .                                                              | 9,215                  | 3,195        | 9,890      |
| Foreign exchange (losses)/gains . . . . .                                            | –                      | 1,305        | (5,876)    |
| Others, net . . . . .                                                                | 3,608                  | 2,274        | (1,485)    |
|                                                                                      | <u>11,579</u>          | <u>5,704</u> | <u>898</u> |

### 29 FINANCE INCOME – NET

|                                                                        | Year ended 31 December |              |               |
|------------------------------------------------------------------------|------------------------|--------------|---------------|
|                                                                        | 2023                   | 2024         | 2025          |
|                                                                        | RMB’000                | RMB’000      | RMB’000       |
| <i>Finance income</i>                                                  |                        |              |               |
| Interest income from bank deposits (including time deposits) . . . . . | 16,638                 | 11,863       | 18,391        |
| <b>Finance income</b> . . . . .                                        | 16,638                 | 11,863       | 18,391        |
| <i>Finance costs</i>                                                   |                        |              |               |
| Interest on bank borrowings . . . . .                                  | (3,760)                | (447)        | (1,035)       |
| Interest on payable due to a related party (Note 36(b)) . . . . .      | (438)                  | –            | –             |
| Interest on lease liabilities . . . . .                                | (3,316)                | (5,433)      | (3,449)       |
| <b>Finance costs</b> . . . . .                                         | (7,514)                | (5,880)      | (4,484)       |
| <b>Finance income – net</b> . . . . .                                  | <u>9,124</u>           | <u>5,983</u> | <u>13,907</u> |

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### 30 INCOME TAX EXPENSE

|                                                      | Year ended 31 December |               |               |
|------------------------------------------------------|------------------------|---------------|---------------|
|                                                      | 2023                   | 2024          | 2025          |
|                                                      | RMB'000                | RMB'000       | RMB'000       |
| Current income tax on profits for the year . . . . . | 44,580                 | 70,726        | 108,372       |
| Deferred income tax ( <i>Note 10</i> ) . . . . .     | 22,808                 | (49,661)      | (47,911)      |
| <b>Income tax expense</b> . . . . .                  | <u>67,388</u>          | <u>21,065</u> | <u>60,461</u> |

|                                                                                                         | Year ended 31 December |               |               |
|---------------------------------------------------------------------------------------------------------|------------------------|---------------|---------------|
|                                                                                                         | 2023                   | 2024          | 2025          |
|                                                                                                         | RMB'000                | RMB'000       | RMB'000       |
| Profit before income tax . . . . .                                                                      | 369,332                | 210,886       | 411,241       |
| Income tax calculated at statutory rate of 25% . . . . .                                                | 92,333                 | 52,722        | 102,810       |
| Tax exemption and preferential income tax rates<br>applicable to subsidiaries . . . . .                 | (26,956)               | (31,826)      | (18,313)      |
| Non-deductible expenses . . . . .                                                                       | 5,331                  | 7,730         | 6,090         |
| Super deduction for research and development<br>expenses . . . . .                                      | (12,692)               | (12,533)      | (11,494)      |
| Recognition of tax losses for which no deferred<br>income tax asset was previously recognised . . . . . | —                      | (1,375)       | (21,262)      |
| Tax losses not recognised as deferred tax assets . . . . .                                              | 9,372                  | 6,347         | 2,630         |
| <b>Total</b> . . . . .                                                                                  | <u>67,388</u>          | <u>21,065</u> | <u>60,461</u> |

#### (a) Cayman Islands

Under the current laws of the Cayman Islands, the Company incorporated in the Cayman Islands is not subject to tax on income or capital gain. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to equity holders.

#### (b) Hong Kong

Hong Kong profits tax has been provided for at the rate of 8.25% on the estimated assessable profits up to HKD2,000,000; and 16.5% on any part of the estimated assessable profits over HKD2,000,000 for the years ended 31 December 2023, 2024 and 2025.

#### (c) PRC corporate income tax (“CIT”)

CIT provision is made on the estimated assessable profits of entities within the Group incorporated in the PRC and is calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% during the years ended 31 December 2023, 2024 and 2025 except for those as discussed below:

CHANDO Limited, a subsidiary of the Group, was accredited as a high new technology enterprise (“HNTE”) and was required to apply for renewal every three years. CHANDO Limited was entitled to a preferential EIT rate of 15% for the years ended 31 December 2023, 2024 and 2025.

#### (d) Chinese Mainland withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to foreign investor with respect to profits derived after 1 January, 2008 are generally subject to a 10% withholding tax rate, upon the distribution of profits to overseas-incorporated immediate holding companies. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. The directors of the Company had confirmed that retained earnings of the Group’s PRC subsidiaries as at 31 December 2025 will not be distributed in the foreseeable future.

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As at 31 December 2025, the Group did not recognise deferred income tax for PRC withholding income tax on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of approximately RMB1.18 billion.

### (e) Organisation for Economic Co-operation and Development (“OECD”) Pillar Two model rules

Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules provide a mandatory temporary relief from the requirement to recognise and disclose deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and provide disclosure requirements for the affected entities to facilitate understanding of the exposure to these rules. Under the international tax reform, governments are expected to implement a new global minimum tax framework on multinational enterprises (Pillar Two Model Rules).

At the date of this report, the Hong Kong government has announced to implement the rules for income years commencing on or after 1 January 2025 while PRC government has not announced the rules yet. The Group assessed the impact in Hong Kong is immaterial. The Group continues to monitor the local legislation for Hong Kong and development of Pillar Two Model Rules in other jurisdictions the Group operates and assess the potential impact.

### 31 EARNINGS PER SHARE

#### (a) Basic earnings per share

The basic earnings per share for each of the years ended 31 December 2023, 2024 and 2025 is calculated based on the profit attributable to the equity holders of the Company and on the assumption that 100,000,000 shares issued upon the completion of the Reorganization, were deemed to have been in issue since 1 January 2022.

|                                                                                  | Year ended 31 December |         |         |
|----------------------------------------------------------------------------------|------------------------|---------|---------|
|                                                                                  | 2023                   | 2024    | 2025    |
| Profit attributable to equity holders of the Company (RMB’000) . . . . .         | 302,822                | 190,097 | 350,820 |
| Adjusted weighted average number of ordinary shares in issue (thousand). . . . . | 100,000                | 100,000 | 99,849  |
| Basic earnings per share (RMB) . . . . .                                         | 3.03                   | 1.90    | 3.51    |

#### (b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

For the years ended 31 December 2024 and 31 December 2025, the Company had potential ordinary shares, namely the convertible preferred shares of the Company.

For the years ended 31 December 2025, the Company had potential ordinary shares, namely the restricted shares scheme.

The diluted earnings per share for the year ended 31 December 2024 and 31 December 2025 was as following:

|                                                                             | Year ended 31 December |         |
|-----------------------------------------------------------------------------|------------------------|---------|
|                                                                             | 2024                   | 2025    |
| Profit attributable to the equity holders of the Company (RMB’000). . . . . | 190,097                | 350,820 |

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|                                                                                                                                                                  | Year ended 31 December |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|---------|
|                                                                                                                                                                  | 2024                   | 2025    |
| Add: fair value losses of financial liabilities at fair value through profit or loss (RMB’000) . . . . .                                                         | 1,120                  | 30,190  |
| Profit attributable to the equity holders of the Company for the calculation of diluted earnings per share (RMB’000) . . .                                       | 191,217                | 381,010 |
| Weighted average number of ordinary shares in issue (thousands) . . . . .                                                                                        | 100,000                | 99,849  |
| Adjustments for calculation of diluted earnings per share (thousands):                                                                                           |                        |         |
| – convertible preferred shares . . . . .                                                                                                                         | 886                    | 8,535   |
| – restricted shares scheme . . . . .                                                                                                                             | N/A                    | 14      |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (thousands) . . . . . | 100,886                | 108,398 |
| Diluted earnings per share attributable to the equity holders of the Company (RMB per share) . . . . .                                                           | 1.90                   | 3.51    |

### 32 DIVIDEND

No dividend has been paid or declared by the Company since its incorporation and the companies now comprising the Group during the years ended 31 December 2023 and 2024 and 2025.

### 33 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Net cash generated from operations:

|                                                                                                              | Year ended 31 December |          |          |
|--------------------------------------------------------------------------------------------------------------|------------------------|----------|----------|
|                                                                                                              | 2023                   | 2024     | 2025     |
|                                                                                                              | RMB’000                | RMB’000  | RMB’000  |
| Profit for the year . . . . .                                                                                | 301,944                | 189,821  | 350,780  |
| Adjustments for:                                                                                             |                        |          |          |
| Income tax expense ( <i>Note 30</i> ) . . . . .                                                              | 67,388                 | 21,065   | 60,461   |
| Finance income ( <i>Note 29</i> ) . . . . .                                                                  | (16,638)               | (11,863) | (18,391) |
| Finance costs ( <i>Note 29</i> ) . . . . .                                                                   | 7,514                  | 5,880    | 4,484    |
| (Reversal of)/provision for impairment losses on financial assets . . . . .                                  | (3,253)                | (2,810)  | 4,487    |
| Foreign exchange gains. . . . .                                                                              | –                      | (1,305)  | 5,876    |
| Depreciation and amortisation ( <i>Note 25</i> ) . . . . .                                                   | 117,128                | 116,807  | 113,520  |
| Provision/(reversal of provision) for write-down of inventories ( <i>Note 25</i> ). . . . .                  | (16,106)               | 92       | (10,926) |
| Share of results of associates . . . . .                                                                     | 2,526                  | –        | 51       |
| Net (gains)/losses on disposal of property, plant and equipment and intangible assets ( <i>Note 28</i> ) . . | 1,244                  | 1,070    | 1,631    |
| Interest income from finance lease receivables ( <i>Note 27</i> ) . . . . .                                  | (2,203)                | (2,220)  | (2,415)  |
| Fair value change of financial liabilities at fair value through profit or loss. . . . .                     | –                      | 1,120    | 30,190   |
| Gains on early termination of lease contracts . . . .                                                        | (117)                  | (265)    | (1,386)  |
| Share-based compensation . . . . .                                                                           | –                      | –        | 16,176   |
| Operating profit before working capital changes . .                                                          | 459,427                | 317,392  | 554,538  |

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|                                                                              | Year ended 31 December |                |                |
|------------------------------------------------------------------------------|------------------------|----------------|----------------|
|                                                                              | 2023                   | 2024           | 2025           |
|                                                                              | RMB'000                | RMB'000        | RMB'000        |
| Changes in working capital:                                                  |                        |                |                |
| Increase in restricted cash . . . . .                                        | —                      | —              | (751)          |
| (Increase)/decrease in trade and other receivables and prepayments . . . . . | (44,058)               | 51,964         | (95,306)       |
| (Decrease)/increase in trade and other payables . . .                        | (111,262)              | (132,007)      | 151,450        |
| Increase/(decrease) in contract liabilities . . . . .                        | 31,076                 | (161,823)      | (42,178)       |
| Decrease/(increase) in inventories . . . . .                                 | 90,809                 | 48,260         | (25,002)       |
| Net cash generated from operations . . . . .                                 | <u>425,992</u>         | <u>123,786</u> | <u>542,751</u> |

**(b) Proceeds from disposal of property, plant and equipment, and intangible assets:**

In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

|                                                                    | Year ended 31 December |            |              |
|--------------------------------------------------------------------|------------------------|------------|--------------|
|                                                                    | 2023                   | 2024       | 2025         |
|                                                                    | RMB'000                | RMB'000    | RMB'000      |
| Net book value . . . . .                                           | 10,645                 | 1,881      | 2,834        |
| (Loss)/gain on disposal of property, plant and equipment . . . . . | 822                    | (1,070)    | (1,631)      |
| Transfer to finance lease receivables . . . . .                    | <u>(11,366)</u>        | —          | —            |
| Proceeds from disposal of property, plant and equipment . . . . .  | <u>101</u>             | <u>811</u> | <u>1,203</u> |

In the consolidated statements of cash flows, proceeds from disposal of intangible assets comprise:

|                                                        | Year ended 31 December |         |         |
|--------------------------------------------------------|------------------------|---------|---------|
|                                                        | 2023                   | 2024    | 2025    |
|                                                        | RMB'000                | RMB'000 | RMB'000 |
| Net book value . . . . .                               | 2,066                  | —       | —       |
| (Loss)/gain on disposal of intangible assets . . . . . | <u>(2,066)</u>         | —       | —       |

**(c) Debt reconciliation**

|                                                                      | As at 31 December |                |                |
|----------------------------------------------------------------------|-------------------|----------------|----------------|
|                                                                      | 2023              | 2024           | 2025           |
|                                                                      | RMB'000           | RMB'000        | RMB'000        |
| Borrowings (Note 21). . . . .                                        | 50,486            | 50,027         | —              |
| Lease liabilities (Note 22) . . . . .                                | 49,326            | 93,790         | 46,954         |
| Financial liabilities at fair value through profit or loss . . . . . | —                 | 410,222        | 773,405        |
|                                                                      | <u>99,812</u>     | <u>554,039</u> | <u>820,359</u> |

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| Liabilities from financing activities                           |                              |            |                       |                                                                        |           |
|-----------------------------------------------------------------|------------------------------|------------|-----------------------|------------------------------------------------------------------------|-----------|
|                                                                 | Loan from<br>related parties | Borrowings | Leases<br>liabilities | Financial<br>liabilities at<br>fair value<br>through profit<br>or loss | Subtotal  |
|                                                                 | RMB'000                      | RMB'000    | RMB'000               | RMB'000                                                                | RMB'000   |
| As at 1 January 2023 . . . . .                                  | 18,878                       | 208,642    | 87,436                | –                                                                      | 314,956   |
| Net cash flows                                                  |                              |            |                       |                                                                        |           |
| Principal paid – net. . . . .                                   | –                            | (158,000)  | (47,288)              | –                                                                      | (205,288) |
| Interest paid . . . . .                                         | –                            | (3,916)    | (3,316)               | –                                                                      | (7,232)   |
| Other non-cash movements                                        |                              |            |                       |                                                                        |           |
| Accrual of interest expenses . .                                | 438                          | 3,760      | 3,316                 | –                                                                      | 7,514     |
| Additions of lease liabilities . .                              | –                            | –          | 11,441                | –                                                                      | 11,441    |
| Wavier of loan due to a related<br>party (Note 36(b)) . . . . . | (19,316)                     | –          | –                     | –                                                                      | (19,316)  |
| Terminations of lease<br>agreement . . . . .                    | –                            | –          | (2,263)               | –                                                                      | (2,263)   |
| As at 31 December 2023 . . . . .                                | –                            | 50,486     | 49,326                | –                                                                      | 99,812    |

  

|                                                                                                 | Loan from<br>related parties | Borrowings | Leases<br>liabilities | Financial<br>liabilities at<br>fair value<br>through profit<br>or loss | Subtotal |
|-------------------------------------------------------------------------------------------------|------------------------------|------------|-----------------------|------------------------------------------------------------------------|----------|
|                                                                                                 | RMB'000                      | RMB'000    | RMB'000               | RMB'000                                                                | RMB'000  |
| As at 1 January 2024 . . . . .                                                                  | –                            | 50,486     | 49,326                | –                                                                      | 99,812   |
| Net cash flows                                                                                  |                              |            |                       |                                                                        |          |
| Principal paid – net. . . . .                                                                   | –                            | –          | (45,922)              | 409,212                                                                | 363,290  |
| Interest paid . . . . .                                                                         | –                            | (906)      | (5,433)               | –                                                                      | (6,339)  |
| Other non-cash movements                                                                        |                              |            |                       |                                                                        |          |
| Accrual of interest expenses . .                                                                | –                            | 447        | 5,433                 | –                                                                      | 5,880    |
| Additions of lease liabilities . .                                                              | –                            | –          | 95,193                | –                                                                      | 95,193   |
| Terminations of lease<br>agreement . . . . .                                                    | –                            | –          | (4,807)               | –                                                                      | (4,807)  |
| Fair value change of financial<br>liabilities at fair value<br>through profit or loss . . . . . | –                            | –          | –                     | 1,120                                                                  | 1,120    |
| Resulted from change of credit<br>risk of convertible preferred<br>share . . . . .              | –                            | –          | –                     | (110)                                                                  | (110)    |
| As at 31 December 2024 . . . . .                                                                | –                            | 50,027     | 93,790                | 410,222                                                                | 554,039  |

  

|                                                                | Loan from<br>related parties | Borrowings | Leases<br>liabilities | Financial<br>liabilities at<br>fair value<br>through profit<br>or loss | Subtotal |
|----------------------------------------------------------------|------------------------------|------------|-----------------------|------------------------------------------------------------------------|----------|
|                                                                | RMB'000                      | RMB'000    | RMB'000               | RMB'000                                                                | RMB'000  |
| As at 1 January 2025 . . . . .                                 | –                            | 50,027     | 93,790                | 410,222                                                                | 554,039  |
| Net cash flows                                                 |                              |            |                       |                                                                        |          |
| Principal paid – net. . . . .                                  | –                            | (50,000)   | (35,739)              | 300,000                                                                | 214,261  |
| Interest paid . . . . .                                        | –                            | (1,062)    | (3,449)               | –                                                                      | (4,511)  |
| Other non-cash movements                                       |                              |            |                       |                                                                        |          |
| Transfer from ordinary shares<br>to preferred shares . . . . . | –                            | –          | –                     | 33,454                                                                 | 33,454   |
| Accrual of interest expenses . .                               | –                            | 1,035      | 3,449                 | –                                                                      | 4,484    |
| Additions of lease liabilities . .                             | –                            | –          | 2,603                 | –                                                                      | 2,603    |

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|                                                                                                  | Loan from<br>related parties | Borrowings | Leases<br>liabilities | Financial<br>liabilities at<br>fair value<br>through profit<br>or loss | Subtotal |
|--------------------------------------------------------------------------------------------------|------------------------------|------------|-----------------------|------------------------------------------------------------------------|----------|
|                                                                                                  | RMB'000                      | RMB'000    | RMB'000               | RMB'000                                                                | RMB'000  |
| <i>Fair value change of financial liabilities at fair value through profit or loss . . . . .</i> | –                            | –          | –                     | 30,190                                                                 | 30,190   |
| <i>Resulted from change of credit risk of convertible preferred share . . . . .</i>              | –                            | –          | –                     | (461)                                                                  | (461)    |
| <i>Termination of the lease . . . . .</i>                                                        | –                            | –          | (13,700)              | –                                                                      | (13,700) |
| As at 31 December 2025 . . . . .                                                                 | –                            | –          | 46,954                | 773,405                                                                | 820,359  |
|                                                                                                  | –                            | –          | –                     | –                                                                      | –        |

### (d) Major non-cash transaction

The major non-cash investing and financing transactions during the years ended 31 December 2023, 2024 and 2025 mainly include:

- (i) In August 2023, Li Gan Perfume, a subsidiary of the Group, and Jiabin Holdings entered into a loan waiver agreement, pursuant to which Jiabin Holdings waived the principal of the loan due by Li Gan Perfume and remaining unpaid interest, amounting to RMB19,316,000 in total. The gain after tax from the waiver of this related party loan amounting to RMB14,486,000 was recognised as Capital reserves.
- (ii) In December 2023, the shareholders of CHANDO limited reached a resolution to convert CHANDO Limited from a joint stock company into a limited liability company and convert RMB350,000,000 of its retained earnings into share premium in Capital reserves (Note 16).
- (iii) In September 2025, the Company entered into an equity transfer agreement with its shareholder, Ying (BVI) II Holding Limited, pursuant to which, 531,023 ordinary shares (“**transferred shares**”) of the Company held by Ying (BVI) II Holding Limited were transferred to 531,023 preferred shares with nil consideration. Upon the completion of the transaction, RMB27,473,000 was recognised in equity attributable to equity holders of the Company and RMB5,981,000 was recognised as share-based payments to Ying (BVI) II Holding Limited.

### 34 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

- (a) In April 2023, the Group acquired an additional 34% equity interest of its subsidiary Li Gan Perfume, from Zheng Que, close family member of ultimate controlling shareholder, at a nil consideration. The excess of RMB9,131,000 over the negative carrying amount of the non-controlling interests of RMB9,131,000 was recognised in equity attributable to equity holders of the Company.
- (b) In April 2023, the Group acquired an additional 15.84% equity interest of its subsidiary Shanghai Biorrier by acquiring 99% equity interest of Shanghai Weiyu Commercial Management Partnership Enterprise (Limited Partnership) from Zheng Que, close family member of ultimate controlling shareholder, at a consideration of RMB7,920,000. The excess of RMB20,642,000 over the negative carrying amount of the non-controlling interests of RMB12,722,000 was recognised in equity attributable to equity holders of the Company.
- (c) In June 2024, the Group injected capital contribution of RMB100,000,000 to Shanghai Biorrier, which has an effective dilution of the non-controlling interests in Shanghai Biorrier. After these transactions, Group and the non-controlling interest own equity interests of Shanghai Biorrier as to 98.61% and 1.39% respectively. The Group recognised an increase in non-controlling interests of RMB4,038,000 and a decrease in equity attributable to equity holders of the Company of RMB4,038,000.
- (d) In January 2025, the Group acquired an additional of 1.34% equity interests of its subsidiary of Shanghai Biorrier at a consideration of RMB2,000,000 from an independent third party. The excess of RMB2,043,000 over the negative carrying amount of the non-controlling interests of RMB43,000 was recognised in equity attributable to equity holders of the Company.

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- (e) In December 2025, the Group acquired an additional of 0.05% equity interests of its subsidiary of Shanghai Biorrier at a consideration of RMB80,000. The excess of RMB48,000 over the negative carrying amount of the non-controlling interests of RMB32,000 was recognised in equity attributable to equity holders of the Company.

The following table summarises the aggregate effects of all above transactions with non-controlling interests on the equity attributable to equity holders of the Group.

|                                                                    | Year ended<br>31 December | Year ended<br>31 December | Year ended<br>31 December |
|--------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
|                                                                    | 2023                      | 2024                      | 2025                      |
|                                                                    | RMB'000                   | RMB'000                   | RMB'000                   |
| Consideration paid . . . . .                                       | (7,920)                   | –                         | (2,080)                   |
| Carrying amount of non-controlling interests<br>acquired . . . . . | (21,853)                  | (4,038)                   | (11)                      |
| Excess of consideration paid recognised within<br>equity . . . . . | (29,773)                  | (4,038)                   | (2,091)                   |

### 35 COMMITMENTS

#### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

|                                         | As at 31 December |         |         |
|-----------------------------------------|-------------------|---------|---------|
|                                         | 2023              | 2024    | 2025    |
|                                         | RMB'000           | RMB'000 | RMB'000 |
| Property, plant and equipment . . . . . | 72,196            | 66,759  | 24,622  |

#### (b) Investment commitment

Significant investment commitment contracted for at the end of the reporting period but not recognised as liabilities was as follows:

|                                    | As at 31 December |         |         |
|------------------------------------|-------------------|---------|---------|
|                                    | 2023              | 2024    | 2025    |
|                                    | RMB'000           | RMB'000 | RMB'000 |
| Investment in associates . . . . . | –                 | 1,500   | –       |
|                                    | =                 | =       | =       |

### 36 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor’s returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

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### (a) Name and relationship with related parties

| Name                                                           | Relationship with the Group                                                                     |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Mr. Zheng Chunying . . . . .                                   | Ultimate controlling shareholder                                                                |
| Mr. Zheng Que . . . . .                                        | Close family member of ultimate controlling Shareholder                                         |
| Mr. Zheng Chunbin . . . . .                                    | Shareholder                                                                                     |
| Mr. Zheng Chunwei . . . . .                                    | Shareholder                                                                                     |
| Ms. Zheng Xiaodan . . . . .                                    | Shareholder                                                                                     |
| Jiaxin Holdings . . . . .                                      | Shareholder                                                                                     |
| Oriental Beauty Valley . . . . .                               | Associate                                                                                       |
| Jiamei Fashion (note) . . . . .                                | Entity controlled by Mr. Zheng Chunying                                                         |
| Jiaxin SG Pte. Ltd. . . . .                                    | Entity controlled by Mr. Zheng Que                                                              |
| Encos (Shanghai) Cosmetics Co., Ltd.* . . . . .                | Associate of a company controlled by Mr. Zheng Que, ceased to be a related party after May 2023 |
| Shanghai JAK Technology Co., Ltd.* . . . . .                   | Entity controlled by Jiaxin Holdings                                                            |
| Shanghai Chengfeng Enterprise Development Co., Ltd.* . . . . . | Entity controlled by close family member of Mr. Zheng Chunbin                                   |
| Shanghai Aiyuan greening Engineering Co., Ltd.* . . . . .      | Entity controlled by close family member of Mr. Zheng Chunbin                                   |
| YING BVI II . . . . .                                          | Immediate holding company                                                                       |
| BIN BVI II . . . . .                                           | Immediate holding company                                                                       |
| WEI BVI II . . . . .                                           | Immediate holding company                                                                       |
| DAN BVI II . . . . .                                           | Immediate holding company                                                                       |
| JIAXIN BVI II . . . . .                                        | Immediate holding company                                                                       |

\* The English names of the companies referred to above in this note represent management’s best efforts in translating the Chinese names of those companies as no English names have been registered.

### (b) Transactions with related parties

The Group has the following related party transactions:

|                                                          | Year ended 31 December |         |         |
|----------------------------------------------------------|------------------------|---------|---------|
|                                                          | 2023                   | 2024    | 2025    |
|                                                          | RMB’000                | RMB’000 | RMB’000 |
| (i) Collection of temporary funding from related parties |                        |         |         |
| – Mr. Zheng Que . . . . .                                | –                      | 8       | –       |
| – Mr. Zheng Chunying . . . . .                           | –                      | 184,000 | –       |
| – Mr. Zheng Chunbin . . . . .                            | –                      | 86,000  | –       |
| – Mr. Zheng Chunwei . . . . .                            | –                      | 272,000 | –       |
| – Mrs. Zheng Xiaodan . . . . .                           | –                      | 58,000  | –       |
|                                                          | –                      | 600,008 | –       |
|                                                          |                        |         |         |
| (ii) Repayment of temporary funding to related parties   |                        |         |         |
| – Mr. Zheng Chunying . . . . .                           | –                      | 184,000 | –       |
| – Mr. Zheng Chunbin . . . . .                            | 600                    | 86,000  | –       |
| – Mr. Zheng Chunwei . . . . .                            | 400                    | 272,000 | –       |
| – Mrs. Zheng Xiaodan . . . . .                           | –                      | 58,000  | –       |
|                                                          | 1,000                  | 600,000 | –       |
|                                                          |                        |         |         |

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|        |                                                               | Year ended 31 December |               |               |
|--------|---------------------------------------------------------------|------------------------|---------------|---------------|
|        |                                                               | 2023                   | 2024          | 2025          |
|        |                                                               | RMB'000                | RMB'000       | RMB'000       |
| (iii)  | Purchase of goods                                             |                        |               |               |
|        | – Shanghai Chengfeng Enterprise Development Co., Ltd. . . . . | 34,898                 | 47,178        | 66,313        |
|        | – Shanghai AiYuan greening Engineering Co., Ltd. . . . .      | –                      | 5             | –             |
|        | – Encos (Shanghai) Cosmetics Co., Ltd. . . . .                | 24,924                 | –             | –             |
|        |                                                               | <u>59,822</u>          | <u>47,183</u> | <u>66,313</u> |
| (iv)   | Purchase of services                                          |                        |               |               |
|        | – Shanghai JAK Technology Co., Ltd. . . . .                   | 18,918                 | 16,016        | 18,989        |
|        | – Shanghai Chengfeng Enterprise Development Co., Ltd. . . . . | 4                      | –             | –             |
|        |                                                               | <u>18,922</u>          | <u>16,016</u> | <u>18,989</u> |
| (v)    | Rental income                                                 |                        |               |               |
|        | Encos (Shanghai) Cosmetics Co., Ltd. . . . .                  | 2,907                  | –             | –             |
|        | Shanghai JAK Technology Co., Ltd. . . . .                     | 675                    | –             | –             |
|        |                                                               | <u>3,582</u>           | <u>–</u>      | <u>–</u>      |
| (vi)   | Deposit received/(repaid)                                     |                        |               |               |
|        | – Shanghai Chengfeng Enterprise Development Co., Ltd. . . . . | (590)                  | 440           | –             |
| (vii)  | Interest expense to a related party ( <i>Note</i> )           |                        |               |               |
|        | – Jiaxin Holdings. . . . .                                    | <u>438</u>             | <u>–</u>      | <u>–</u>      |
| (viii) | Sales of goods                                                |                        |               |               |
|        | – Encos (Shanghai) Cosmetics Co., Ltd. . . . .                | 171                    | –             | –             |
| (ix)   | Rental fee                                                    |                        |               |               |
|        | – Mr. Zheng Chunying . . . . .                                | <u>342</u>             | <u>–</u>      | <u>–</u>      |
|        |                                                               | <u>342</u>             | <u>–</u>      | <u>–</u>      |
| (x)    | Other transaction with related parties                        |                        |               |               |

In April 2023, the Group acquired an additional 34% equity interest of its subsidiary Li Gan Perfume from Zheng Que at nil consideration (Note 34).

In April 2023, the Group acquired an additional 15.84% equity interest of its subsidiary Shanghai Biorrier by acquiring 99% equity interest of Shanghai Weiyu Commercial Management Partnership Enterprise (Limited Partnership) from Zheng Que, at a consideration of RMB7,920,000 (Note 34).

In June 2024, the Group injected capital contribution of RMB100,000,000 to Shanghai Biorrier (Note 34).

In August 2023, Li Gan Perfume, a subsidiary of the Group, and Jiaxin Holdings entered into a loan waiver agreement, pursuant to which Jiaxin Holdings waived the principal of the loan due by Li Gan Perfume and remaining unpaid interest, amounting to RMB19,316,000 in total (Note 33).

In March 2024, CHANDO WFOE, Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, and Ms. Zheng Xiaodan entered into an equity transfer agreement, pursuant to which Jiaxin Holdings, Jiamei Fashion, Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei and Ms. Zheng Xiaodan agreed to transfer all their equity interests in CHANDO Limited to CHANDO WFOE for a total consideration of RMB485,101,000 (Note 1.2).

## APPENDIX I

## ACCOUNTANT’S REPORT

### (c) Related-party balances

#### The Group

|                                                                      | As at 31 December |                |               |
|----------------------------------------------------------------------|-------------------|----------------|---------------|
|                                                                      | 2023              | 2024           | 2025          |
|                                                                      | RMB'000           | RMB'000        | RMB'000       |
| (i) Amounts due from related parties (non trade in nature) (Note 13) |                   |                |               |
| – Oriental Beauty Valley . . . . .                                   | 2,600             | 2,600          | 2,600         |
| – YING BVI II . . . . .                                              | –                 | 4              | –             |
| – BIN BVI II . . . . .                                               | –                 | 4              | –             |
| – WEI BVI II . . . . .                                               | –                 | 4              | –             |
| – DAN BVI II . . . . .                                               | –                 | 4              | –             |
| – JIAXIN BVI II . . . . .                                            | –                 | 55             | –             |
|                                                                      | <u>2,600</u>      | <u>2,671</u>   | <u>2,600</u>  |
| (ii) Amounts due to related parties (trade in nature) (Note 18)      |                   |                |               |
| Trade payable to related parties . . . . .                           |                   |                |               |
| – Encos (Shanghai) Cosmetics Co., Ltd. . . . .                       | –                 | –              | –             |
| – Shanghai JAK Technology Co., Ltd. . . . .                          | 2,938             | 1,251          | 2,853         |
| – Shanghai Chengfeng Enterprise Development Co., Ltd. . . . .        | 2,914             | 4,561          | 9,519         |
|                                                                      | <u>5,852</u>      | <u>5,812</u>   | <u>12,372</u> |
| Other payable to related parties (trade in nature)                   |                   |                |               |
| – Shanghai Chengfeng Enterprise Development Co., Ltd. (ii) . . . . . | 1,500             | 1,940          | 2,780         |
| (non trade in nature)                                                |                   |                |               |
| – Zheng Chunying (i) . . . . .                                       | –                 | 64,830         | –             |
| – Zheng Chunbin (i) . . . . .                                        | –                 | 17,698         | –             |
| – Zheng Chunwei (i) . . . . .                                        | –                 | 17,698         | –             |
| – Zheng Xiaodan (i) . . . . .                                        | –                 | 17,698         | –             |
| – Jiamei Fashion (i) . . . . .                                       | –                 | 23,510         | –             |
| – Jiaxin Holdings (i) . . . . .                                      | 5,408             | 200,613        | –             |
| – Shanghai Aiyuan greening Engineering Co., Ltd. . . . .             | 5                 | –              | –             |
|                                                                      | <u>6,913</u>      | <u>343,987</u> | <u>2,780</u>  |
|                                                                      | <u>12,765</u>     | <u>349,799</u> | <u>15,152</u> |

(i) As at 31 December 2024, the balance of other payables due to Mr. Zheng Chunying, Mr. Zheng Chunbin, Mr. Zheng Chunwei, Ms. Zheng Xiaodan, Jiamei Fashion and Jiaxin Holdings were deemed distribution payables arising from the Reorganisation (Note 1.2), which were settled in September 2025.

(ii) Other payables to related parties were unsecured, interest free and repayable on demand.

#### The Company

|                                 | As at 31 December |         |         |
|---------------------------------|-------------------|---------|---------|
|                                 | 2023              | 2024    | 2025    |
|                                 | RMB'000           | RMB'000 | RMB'000 |
| Amount due from a subsidiary    |                   |         |         |
| – CHANDO BVI . . . . .          | –                 | 22,225  | 591,104 |
| Amount due from related parties |                   |         |         |
| – YING BVI II . . . . .         | –                 | 4       | –       |
| – BIN BVI II . . . . .          | –                 | 4       | –       |
| – WEI BVI II . . . . .          | –                 | 4       | –       |
| – DAN BVI II . . . . .          | –                 | 4       | –       |
| – JIAXIN BVI II . . . . .       | –                 | 55      | –       |

## APPENDIX I

## ACCOUNTANT’S REPORT

|                               | As at 31 December |         |         |
|-------------------------------|-------------------|---------|---------|
|                               | 2023              | 2024    | 2025    |
|                               | RMB'000           | RMB'000 | RMB'000 |
| – CHANDO WFOE . . . . .       | –                 | 9,352   | 9,352   |
|                               | –                 | 9,423   | 9,352   |
| Amount due to a related party |                   |         |         |
| – CHANDO Limited . . . . .    | 7,082             | 25,511  | 32,505  |

The balances of amount due from related parties/ amount due to a related party were unsecured, interest free and repayable on demand.

The balance of amount due from a subsidiary was unsecured, interest free and repayable on demand. The Company intended that it will not be demanded repayment within the next 12 financial months of 31 December 2026.

### (d) Key management compensation

Key management includes directors (executive and non-executive), vice presidents, CFO and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

|                                                                                     | Year ended 31 December |         |         |
|-------------------------------------------------------------------------------------|------------------------|---------|---------|
|                                                                                     | 2023                   | 2024    | 2025    |
|                                                                                     | RMB'000                | RMB'000 | RMB'000 |
| Salaries, restricted shares scheme and other short-term employee benefits . . . . . | 8,440                  | 9,144   | 10,416  |
| Post-employment benefits . . . . .                                                  | 340                    | 394     | 250     |
|                                                                                     | 8,780                  | 9,538   | 10,666  |

The amount of salaries, restricted share scheme and other short-term employee benefits and post-employment benefits disclosed above included accrued payroll amounting to RMB3,643,000, RMB2,351,000, and RMB2,218,000 as at 31 December 2023, 2024 and 2025, respectively recorded within other payables in the consolidated balance sheets.

### 37 INVESTMENT IN A SUBSIDIARY – AT COST

|                                                                   | As at<br>31 December 2024 | As at<br>31 December 2025 |
|-------------------------------------------------------------------|---------------------------|---------------------------|
|                                                                   | RMB'000                   | RMB'000                   |
|                                                                   |                           |                           |
| Investment in a subsidiary pursuant to the Reorganisation at cost |                           |                           |
| – Unlisted shares . . . . .                                       | 1,801,529                 | 1,811,724                 |

### 38 CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2023, 2024 and 2025.

### 39 EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group subsequent to 31 December 2025 and up to the date of this report.

## III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the subsidiaries now comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.