The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountants, Confucius International CPA Limited, 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.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU RUOYUCHEN TECHNOLOGY CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Ruoyuchen Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-[63], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, 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 December 31, 2023, 2024 and 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-[63] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the "Document") in connection with [**REDACTED**] of H 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 preparation set out in Note 2 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 Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("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 accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants 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 preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 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-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I 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 accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA ("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.

Consolidated statements of profit or loss

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	5	1,366,091	1,765,776	3,431,776
Cost of revenue	8	(817,700)	(977,613)	(1,380,611)
Gross profit		**548,391**	**788,163**	**2,051,165**
General and administrative expenses	8	(97,408)	(117,266)	(127,377)
Selling and marketing expenses	8	(380,026)	(525,850)	(1,647,487)
Research and development expenses	8	(24,040)	(25,735)	(32,637)
Net impairment (losses)/reversals on financial assets	3.2	(4,980)	(6,284)	4,163
Other income	6	1,621	7,620	5,383
Other gains/(losses), net	7	7,900	(1,278)	(23,949)
Operating profit		**51,458**	**119,370**	**229,261**
Finance income	10	7,160	12,103	11,173
Finance costs	10	(2,189)	(4,612)	(15,266)
Finance income/(costs), net		4,971	7,491	(4,093)
Share of profit of interest in associates	14	276	1,218	621
Profit before income tax		**56,705**	**128,079**	**225,789**
Income tax expense	11	(2,415)	(22,443)	(31,388)
Profit for the year		**54,290**	**105,636**	**194,401**
Attributable to:				
– Owners of the Company		54,290	105,636	194,401
		54,290	**105,636**	**194,401**
Earnings per share attributable to the owners of the Company (in RMB per share)				
– Basic	13	0.16	0.38	0.63
– Diluted	13	0.16	0.37	0.62

Consolidated statements of comprehensive income

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**54,290**	**105,636**	**194,401**
Other comprehensive income/(loss)			
Items that will be reclassified to profit or loss in subsequent periods, net of tax:			
– Currency translation differences of foreign operations	232	3,292	(89)
Other comprehensive income/(loss) for the year, net of tax	**232**	**3,292**	**(89)**
Total comprehensive income for the year	**54,522**	**108,928**	**194,312**
Attributable to:			
– Owners of the Company	54,522	108,928	194,312
	54,522	**108,928**	**194,312**

Consolidated statements of financial position

	Notes	As at December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	16	180,251	180,625	176,181
Right-of-use assets	17	5,308	41,398	40,948
Deferred tax assets	20	16,178	12,267	41,430
Intangible assets	18	16,441	4,929	3,977
Interest in associates	14	47,541	91,498	67,928
Other financial assets at fair value through profit or loss	3.6	39,398	30,996	28,437
Prepayments and other receivables	23	1,097	515	785
Total non-current assets		**306,214**	**362,228**	**359,686**
Current assets				
Inventories	21	318,580	225,714	461,797
Prepayments and other receivables	23	233,366	216,468	362,528
Trade receivables	22	120,807	130,407	86,593
Restricted cash	24	9,129	6,943	2,922
Cash and cash equivalents	24	336,326	600,138	855,982
Other current assets	23	21,276	8,953	54,102
Total current assets		**1,039,484**	**1,188,623**	**1,823,924**
Total assets		**1,345,698**	**1,550,851**	**2,183,610**
LIABILITIES				
Non-current liabilities				
Borrowings	25	–	–	315,000
Lease liabilities	17	819	34,135	32,366
Deferred tax liabilities	20	–	1	4
Provisions	26	4,412	5,945	8,173
Total non-current liabilities		**5,231**	**40,081**	**355,543**
Current liabilities				
Borrowings	25	170,892	274,483	699,900
Trade payables	27	19,972	46,993	175,855
Contract liabilities	5	3,503	1,718	7,946
Lease liabilities	17	4,730	8,909	10,579
Current income tax liabilities		442	7,572	47,590
Accruals and other payables	28	43,665	66,735	166,635
Other current liabilities		168	168	402
Total current liabilities		**243,372**	**406,578**	**1,108,907**
Total liabilities		**248,603**	**446,659**	**1,464,450**
Net current assets		**796,112**	**782,045**	**715,017**
EQUITY				
Equity attributable to owner of the Company				
Share capital	29	122,329	164,031	311,059
Treasury shares	32	(28,399)	(39,621)	(200,002)
Other reserves	31	653,010	565,326	164,525
Retained earnings	30	350,155	414,456	443,578
TOTAL EQUITY		**1,097,095**	**1,104,192**	**719,160**
TOTAL LIABILITIES AND EQUITY		**1,345,698**	**1,550,851**	**2,183,610**

Company's statements of financial position

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	177,629	173,520	170,141
Right-of-use assets	*17*	4,996	40,952	31,580
Deferred tax assets	*20*	8,255	10,041	34,553
Intangible assets	*18*	5,237	4,513	3,643
Interest in associates	*14*	36,343	51,933	53,115
Investments in subsidiaries	*15*	119,940	146,175	146,175
Other financial assets at fair value through profit or loss	*3.6*	11,991	11,977	12,200
Prepayments and other receivables	*23*	1,097	515	615
Total non-current assets		**365,488**	**439,626**	**452,022**
Current assets				
Inventories	*21*	143,560	107,472	108,631
Prepayments and other receivables	*23*	507,000	348,432	680,588
Trade receivables	*22*	87,484	371,872	714,708
Restricted cash	*24*	552	142	229
Cash and cash equivalents	*24*	104,321	159,948	158,122
Other current assets	*23*	3,459	1,644	37,060
Total current assets		**846,376**	**989,510**	**1,699,338**
Total assets		**1,211,864**	**1,429,136**	**2,151,360**
LIABILITIES				
Non-current liabilities				
Borrowings	*25*	–	–	315,000
Lease liabilities	*17*	752	34,072	25,074
Provisions	*26*	1,591	2,166	2,034
Total non-current liabilities		**2,343**	**36,238**	**342,108**
Current liabilities				
Borrowings	*25*	111,406	210,246	649,466
Trade payables	*27*	9,609	64,696	221,628
Contract liabilities	*5*	676	403	2,605
Lease liabilities	*17*	4,506	8,544	8,155
Current income tax liabilities		–	2,965	27,216
Accruals and other payables	*28*	250,558	305,573	485,726
Other current liabilities		88	52	339
Total current liabilities		**376,843**	**592,479**	**1,395,135**
Total liabilities		**379,186**	**628,717**	**1,737,243**
Net current assets		**469,533**	**397,031**	**304,203**
EQUITY				
– Share capital	*29*	122,329	164,031	311,059
– Treasury shares	*32*	(28,399)	(39,621)	(200,002)
– Other reserves	*31*	650,194	559,218	158,506
– Retained earnings	*30*	88,554	116,791	144,554
TOTAL EQUITY		**832,678**	**800,419**	**414,117**
TOTAL LIABILITIES AND EQUITY		**1,211,864**	**1,429,136**	**2,151,360**

Consolidated statements of changes in equity

	Attributable to owners of the Company				
	Share capital	Treasury shares	Other reserves	Retained earnings	Total equity
	RMB'000 *(Note 29)*	*RMB'000* *(Note 32)*	*RMB'000* *(Note 31)*	*RMB'000* *(Note 30)*	*RMB'000*
Balance at January 1, 2023	**121,700**	**(2,124)**	**631,360**	**327,689**	**1,078,625**
Profit for the year	–	–	–	54,290	54,290
Other comprehensive income	–	–	232	–	232
Total comprehensive income for the year	**–**	**–**	**232**	**54,290**	**54,522**
Exercise of share schemes	629	–	7,615	–	8,244
Share-based payment	–	–	12,280	–	12,280
Appropriations to statutory reserves	–	–	1,523	(1,523)	–
Dividends declared	–	–	–	(30,301)	(30,301)
Repurchase of shares	–	(26,275)	–	–	(26,275)
Balance at December 31, 2023	**122,329**	**(28,399)**	**653,010**	**350,155**	**1,097,095**
Balance at January 1, 2024	**122,329**	**(28,399)**	**653,010**	**350,155**	**1,097,095**
Profit for the year	–	–	–	105,636	105,636
Other comprehensive income	–	–	3,292	–	3,292
Total comprehensive income for the year	**–**	**–**	**3,292**	**105,636**	**108,928**
Exercise of share schemes	1,878	–	15,310	–	17,188
Share-based payment	–	–	14,977	–	14,977
Appropriations to statutory reserves	–	–	6,958	(6,958)	–
Dividends declared	–	–	–	(34,377)	(34,377)
Conversion of capital reserve into share capital	45,837	–	(45,837)	–	–
Cancellation of shares repurchased	(6,013)	88,397	(82,384)	–	–
Repurchase of shares	–	(99,619)	–	–	(99,619)
Balance at December 31, 2024	**164,031**	**(39,621)**	**565,326**	**414,456**	**1,104,192**
Balance at January 1, 2025	**164,031**	**(39,621)**	**565,326**	**414,456**	**1,104,192**
Profit for the year	–	–	–	194,401	194,401
Other comprehensive loss	–	–	(89)	–	(89)
Total comprehensive (loss)/income for the year	**–**	**–**	**(89)**	**194,401**	**194,312**
Exercise of share schemes	3,515	–	18,215	–	21,730
Share-based payment	–	–	2,279	–	2,279
Appropriations to statutory reserves	–	–	19,304	(19,304)	–
Dividends declared	–	–	–	(145,975)	(145,975)
Conversion of capital reserve into share capital	152,332	–	(152,332)	–	–
Cancellation of shares repurchased	(8,819)	296,997	(288,178)	–	–
Repurchase of shares	–	(457,378)	–	–	(457,378)
Balance at December 31, 2025	**311,059**	**(200,002)**	**164,525**	**443,578**	**719,160**

Consolidated statements of cash flows

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash (used in)/generated from operations	*34(a)*	(98,362)	324,943	165,709
Interest received		7,160	12,103	11,173
Income tax paid		(588)	(3,340)	(25,086)
Net cash (used in)/generated from operating activities		**(91,790)**	**333,706**	**151,796**
Cash flows from investing activities				
Proceeds from disposal of interest in associates		–	3,500	27,963
Proceeds from disposal of equity investments at fair value through profit and loss		–	3,300	922
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		75	675	513
Withdraw of wealth management products		10,852	35,448	286,965
Payments for purchase of interest in associates		(15,000)	(47,550)	–
Purchases of equity investments at fair value through profit and loss		(6,738)	–	(2,000)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(4,007)	(14,815)	(11,399)
Placement of wealth management products		–	(35,385)	(286,125)
Net cash (used in)/generated from investing activities		**(14,818)**	**(54,827)**	**16,839**
Cash flows from financing activities				
Proceeds from share schemes		8,272	17,216	21,758
Proceeds from borrowings		180,358	344,512	1,211,641
Repayments of borrowings		(56,320)	(240,749)	(471,482)
Principle elements of lease payments		(7,830)	(7,643)	(12,509)
Interests paid		(1,700)	(4,784)	(15,008)
Dividends paid to the Company's shareholders		(30,301)	(34,377)	(145,975)
Payments for repurchase of shares		(26,275)	(99,619)	(457,378)
Payment of [**REDACTED**] to be capitalized		[REDACTED]	[REDACTED]	[REDACTED]
Net cash generated from/(used in) financing activities		**66,176**	**(25,472)**	**112,312**
Net (decrease)/increase in cash and cash equivalents		**(40,432)**	**253,407**	**280,947**
Cash and cash equivalents at beginning of the year		368,575	336,326	600,138
Effects of exchange rate changes on cash and cash equivalents		8,183	10,405	(25,103)
Cash and cash equivalents at the end of the year	*24*	**336,326**	**600,138**	**855,982**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guangzhou Ruoyuchen Technology Co., Ltd. (廣州若羽臣科技股份有限公司) (hereinafter referred to as "the Company"), formerly known as Guangzhou Ruoyuchen Trading Co., Ltd. (廣州若羽臣貿易有限公司), is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC") on May 10, 2011. The Company was listed on the main board of Shenzhen Stock Exchange (stock code: 003010.SZ) in September, 2020. The registered office of the Company is located at Self-compiled A, Room 607, No. 319, East Dashadi, Huangpu District, Guangzhou, Guangdong Province, PRC. The ultimate controlling persons are Mr. Wang Yu and Ms. Wang Wenhui ("the ultimate controlling persons").

The Company and its subsidiaries (hereinafter collectively referred to as "the Group"), are principally engaged in delivering high-quality, differentiated products that address consumer needs in functionality, emotional value, immersive experiences, and self-expression. The Group has its proprietary brands, and also partners with third-party brands through brand management and e-commerce operations.

The Company's principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 15.

The Historical Financial Information are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

The statutory consolidated financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each reporting periods.

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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years/periods presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 38 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

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

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group's finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currencies of the subsidiaries outside Mainland China are mainly RMB and New Zealand Dollar ("NZD") whereas functional currency of the subsidiaries operate in Mainland China is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

As at December 31, 2023, 2024 and 2025, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD") and Japanese Yen ("JPY") and included in a group entity with different functional currency:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets denominated in:			
USD	237,703	302,279	157,358
EUR	13,876	11,926	56,719
HKD	13,374	27,785	51,353
JPY	25,218	16,609	40,302
Others	14,312	12,141	11,860
Financial liabilities denominated in:			
USD	–	4,884	381
EUR	79	–	1,537
HKD	1	–	2,709
JPY	–	64,625	60,954
Others	773	303	311

As shown in the table above, the Group is primarily exposed to changes in USD, EUR, HKD and JPY exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD, EUR, HKD and JPY denominated financial instruments is as below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD/RMB exchange rate –			
Increase 5%	11,885	14,870	7,849
Decrease 5%	(11,885)	(14,870)	(7,849)
EUR/RMB exchange rate –			
Increase 5%	690	596	2,759

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Decrease 5%	(690)	(596)	(2,759)
HKD/RMB exchange rate –			
Increase 5%	669	1,389	2,432
Decrease 5%	(669)	(1,389)	(2,432)
JPY/RMB exchange rate –			
Increase 5%	1,261	(2,401)	(1,033)
Decrease 5%	(1,261)	2,401	1,033

(b) Interest rate risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately nil, nil and nil, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash as well as trade receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

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

- Cash and cash equivalents, restricted cash;
- Trade receivables;
- Other receivables.

Credit risk of cash and cash equivalents, restricted cash

Cash and cash equivalents, and restricted cash are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade receivables

(i) Trade Receivables

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("ECL") which uses a lifetime expected loss allowance for all trade receivables.

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and aging.

The historical loss rates are calculated based on the historical payment profiles of sales and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.The Group has identified the Gross Domestic Product ("GDP") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025, were determined as follows for trade receivables:

As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	As at December 31,								
	2023			2024			2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000
Within 1 year	5	126,772	6,338	5	136,587	6,829	5	91,136	4,554
1 to 2 years	20	299	60	20	624	125	20	14	3
2 to 3 years	50	269	135	50	299	149	50	–	–
Over 3 years	100	289	289	100	22	22	100	303	303
		127,629	**6,822**		**137,532**	**7,125**		**91,453**	**4,860**

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, the Group assessed these customers' financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

Based on the above calculation results and with reference to the provision ratios of other companies in the same industry, the Group conducts a comprehensive analysis and the outcome closely aligns with the fixed ratio currently adopted. Therefore, it has been decided that the fixed ratio will remain unchanged during the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025, reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	**5,090**	**6,822**	**7,125**
Loss allowance recognized/(reversed), net	1,732	866	(2,265)
Written off	–	(563)	–
Closing loss allowance	**6,822**	**7,125**	**4,860**

(ii) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of advanced payments, guarantee deposits and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;

- external credit rating of the counterparty;

- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorises the asset as performing and recognises 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. As at December 31, 2023, 2024 and 2025, the Group estimated the expected credit losses for other receivables to be RMB7,610,000, RMB13,028,000 and RMB11,130,000, respectively.

Assessed based on grouping:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
Expected loss rate	5%	20%	73%	
Gross carrying amount	92,960	9,375	1,495	103,830
Loss allowance	**4,648**	**1,875**	**1,087**	**7,610**
December 31, 2024				
Expected loss rate	5%	20%	57%	
Gross carrying amount	102,025	16,805	8,065	126,895
Loss allowance	**5,101**	**3,361**	**4,566**	**13,028**
December 31, 2025				
Expected loss rate	5%	20%	59%	
Gross carrying amount	129,740	2,656	6,917	139,313
Loss allowance	**6,487**	**531**	**4,112**	**11,130**

The loss allowances for other receivables for the years ended December 31, 2023, 2024 and 2025, reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	**4,714**	**7,610**	**13,028**
Loss allowance recognized/(reversed), net	3,248	5,418	(1,898)
Receivables written off	(352)	–	–
Closing loss allowance	**7,610**	**13,028**	**11,130**

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023					
Trade payables	19,972	–	–	19,972	19,972
Accruals and other payables (excluding non-financial liabilities)	19,769	–	–	19,769	19,769

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	4,819	824	–	5,643	5,549
Borrowings	172,734	–	–	172,734	170,892
	217,294	**824**	**–**	**218,118**	**216,182**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
Trade payables	46,993	–	–	46,993	46,993
Accruals and other payables (excluding non-financial liabilities)	29,942	–	–	29,942	29,942
Lease liabilities	10,353	9,286	27,300	46,939	43,044
Borrowings	278,122	–	–	278,122	274,483
	365,410	**9,286**	**27,300**	**401,996**	**394,462**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total undiscounted amount	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025					
Trade payables	175,855	–	–	175,855	175,855
Accruals and other payables (excluding non-financial liabilities)	42,803	–	–	42,803	42,803
Lease liabilities	12,008	10,718	23,409	46,135	42,945
Borrowings	714,333	41,777	282,399	1,038,509	1,014,900
	944,999	**52,495**	**305,808**	**1,303,302**	**1,276,503**

3.4 Price Risk

The Group is mainly exposed to equity price risk arising from investments held by the Group that are classified as FVPL. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of FVPL at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, profit before tax for the year would have been approximately RMB1,970,000, RMB1,550,000 and RMB1,422,000 higher/lower as a result of gains/losses on financial instruments classified as FVPL.

3.5 Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025, are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	1,345,698	1,550,851	2,183,610

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	248,603	446,659	1,464,450
Debt to asset ratio	**18.47%**	**28.80%**	**67.07%**

3.6 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Equity investments *(i)*	–	–	**39,398**	**39,398**

As at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Equity investments *(i)*	–	–	**30,996**	**30,996**

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Equity investments *(i)*	–	–	**28,437**	**28,437**

The Company

As at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Equity investments *(i)*	–	–	**11,991**	**11,991**

As at December 31, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Equity investments *(i)*	–	–	**11,977**	**11,977**

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
– Equity investments *(i)*	–	–	**12,200**	**12,200**

(i) These investments are primarily equity investments in certain unlisted companies. As there is no significant influence over these companies, they are classified as financial assets measured at fair value through profit or loss.

(ii) The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1, Level 2 and Level 3.

(b) The Group's Valuation Process

For the financial assets, including level 3 fair values, the Group engaged the independent valuer to perform the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The reconciliation of Level 3 assets are analysed below:

	Financial assets at FVPL-equity investments (i)		
	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	35,692	39,398	30,996
Additions	6,738	–	2,000
Disposals	–	(3,000)	(3,464)
Re-classification	(3,186)	–	–
Changes in fair value through profit or loss	154	(5,402)	(1,095)
Closing balance	**39,398**	**30,996**	**28,437**

(i) The fair values of unlisted equity instruments at FVPL as at December 31, 2023, 2024 and 2025, have been arrived with reference to the valuation carried out on the dates by an independent qualified professional valuer not connected to the Group, using Guideline Public Company Method.

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value as at December 31,			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair values
	2023	2024	2025				
	RMB'000	*RMB'000*	*RMB'000*				
Equity investments measured at FVPL	39,398	30,996	28,437	Guideline Public Company Method	Price-to-Book Ratio ("P/B")	3.08-8.70	An increase in P/B used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Price-to-Sales Ratio ("P/S")	1.66-17.80	An increase in P/S used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.

Description	Fair value as at December 31,			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair values
	2023	2024	2025				
	RMB'000	*RMB'000*	*RMB'000*				
				Guideline Public Company Method	Price-to-Earnings Ratio ("P/E")	32.79	An increase in P/E used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Enterprise Value-to-Sales Ratio ("EV/S")	1.53-3.88	An increase in EV/S used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Price-to-Research Ratio ("PRR")	123.20	An increase in PRR used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline Public Company Method	Discount for lack of marketability ("DLOM")	5.15%-37.31%	An increase in DLOM used would result in a decrease in the fair value measurement of the unlisted equity instruments, and vice versa.

If the P/B, P/S, P/E, EV/S and PRR used had been 5% higher/lower for equity instruments measured at FVPL, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB1,458,000, RMB827,000 and RMB1,072,000 higher/lower, respectively.

If the DLOM used had been 5% higher/lower for equity instruments measured at FVPL, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB368,000, RMB97,000 and RMB603,000 lower/higher, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Provision Against Obsolete and Slow-Moving Inventories

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. In determining the amount of provision required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying amounts of inventories to their respective net realizable value.

Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes a provision against obsolete and slow-moving items. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

(b) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward looking information in mainland China and overseas. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product ("GDP") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(c) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, intangible assets, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use ("VIU") calculations or fair value less costs of disposal ("FVLCD"). These calculations require the use of judgments and estimates.

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

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are 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 recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The Group's CODM has been identified as the chairman and executive directors of the Board who are responsible for allocating resources and assessing performance of the operating segment.

Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit/(loss) before income tax are the measures reported to the chairman and executive directors for the purpose of resources allocation and performance assessment.

(b) Revenue from external customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with external customers recognized at a point in time			
– Brand management	160,486	501,107	895,116
– E-commerce operation	942,327	763,711	723,497
– Proprietary brands	263,278	500,958	1,813,163
	1,366,091	**1,765,776**	**3,431,776**

(c) Revenue from Major Customers

The major customer who contributed 10% or more of the Group's revenue for the years ended December 31, 2023, 2024 and 2025, is set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	**176,910**	**N/A**	**N/A**

The revenue from customer A for the years ended December 31, 2024 and 2025, were less than 10% of the Group's total revenue.

All the revenue derived from other single external customers were less than 10% of the Group's total revenue for the years ended December 31, 2023, 2024 and 2025.

(d) Geographical Information

The Company is domiciled in Mainland China. The amount of the Group's revenue from external customers by the destination of sales is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
China	1,365,776	1,763,574	3,413,283
Other countries or regions *(i)*	315	2,202	18,493
	1,366,091	**1,765,776**	**3,431,776**

(i) Represent revenue generated from Japan and New Zealand.

(e) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	3,503	1,718	7,946

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the beginning balance	7,427	3,500	1,695

(f) Accounting Policies and Significant Judgments for Revenue Recognition

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

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of Goods

The Group is principally engaged in delivering high-quality, differentiated products that address unmet consumer needs in emotional value, function benefits, immersive experiences, and self-expression.

The Group adopts two product sales models: retail and channel distribution. Among these, the channel distribution model is further divided into two modes: consignment sales and buyout sales.

Revenue from retail of products shall be recognized based on the amount of the order and upon the customer's confirmation for the receipt of the products and the receipt of the payment by the Group.

Revenue from consignment sales of products shall be recognized based on the sales contracts and upon the receipt of the consignment sales statements from customers, which are e-commerce platforms.

Revenue from buyout sales of products with customers shall be recognized either based on the sales contracts and upon the receipt of the settlement statements; or based on the sales contracts and upon the completion of product delivery and the customer's confirmation for the receipt of the products.

(ii) Rendering of services

Services revenue mainly generated from provision of e-commerce operation services. Revenue from e-commerce operation services shall be recognized either based on a fixed amount or at a certain percentage of the sales amount agreed by both parties according to the sales contracts, on a monthly basis; or upon the completion of the relevant services and the confirmation by the customers.

6. OTHER INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	1,394	7,506	5,255
Additional deduction for VAT	73	16	–
Others	154	98	128
	1,621	**7,620**	**5,383**

7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net gains on financial instruments	2,121	64	841
Fair value changes on financial instruments	154	(5,402)	(1,095)
Net foreign exchange differences	8,137	6,208	(25,014)
Net losses on disposal of property, plant and equipment and other long-term assets	(743)	(683)	(234)
Net gains on disposal of interest in associates	–	188	2,272
Others	(1,769)	(1,653)	(719)
	7,900	**(1,278)**	**(23,949)**

8. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses, research and development expenses are analysed as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Manufacturing expenses	6,597	9,732	48,580
Cost of raw materials	83,574	131,235	327,089
Costs of products procured	610,480	723,934	848,770
Employee benefit expenses	200,858	194,782	236,056
Marketing promotion expenses	266,072	380,859	1,387,855
Platform service expenses	25,066	39,087	96,403
Depreciation & amortisation	21,683	22,902	27,885
Storage and logistics expenses	59,728	81,747	137,568
Office and traveling expenses	16,280	22,008	23,952
Business development expenses	5,850	7,327	14,880
Professional services and other consulting fees	9,207	4,850	8,736
Taxes and surcharges	3,811	7,567	10,964
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Auditor's remuneration	943	943	943
Outsourced research and development expenses	–	–	3,628

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Impairment of goodwill	–	9,180	–
Impairment/(reversal of impairment) of inventories	1,379	(1,118)	973
Other expenses	7,646	11,429	12,787
	1,319,174	**1,646,464**	**3,188,112**

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances, discretionary bonuses, benefits in kind and retirement scheme contributions	189,336	184,640	229,984
Share-based compensation expenses	11,522	10,142	6,072
	200,858	**194,782**	**236,056**

(a) Directors' and Supervisors' Remuneration

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

Year ended December 31, 2023

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Wang Yu	–	1,304	47	–	1,351
Ms. Wang Wenhui	–	739	35	–	774
Ms. Xu Qing	–	832	46	1,028	1,906
Ms. Luo Zhiqing	–	935	49	202	1,186
Independent non-executive directors:					
Mr. Zhu Weishan *(i)*	100	–	–	–	100
Mr. Huang Tianshun	100	–	–	–	100
Ms. Zhang Chunyan	100	–	–	–	100
Supervisors:					
Mr. Pang Xiaolong	–	130	16	–	146
Ms. Guo Junfen *(ii)*	–	153	16	–	169
Ms. Bu Xueting	–	89	15	–	104
Mr. Fan Lizhong *(ii)*	–	187	15	–	202
Total	**300**	**4,369**	**239**	**1,230**	**6,138**

Year ended December 31, 2024

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Wang Yu	–	1,864	62	–	1,926
Ms. Wang Wenhui	–	1,161	137	–	1,298
Ms. Xu Qing	–	740	52	1,301	2,093
Ms. Luo Zhiqing	–	737	52	172	961
Independent non-executive directors:					
Mr. Zhu Weishan *(i)*	100	–	–	–	100
Mr. Huang Tianshun	100	–	–	–	100
Ms. Zhang Chunyan	101	–	–	–	101

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:					
Mr. Pang Xiaolong	–	136	17	–	153
Ms. Bu Xueting	–	90	16	–	106
Ms. Guo Junfen *(ii)*	–	147	17	–	164
Total	**301**	**4,875**	**353**	**1,473**	**7,002**

Year ended December 31, 2025

	Fees	Salaries, wages and bonuses	Housing fund, retirement and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Wang Yu	–	1,972	70	–	2,042
Ms. Wang Wenhui	–	1,290	162	–	1,452
Ms. Xu Qing	–	737	54	854	1,645
Ms. Luo Zhiqing	–	735	54	130	919
Independent non-executive directors:					
Mr. Zhu Weishan *(i)*	68	–	–	–	68
Mr. Huang Tianshun	100	–	–	–	100
Ms. Zhang Chunyan	100	–	–	–	100
Ms. Zheng Ying *(i)*	32	–	–	–	32
Supervisors:					
Mr. Pang Xiaolong	–	135	18	–	153
Ms. Bu Xueting	–	90	18	–	108
Ms. Guo Junfen *(ii)*	–	151	18	–	169
Total	**300**	**5,110**	**394**	**984**	**6,788**

(i) Mr. Zhu Weishan was appointed as independent non-executive director of the Company in September 27, 2021, and resigned as independent non-executive director of the Company in September 4, 2025. Ms. Zheng Ying was appointed as independent non-executive director of the Company with effect from September 4, 2025.

(ii) Mr. Fan Lizhong was appointed as supervisor of the Company in December 29, 2020, and resigned as supervisor of the Company in August 2, 2023. Ms. Guo Junfen was appointed as supervisor of the Company with effect from August 2, 2023.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Same as disclosed in Note 36, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 3, 3 and 3 directors respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 2, 2 and 2 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	1,750	1,895	1,748
Housing fund, retirement and other benefits	180	187	189
Share-based payments	1,841	2,368	1,548
	3,771	**4,450**	**3,485**

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1,500,001 to HKD2,000,000	1	–	1
HKD2,000,001 to HKD2,500,000	1	1	1
HKD2,500,001 to HKD3,000,000	–	1	–
	2	**2**	**2**

10. FINANCE INCOME/(COSTS), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from financial assets held for cash management purposes	7,160	12,103	11,173
Finance costs:			
Interest expenses on lease liabilities	(348)	(794)	(1,724)
Interest expenses on borrowings	(1,841)	(3,818)	(13,542)
Finance costs total	(2,189)	(4,612)	(15,266)
Finance income/(costs), net	**4,971**	**7,491**	**(4,093)**

11. INCOME TAX EXPENSE

The income tax expense of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	(2,215)	13,764	64,341
Deferred income tax	4,630	8,679	(32,953)
	2,415	**22,443**	**31,388**

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

(i) In accordance with the relevant regulations of the Enterprise Income Tax laws (the "EIT Law") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

(ii) During the Track Record Period, the Company has obtained High and New Technology Enterprises certification ("HNTE") and hence it is entitled to a preferential CIT rate of 15% for the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

(iii) Certain subsidiaries were qualified as small and micro enterprises and were subject to preferential tax. From January 1, 2023 to December 31, 2027, the taxable income of small and micro enterprises shall be calculated at a reduced rate of 25% and subject to corporate income tax at a rate of 20%.

(iv) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaged in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction for research and development").

(b) Hong Kong Profits Tax

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods. However, certain subsidiaries have successfully applied for and obtained the offshore tax exemption for Hong Kong companies. They enjoyed the preferential policy of income tax exemption during the Track Record Period.

(c) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including New Zealand, Japan and South Korea, had been calculated on the estimated assessable profit for the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

(d) OECD Pillar Two Model Rules

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development ("OECD").

The Group is within the scope of global minimum tax ("GMT") under the OECD Pillar Two model rules ("Pillar Two"). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities related to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Company are located in jurisdictions mainly including South Korea and Japan, where Pillar Two legislation was effective since January 1, 2024, and the Group's assessment indicates that there is no material related current tax exposure in these jurisdictions during the years ended December 31, 2024 and 2025.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	**56,705**	**128,079**	**225,789**
Income tax calculated at the domestic rates applicable to profits in the country concerned	8,506	19,212	33,868
Tax effect of:			
The impact of different tax rates on subsidiaries	(2,301)	2,180	22,049
Non-deductible expenses	1,056	737	1,981
Super deduction for research and development expenditure	(3,427)	(3,620)	(2,162)
Adjustments in respect of current tax of previous years	(1,487)	1,638	4,422
Tax losses and other temporary differences not recognized as deferred tax assets	1,187	3,349	169
Impact of change in tax rate on the opening deferred tax balance	–	(169)	–
Non-taxable income	(534)	(120)	(2,837)
The impact of share-based payment expenses eligible for deduction	–	–	(28,212)
Others	(585)	(764)	2,110
	2,415	**22,443**	**31,388**

12. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the year *(i)*	30,301	34,377	79,320
Interim dividends in respect of current year, declared and paid during the year *(ii)*	–	–	66,655
Total	**30,301**	**34,377**	**145,975**

(i) Final dividends attributable to owners of the Company in respect of 2022, 2023 and 2024, of RMB2.50 per 10 shares (tax inclusive), RMB3.00 per 10 shares (tax inclusive) and RMB3.00 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting, respectively.

(ii) Interim dividends attributable to owners of the Company in respect of 2025, of RMB3.00 per 10 shares (tax inclusive), were approved by the Third Extraordinary General Meeting held in 2025.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	54,290	105,636	194,401
Weighted average number of ordinary shares in issue (thousands)	332,109	276,597	309,405
Basic EPS (RMB per share)	**0.16**	**0.38**	**0.63**

(b) Diluted Earnings Per Share

	Year ended December 31,		
	2023	2024	2025
Adjusted profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	54,290	105,636	194,401
Weighted average number of ordinary shares in issue (thousands)	332,109	276,597	309,405
Adjustments for potential shares arising from share schemes (thousands)	6,977	5,509	6,504
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	339,086	282,106	315,909
Diluted EPS (RMB per share)	**0.16**	**0.37**	**0.62**

14. INTEREST IN ASSOCIATES

The Group

The amounts of interest in associates recognized in the Historical Financial Information are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Associates	47,541	91,498	67,928

The movements of interest in associates during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	27,810	47,541	91,498
Additions	15,000	47,550	–
Share of results of associates	276	1,218	621
Disposals	–	(5,000)	(24,000)
Others	4,455	189	(191)
At the end of the year	**47,541**	**91,498**	**67,928**

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Group's share of the results of individually immaterial associates are shown in aggregate as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	47,541	91,498	67,928
Aggregate amounts of the Group's share of:			
Profit from continuing operations for the year	276	1,218	621
Total comprehensive income	**276**	**1,218**	**621**

The Company

The amounts of interest in associates recognized in the Historical Financial Information are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Associates	36,343	51,933	53,115

The movements of interest in associates during the Track Record Period are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	22,874	36,343	51,933
Additions	10,000	15,000	–
Share of results of associates	77	590	1,182
Others	3,392	–	–
At the end of the year	**36,343**	**51,933**	**53,115**

The Company has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Company's share of the results of individually immaterial associates are shown in aggregate as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	36,343	51,933	53,115
Aggregate amounts of the Company's share of:			
Profit from continuing operations for the year	77	590	1,182
Total comprehensive income	**77**	**590**	**1,182**

15. INVESTMENTS IN SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interest and voting right held by the Company — As at December 31, 2023		2024		2025		Principal activities
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
		'000							
Guangzhou Jingwang Network Technology Co., Ltd. (廣州京旺網路科技有限公司)	PRC, limited liability company	RMB5,000	100%	–	100%	–	100%	–	Brand management services and e-commerce operation services
Guangzhou Haitongda Info-Tech Co., Ltd. (廣州海通達資訊科技有限公司)	PRC, limited liability company	RMB65,000	100%	–	100%	–	100%	–	Proprietary supply chain services
Guangzhou Dake Marketing Planning Co., Ltd. (廣州大可行銷策劃有限公司)	PRC, limited liability company	RMB5,000	100%	–	100%	–	100%	–	E-commerce operation services
HENGMEIKANG (INTERNATIONAL) CO., LIMITED (恒美康(國際)有限公司)	Hong Kong, limited liability company	HKD1,000	–	100%	100%	–	100%	–	Brand management services and e-commerce operation services
DREAMIE INTERNATIONAL TRADING CO., LIMITED (夢噠噠國際貿易有限公司)	Hong Kong, limited liability company	HKD1,000	100%	–	100%	–	100%	–	Brand management services and e-commerce operation services
LILY BUYER (INTERNATIONAL) TRADING CO., LIMITED (莉莉買手(國際)貿易有限公司)	Hong Kong, limited liability company	HKD10	100%	–	–	100%	–	100%	Brand management services and e-commerce operation services
FINENUTRI INTERNATIONAL BRAND MANAGEMENT CO., LIMITED (斐萃國際品牌管理有限公司)	Hong Kong, limited liability company	HKD10	–	100%	–	100%	–	100%	Marketing of proprietary brands
Guangzhou Moya Ark Trading Co., Ltd. (廣州摩亞方舟貿易有限公司)	PRC, limited liability company	RMB10,000	–	100%	–	100%	–	100%	Marketing of proprietary brands
Moya Ark (Shanghai) Brand Management Co., Ltd. (摩亞方舟(上海)品牌管理有限公司)	PRC, limited liability company	RMB10,000	–	100%	–	100%	–	100%	Marketing of proprietary brands

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	**119,940**	**146,175**	**146,175**

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Motor vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023					
Cost	170,519	3,771	19,501	5,147	198,938
Accumulated depreciation and impairment	(1,023)	(2,121)	(6,715)	(1,151)	(11,010)
Carrying amount	**169,496**	**1,650**	**12,786**	**3,996**	**187,928**
Opening carrying amount	169,496	1,650	12,786	3,996	187,928
Additions	–	2,981	1,622	480	5,083
Disposals	–	–	(146)	–	(146)
Depreciation	(5,400)	(1,173)	(4,345)	(1,696)	(12,614)
Closing carrying amount	**164,096**	**3,458**	**9,917**	**2,780**	**180,251**
At December 31, 2023 and January 1, 2024					
Cost	170,519	6,752	20,400	4,681	202,352
Accumulated depreciation and impairment	(6,423)	(3,294)	(10,483)	(1,901)	(22,101)
Carrying amount	**164,096**	**3,458**	**9,917**	**2,780**	**180,251**
Opening carrying amount	164,096	3,458	9,917	2,780	180,251
Additions	–	729	3,168	9,959	13,856
Disposals	–	–	(172)	–	(172)
Depreciation	(5,400)	(1,341)	(3,574)	(2,995)	(13,310)
Closing carrying amount	**158,696**	**2,846**	**9,339**	**9,744**	**180,625**
At December 31, 2024 and January 1, 2025					
Cost	170,519	7,481	21,101	13,375	212,476
Accumulated depreciation and impairment	(11,823)	(4,635)	(11,762)	(3,631)	(31,851)
Carrying amount	**158,696**	**2,846**	**9,339**	**9,744**	**180,625**
Opening carrying amount	158,696	2,846	9,339	9,744	180,625
Additions	–	2,175	5,558	3,396	11,129
Disposals	–	(363)	(175)	–	(538)
Depreciation	(5,400)	(1,011)	(4,046)	(4,578)	(15,035)
Closing carrying amount	**153,296**	**3,647**	**10,676**	**8,562**	**176,181**
At December 31, 2025					
Cost	170,519	8,320	26,231	14,879	219,949
Accumulated depreciation and impairment	(17,223)	(4,673)	(15,555)	(6,317)	(43,768)
Carrying amount	**153,296**	**3,647**	**10,676**	**8,562**	**176,181**

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	30 years
Motor vehicles	4-5 years
Office equipment	3-5 years
Leasehold improvements	Shorter of their useful life and lease term

See Note 38 for the other accounting policies relevant to property, plant and equipment.

Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	11,790	12,118	13,669
Research and development expenses	824	1,192	1,366
	12,614	**13,310**	**15,035**

The Company

	Buildings	Motor vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023					
Cost	170,519	2,135	18,370	4,620	195,644
Accumulated depreciation and impairment	(1,023)	(1,515)	(6,036)	(706)	(9,280)
Carrying amount	**169,496**	**620**	**12,334**	**3,914**	**186,364**
Opening net carrying amount	169,496	620	12,334	3,914	186,364
Additions	–	930	1,579	480	2,989
Disposals	–	–	(138)	–	(138)
Depreciation	(5,400)	(455)	(4,098)	(1,633)	(11,586)
Closing carrying amount	**164,096**	**1,095**	**9,677**	**2,761**	**177,629**
At December 31, 2023 and January 1, 2024					
Cost	170,519	3,065	19,566	4,577	197,727
Accumulated depreciation and impairment	(6,423)	(1,970)	(9,889)	(1,816)	(20,098)
Carrying amount	**164,096**	**1,095**	**9,677**	**2,761**	**177,629**
Opening net carrying amount	164,096	1,095	9,677	2,761	177,629
Additions	–	729	1,781	5,534	8,044
Disposals	–	–	(171)	–	(171)
Depreciation	(5,400)	(490)	(3,410)	(2,682)	(11,982)
Closing carrying amount	**158,696**	**1,334**	**7,877**	**5,613**	**173,520**
At December 31, 2024 and January 1, 2025					
Cost	170,519	3,794	18,880	8,854	202,047
Accumulated depreciation and impairment	(11,823)	(2,460)	(11,003)	(3,241)	(28,527)
Carrying amount	**158,696**	**1,334**	**7,877**	**5,613**	**173,520**
Opening net carrying amount	158,696	1,334	7,877	5,613	173,520
Additions	–	1,329	5,545	2,859	9,733
Disposals	–	(363)	(170)	–	(533)
Depreciation	(5,400)	(417)	(3,756)	(3,006)	(12,579)
Closing carrying amount	**153,296**	**1,883**	**9,496**	**5,466**	**170,141**
At December 31, 2025					
Cost	170,519	3,786	24,097	9,820	208,222
Accumulated depreciation and impairment	(17,223)	(1,903)	(14,601)	(4,354)	(38,081)
Carrying amount	**153,296**	**1,883**	**9,496**	**5,466**	**170,141**

17. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use Assets			
Buildings	**5,308**	**41,398**	**40,948**
Lease liabilities			
Current	4,730	8,909	10,579
Non-current	819	34,135	32,366
	5,549	**43,044**	**42,945**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use Assets			
Buildings	**4,996**	**40,952**	**31,580**
Lease liabilities			
Current	4,506	8,544	8,155
Non-current	752	34,072	25,074
	5,258	**42,616**	**33,229**

(b) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets:			
Buildings	**7,879**	**8,476**	**11,703**
Interest expense (included in finance cost)	348	794	1,724
Expense relating to short-term and low value leases not included in lease liabilities	998	757	994
	1,346	**1,551**	**2,718**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025, were approximately RMB9,176,000, RMB9,194,000 and RMB15,227,000, respectively.

See Note 38 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Trademark	Software	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023				
Cost	781	11,377	9,899	22,057
Accumulated amortization and impairment	(268)	(4,414)	–	(4,682)
Carrying amounts	**513**	**6,963**	**9,899**	**17,375**

	Trademark	Software	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Opening carrying amounts	513	6,963	9,899	17,375
Additions	609	181	–	790
Disposals	–	(715)	–	(715)
Amortization charges	(91)	(1,104)	–	(1,195)
Currency translation differences	–	–	186	186
Closing carrying amounts	**1,031**	**5,325**	**10,085**	**16,441**
At December 31, 2023 and January 1, 2024				
Cost	1,369	9,368	10,085	20,822
Accumulated amortization and impairment	(338)	(4,043)	–	(4,381)
Carrying amounts	**1,031**	**5,325**	**10,085**	**16,441**
Year ended December 31, 2024				
Opening carrying amounts	1,031	5,325	10,085	16,441
Additions	–	1,097	–	1,097
Disposals	(623)	(863)	–	(1,486)
Amortization charges	(71)	(967)	–	(1,038)
Currency translation difference	–	–	(905)	(905)
Impairment charges	–	–	(9,180)	(9,180)
Closing carrying amounts	**337**	**4,592**	**–**	**4,929**
At December 31, 2024 and January 1, 2025				
Cost	709	9,294	9,180	19,183
Accumulated amortization and impairment	(372)	(4,702)	(9,180)	(14,254)
Carrying amounts	**337**	**4,592**	**–**	**4,929**
Year ended December 31, 2025				
Opening carrying amounts	337	4,592	–	4,929
Disposals	(3)	–	–	(3)
Amortization charges	(70)	(879)	–	(949)
Closing carrying amounts	**264**	**3,713**	**–**	**3,977**
At December 31, 2025				
Cost	703	9,294	–	9,997
Accumulated amortization and impairment	(439)	(5,581)	–	(6,020)
Carrying amounts	**264**	**3,713**	**–**	**3,977**

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	900	219	282
Research and development expenses	295	819	667
	1,195	**1,038**	**949**

The Company

	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	62	11,194	11,256
Accumulated amortization and impairment	(26)	(4,396)	(4,422)
Carrying amounts	**36**	**6,798**	**6,834**

	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended December 31, 2023			
Opening carrying amounts	36	6,798	6,834
Additions	–	182	182
Disposals	–	(686)	(686)
Amortization charges	(7)	(1,086)	(1,093)
Closing carrying amounts	**29**	**5,208**	**5,237**
At December 31, 2023 and January 1, 2024			
Cost	62	9,222	9,284
Accumulated amortization and impairment	(33)	(4,014)	(4,047)
Carrying amounts	**29**	**5,208**	**5,237**
Year ended December 31, 2024			
Opening carrying amounts	29	5,208	5,237
Additions	–	1,097	1,097
Disposals	–	(863)	(863)
Amortization charges	(6)	(952)	(958)
Closing carrying amounts	**23**	**4,490**	**4,513**
At December 31, 2024 and January 1, 2025			
Cost	62	9,149	9,211
Accumulated amortization and impairment	(39)	(4,659)	(4,698)
Carrying amounts	**23**	**4,490**	**4,513**
Year ended December 31, 2025			
Opening carrying amounts	23	4,490	4,513
Amortization charges	(6)	(864)	(870)
Closing carrying amounts	**17**	**3,626**	**3,643**
At December 31, 2025			
Cost	62	9,149	9,211
Accumulated amortization and impairment	(45)	(5,523)	(5,568)
Carrying amounts	**17**	**3,626**	**3,643**

(a) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized 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.

The carrying amount of goodwill allocated to the cash generating units or group of cash generating units ("CGU" or "CGUs") are as follows:

	Opening	Currency translation differences	Disposals	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025					
OASIS BEAUTY CGU *(i)*	–	–	–	–	–
Year ended December 31, 2024					
OASIS BEAUTY CGU *(i)*	10,085	(905)	–	(9,180)	–
Year ended December 31, 2023					
OASIS BEAUTY CGU *(i)*	9,899	186	–	–	10,085

(i) The goodwill of OASIS BEAUTY CGU is generated from business combination of OASIS BEAUTY NZ LIMITED in 2019. Management has designated OASIS BEAUTY NZ LIMITED as OASIS BEAUTY CGU and reviews the business performance and monitors the goodwill on the CGU basis.

Driven by the rapid development of the Company's proprietary brands such as LYCOCELLE and FineNutri, the Company made a strategic adjustment in 2024. The management decided to concentrate the Company's resources on the proprietary brands while reducing resource investment in the OASIS BEAUTY CGU. The management expects the scale of the OASIS BEAUTY CGU to remain stable or experience a slight decline in the future. As at December 31, 2024, according to the Management's estimation of the recoverable amount of OASIS BEAUTY CGU, which was calculated based on its value-in-use, an impairment of RMB9,180,000 was recognized, resulting in a reduction in the carrying amount of goodwill of OASIS BEAUTY CGU to Zero.

The key assumptions used by management for value-in-use calculation for the impairment test of OASIS BEAUTY CGU goodwill as at December 31, 2023 and 2024, included:

	As at December 31,		
	2023	2024	2025
Revenue annual growth rates *(A)*	25%-65%	0.00%	N/A
Operating profit margin *(B)*	23.00%	16.40%	N/A
Perpetual annual growth rates	0.00%	0.00%	N/A
Pre-tax discount rates	10.59%	10.59%	N/A

(A) In 2023, the Company adjusted the production and sales strategies for OASIS BEAUTY CGU. Specifically, the production was shifted from being commissioned to overseas suppliers to being commissioned to domestic suppliers. Meanwhile, the Company has taken charge of developing the domestic market for these products. In the early stage of the forecast period, the sales scale was expected to recover to the pre-pandemic level with a growth rate of 65%, and a growth rate of 25% was projected to be maintained in the later stage of the forecast period.

In 2024, driven by the rapid development of the Company's proprietary brands such as LYCOCELLE and FineNutri, the management decided to concentrate the Company's resources on the proprietary brands while reducing resource investment in the OASIS BEAUTY CGU. The management expects the scale of the OASIS BEAUTY CGU to remain stable or experience a decline in the future. Therefore, the revenue annual growth rates were 0% for the forecast period.

In 2025, since the goodwill had been fully impaired by December 31, 2024, no impairment test was performed for the goodwill for the year ended December 31, 2025.

(B) The operating profit margin decreased significantly in 2024, since the Company would no longer invest resources in the OASIS BEAUTY CGU and would switch its business model from retail to distribution, which would lead to a decline in the operating profit margin.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Operating profit margin	Based on past performance and management's expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during 2023, 2024 and 2025.
Pre-tax discount rates	Estimated by using the weighted average cost of capital ("WACC") method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

For OASIS BEAUTY CGU, as at December 31, 2023, the recoverable amount calculated based on value-in-use calculation, exceeded the carrying amount of the tested CGU (including goodwill) of OASIS BEAUTY CGU by approximately RMB1,266,000. If the expected pre-tax discount rate had been 5% higher than management estimates as at December 31, 2023, the recoverable amount calculated would be lower than the carrying amount by approximately

RMB511,000. The directors of the Company have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group. As at December 31, 2024, as impairment was fully provided against goodwill of OASIS BEAUTY CGU, no sensitivity analysis is needed.

(b) Amortisation Methods and Periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Trademark	10 years
Software	10 years

(c) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

Financial assets:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets measured at fair value			
Equity investment *(Note 3.6)*	**39,398**	**30,996**	**28,437**
Financial assets measured at amortised cost			
Trade receivables *(Note 22)*	120,807	130,407	86,593
Restricted cash *(Note 24)*	9,129	6,943	2,922
Cash and cash equivalents *(Note 24)*	336,326	600,138	855,982
Other receivables *(Note 23)*	96,220	113,867	128,183
	562,482	**851,355**	**1,073,680**

Financial liabilities:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities measured at amortised cost			
Trade payables *(Note 27)*	19,972	46,993	175,855
Accruals and other payables (excluding non-financial liabilities) *(Note 28)*	19,769	29,942	42,803
Lease liabilities *(Note 17)*	5,549	43,044	42,945
Borrowings *(Note 25)*	170,892	274,483	1,014,900
	216,182	**394,462**	**1,276,503**

20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes are related to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	18,340	19,518	47,682
Offsetting against deferred tax liabilities	(2,162)	(7,251)	(6,252)
Net deferred tax assets	**16,178**	**12,267**	**41,430**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax liabilities	2,162	7,252	6,256
Offsetting against deferred tax assets	(2,162)	(7,251)	(6,252)
Net deferred tax liabilities	**–**	**1**	**4**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Impairment provisions and loss allowances	Unrealized profits	Lease liabilities	Share-based payment expenses	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	1,312	336	2,321	522	19,039	104	23,634
Credited to equity	–	–	–	758	–	–	758
Credited/(debited) to profit or loss	544	(181)	(1,460)	1,330	(6,426)	141	(6,052)
At December 31, 2023	**1,856**	**155**	**861**	**2,610**	**12,613**	**245**	**18,340**
At January 1, 2024	1,856	155	861	2,610	12,613	245	18,340
Credited to equity	–	–	–	4,835	–	–	4,835
Credited/(debited) to profit or loss	1,097	(155)	5,638	662	(11,293)	394	(3,657)
At December 31, 2024	**2,953**	**–**	**6,499**	**8,107**	**1,320**	**639**	**19,518**
At January 1, 2025	2,953	–	6,499	8,107	1,320	639	19,518
Debited to equity	–	–	–	(3,793)	–	–	(3,793)
(Debited)/credited to profit or loss	(80)	–	(856)	29,122	(800)	4,571	31,957
At December 31, 2025	**2,873**	**–**	**5,643**	**33,436**	**520**	**5,210**	**47,682**

(b) Deferred Tax Liabilities

	Depreciation	Right-of-use assets	Fair value changes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	1,296	2,288	–	3,584
(Credited)/debited to profit or loss	(318)	(1,460)	356	(1,422)
At December 31, 2023	**978**	**828**	**356**	**2,162**
At January 1, 2024	978	828	356	2,162
(Credited)/debited to profit or loss	(318)	5,427	(19)	5,090
At December 31, 2024	**660**	**6,255**	**337**	**7,252**

	Depreciation	Right-of-use assets	Fair value changes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	660	6,255	337	7,252
(Credited)/debited to profit or loss	(306)	(873)	183	(996)
At December 31, 2025	**354**	**5,382**	**520**	**6,256**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable profit:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	23,775	30,481	34,085
Deductible temporary differences	9,643	6,732	9,599
	33,418	**37,213**	**43,684**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry year:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2024	29	29	29
2025	809	809	809
2026	7,853	6,113	6,113
2027	7,183	5,756	5,756
2028	7,901	4,769	4,767
2029	–	13,005	7,878
2030	–	–	8,733
	23,775	**30,481**	**34,085**

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	10,338	17,181	40,165
Offsetting against deferred tax liabilities	(2,083)	(7,140)	(5,612)
Net deferred tax assets	**8,255**	**10,041**	**34,553**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax liabilities	2,083	7,140	5,612
Offsetting against deferred tax assets	(2,083)	(7,140)	(5,612)
Net deferred tax liabilities	**–**	**–**	**–**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Impairment provisions and loss allowances	Lease liabilities	Share-based payment expenses	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	1,039	2,298	522	6,189	11	10,059
Credited to equity	–	–	758	–	–	758
Credited/(debited) to profit or loss	443	(1,509)	1,330	(783)	40	(479)
At December 31, 2023	**1,482**	**789**	**2,610**	**5,406**	**51**	**10,338**
At January 1, 2024	1,482	789	2,610	5,406	51	10,338
Credited to equity	–	–	4,835	–	–	4,835
Credited/(debited) to profit or loss	1,121	5,604	662	(5,406)	27	2,008
At December 31, 2024	**2,603**	**6,393**	**8,107**	**–**	**78**	**17,181**
At January 1, 2025	2,603	6,393	8,107	–	78	17,181
Debited to equity	–	–	(3,793)	–	–	(3,793)
(Debited)/credited to profit or loss	(964)	(1,407)	29,122	–	26	26,777
At December 31, 2025	**1,639**	**4,986**	**33,436**	**–**	**104**	**40,165**

(b) Deferred Tax Liabilities

	Depreciation	Right-of-use assets	Fair value changes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	1,296	2,259	–	3,555
(Credited)/debited to profit or loss	(318)	(1,510)	356	(1,472)
At December 31, 2023	**978**	**749**	**356**	**2,083**
At January 1, 2024	978	749	356	2,083
(Credited)/debited to profit or loss	(318)	5,394	(19)	5,057
At December 31, 2024	**660**	**6,143**	**337**	**7,140**
At January 1, 2025	660	6,143	337	7,140
(Credited)/debited to profit or loss	(306)	(1,406)	184	(1,528)
At December 31, 2025	**354**	**4,737**	**521**	**5,612**

21. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	260,012	156,347	340,529
Goods in transit	57,183	62,295	65,427
Consigned materials for processing	7,971	12,541	62,283
	325,166	231,183	468,239
Less: provision for impairment	(6,586)	(5,469)	(6,442)
	318,580	**225,714**	**461,797**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	108,567	75,129	77,416
Goods in transit	37,194	34,683	31,628
	145,761	109,812	109,044
Less: provision for impairment	(2,201)	(2,340)	(413)
	143,560	**107,472**	**108,631**

22. TRADE RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	127,629	137,532	91,453
Less: credit loss allowance	(6,822)	(7,125)	(4,860)
	120,807	**130,407**	**86,593**

Credit terms granted to our customers vary by customer type. We generally do not grant any credit terms to end consumers and require prepayments from retailers. For e-commerce platforms and key accounts, we generally grant a credit term of 5 to 90 days. For certain customers, we may extend longer credit terms to 120 days. The aging analysis of trade receivables based on the date of revenue recognition is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	126,772	136,587	91,136
1 to 2 years	299	624	14
2 to 3 years	269	299	–
Over 3 years	289	22	303
	127,629	**137,532**	**91,453**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	91,112	377,365	718,416
Less: credit loss allowance	(3,628)	(5,493)	(3,708)
	87,484	**371,872**	**714,708**

The aging analysis of trade receivables based on the date of revenue recognition is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Up to 1 year	87,794	376,674	718,416
1 to 2 years	1,176	262	–
2 to 3 years	2,142	1	–
Over 3 years	–	428	–
	91,112	**377,365**	**718,416**

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current prepayments:	137,146	102,601	234,345
Other receivables:			
Rebates	52,081	76,736	74,071
Advance on behalf of clients	36,003	33,630	42,154
Deposits	14,340	14,135	19,602
Others	1,406	2,394	3,486
	240,976	229,496	373,658
Less: provision for impairment	(7,610)	(13,028)	(11,130)
	233,366	**216,468**	**362,528**
Other current assets:			
Deductible input VAT	15,614	5,356	31,640
Prepaid corporate income tax	3,264	118	880
Expected returns *(Note 26)*	2,398	3,479	3,333
[REDACTED] to be capitalized	[REDACTED]	[REDACTED]	[REDACTED]
	21,276	**8,953**	**54,102**
Non-current prepayments:			
Prepayments for non-current assets	**1,097**	**515**	**785**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current prepayments:	108,020	63,163	51,842
Other receivables:			
Due from subsidiaries	349,883	182,003	419,308
Dividend receivables	–	25,000	118,000
Advance on behalf of clients	27,616	25,461	41,640
Rebates	17,312	54,613	41,518
Deposits	7,474	6,983	11,927
Others	744	728	3,158
	511,049	357,951	687,393
Less: provision for impairment	(4,049)	(9,519)	(6,805)
	507,000	**348,432**	**680,588**
Other current assets:			
Deductible input VAT	2,209	–	17,474
Expected returns *(Note 26)*	1,250	1,644	1,337
[REDACTED] to be capitalized	[REDACTED]	[REDACTED]	[REDACTED]
	3,459	**1,644**	**37,060**
Non-current prepayments:			
Prepayments for non-current assets	**1,097**	**515**	**615**

24. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	345,455	607,081	858,904
Less: restricted cash *(i)*	(9,129)	(6,943)	(2,922)
Cash and cash equivalents	**336,326**	**600,138**	**855,982**

(i) As at December 31, 2023, the Group's bank balances amounting to RMB6,765,000 were deposited as a guarantee for store operation; and RMB2,364,000 were temporarily frozen by the bank because the Company's address information was not verified with the bank in a timely manner.

As at December 31, 2024, the Group's bank balances amounting to RMB6,443,000 were deposited as a guarantee for store operation; and RMB500,000 were temporarily frozen by the bank because the Company's address information was not verified with the bank in a timely manner.

As at December 31, 2025, the Group's bank balances amounting to RMB1,921,000 were deposited as a guarantee for store operation; and RMB1,001,000 were temporarily frozen by the bank because the Company's address information was not verified with the bank in a timely manner.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	104,873	160,090	158,351
Less: restricted cash	(552)	(142)	(229)
Cash and cash equivalents	**104,321**	**159,948**	**158,122**

(b) Cash and Bank Balances are denominated in:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	108,315	273,613	556,112
USD	194,577	285,353	151,972
EUR	1,022	960	56,719
HKD	4,713	23,056	44,233
AUD	1,780	1,108	1,214
JPY	22,745	12,151	38,009
SGD	168	166	170
NZD	12,039	10,179	9,965
GBP	–	409	425
KRW	96	86	85
	345,455	**607,081**	**858,904**

25. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured			
Bank loans	170,358	274,121	50,407
Unsecured			
Bank loans	–	–	964,062
Interest payables	534	362	431
Less: current-portion for long-term borrowings	–	–	(36,190)
Less: short-term borrowings	(170,892)	(274,483)	(663,710)
	–	**–**	**315,000**

As at December 31, 2023, 2024 and 2025, the Group's borrowings were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	170,892	274,483	699,900
Between 1 and 2 years	–	–	36,000
Between 2 and 5 years	–	–	279,000
	170,892	**274,483**	**1,014,900**

(a) As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was ranged from 1.55% to 3.50%, 0.20% to 3.20% and 0.54% to 2.80%, respectively.

As at December 31, 2025, the annual interest rate of long-term borrowings was 1.95%.

(b) As at December 31, 2023, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB170,358,000 guaranteed by Wang Yu and Wang Wenhui (Note 36 (c)).

As at December 31, 2024, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB199,900,000 guaranteed by Wang Yu and Wang Wenhui (Note 36 (c)); (ii) borrowings with a principal equivalent to approximately RMB10,000,000 guaranteed by Wang Yu (Note 36 (c)); (iii) borrowings with a principal equivalent to approximately RMB25,154,000 guaranteed by Wang Yu, Wang Wenhui and the Company (Note 36 (c)); (iv) borrowings with a principal equivalent to approximately RMB39,067,000 guaranteed by the Company.

As at December 31, 2025, secured bank loans mainly included: (i) borrowings with a principal equivalent to approximately RMB50,407,000 guaranteed by the Company.

All the guarantee provided by the ultimate controlling persons was released in August, 2025.

(c) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured			
Bank loans	110,900	209,900	–
Unsecured			
Bank loans	–	–	964,062
Interest payables	506	346	404
Less: current-portion for long-term borrowings	–	–	(36,190)

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Less: short-term borrowings	(111,406)	(210,246)	(613,276)
	–	**–**	**315,000**

26. PROVISIONS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Provisions for refund liabilities *(i)*	**4,412**	**5,945**	**8,173**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Provisions for refund liabilities *(i)*	**1,591**	**2,166**	**2,034**

(i) The Group and the Company recognise refund liabilities for the amount of consideration received for which it does not expect to be entitled. The Group and the Company also recognise a right to the goods expected to be returned measured by reference to the former carrying amount of the goods. The costs to recover the products are not material because the customers usually need to return the product in a saleable condition.

27. TRADE PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	**19,972**	**46,993**	**175,855**

The aging analysis of the trade payables based on the invoice date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	19,929	46,690	175,057
Over 1 year	43	303	798
	19,972	**46,993**	**175,855**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	**9,609**	**64,696**	**221,628**

The aging analysis of the trade payables based on the invoice date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	9,574	64,696	170,406
Over 1 year	35	–	51,222
	9,609	**64,696**	**221,628**

28. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and benefits	21,858	23,366	42,606
Deposits payables	6,162	2,934	1,962
Payment on behalf of clients	11,631	22,440	39,270
Taxes other than income tax payables	2,038	13,427	81,226
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,976	4,568	986
	43,665	**66,735**	**166,635**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due to subsidiaries	226,193	270,379	382,641
Salaries, wages and benefits	14,413	15,672	22,379
Deposits payables	602	467	98
Payment on behalf of clients	7,336	7,231	12,200
Taxes other than income tax payables	661	7,499	67,208
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Others	1,353	4,325	615
	250,558	**305,573**	**485,726**

29. SHARE CAPITAL

The Group and The Company

	Year ended December 31,					
	2023		2024		2025	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	'000	*'000*	*'000*	*'000*	*'000*	*'000*
At the beginning of the year	**121,700**	**121,700**	**122,329**	**122,329**	**164,031**	**164,031**
Shares issued under share schemes	629	629	1,878	1,878	3,515	3,515
Conversion of capital reserve into share capital *(i)*	–	–	45,837	45,837	152,332	152,332
Cancellation of shares repurchased *(ii)*	–	–	(6,013)	(6,013)	(8,819)	(8,819)
At the end of the year	**122,329**	**122,329**	**164,031**	**164,031**	**311,059**	**311,059**

(i) The *Proposal on the 2023 Annual Profit Distribution and Capital Reserve Conversion into Share Capital* was approved at the 2023 Annual General Meeting of Shareholders on May 28, 2024. It was agreed that the Company would take 114,591,000 shares as the base, which is derived from deducting 7,738,000 shares held in the Company's share repurchase special securities account as of the date of disclosure of the profit distribution proposal from the total share capital of 122,329,000 shares of the Company as of the end of 2023. The Company will convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 45,837,000 shares to be converted and issued.

The *Proposal on the 2024 Annual Profit Distribution and Capital Reserve Conversion into Share Capital* was approved at the 2024 Annual General Meeting of Shareholders on May 22, 2025. It was agreed that the Company would take 158,644,000 shares as the base, which is derived from deducting 5,387,000 shares held in the Company's share repurchase special securities account as of the date of disclosure of the profit distribution proposal from the total share capital of 164,031,000 shares of the Company as of the end of 2024. The Company will convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 63,457,000 shares to be converted and issued.

The *Proposal on the 2025 Interim Profit Distribution and Capital Reserve Conversion into Share Capital* was approved at the Third Extraordinary General Meeting of 2025 on September 4, 2025. It was agreed that the Company would take 222,185,000 shares as the base, to convert capital reserve into share capital for all shareholders at a ratio of 4 shares for every 10 existing shares, with a total of 88,875,000 shares to be converted and issued.

(ii) Pursuant to the resolutions of the 26th Meeting of the third Session of the Board of Directors and the resolutions of the Third Extraordinary General Meeting of Shareholders of 2024, the purpose of the 6,013,000 shares held in the special securities account for share repurchase was changed to "for cancellation and corresponding reduction of registered capital". The Company canceled 6,013,000 treasury shares, with a simultaneous reduction of RMB6,013,000 in share capital and RMB82,384,000 in capital surplus.

Pursuant to the resolutions of the 6th Meeting of the fourth Session of the Board of Directors and the resolutions of the second Extraordinary General Meeting of Shareholders of 2025, the purpose of the 8,819,000 shares held in the special securities account for share repurchase was changed to "for cancellation and corresponding reduction of registered capital". The Company canceled 8,819,000 treasury shares, with a simultaneous reduction of RMB8,819,000 in share capital and RMB288,178,000 in capital surplus.

30. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	**327,689**	**350,155**	**414,456**
Profit for the year	54,290	105,636	194,401
Appropriations to statutory reserves	(1,523)	(6,958)	(19,304)
Dividends declared	(30,301)	(34,377)	(145,975)
At the end of the year	**350,155**	**414,456**	**443,578**

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	**105,140**	**88,554**	**116,791**
Profit for the year	15,238	69,572	193,042
Appropriations to statutory reserves	(1,523)	(6,958)	(19,304)
Dividends declared	(30,301)	(34,377)	(145,975)
At the end of the year	**88,554**	**116,791**	**144,554**

31. OTHER RESERVES

The Group

	Share premium	Other reserves	Statutory reserves	Other comprehensive income/(loss)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**611,421**	**2,777**	**17,246**	**(84)**	**631,360**
Currency translation differences	–	–	–	232	232
Share-based payment scheme:					
– Exercise of share schemes	7,615	–	–	–	7,615
– Share-based compensation expenses	–	11,522	–	–	11,522
– Others	3,130	(2,372)	–	–	758
Appropriations to statutory reserves	–	–	1,523	–	1,523
Balance at December 31, 2023	**622,166**	**11,927**	**18,769**	**148**	**653,010**

	Share premium	Other reserves	Statutory reserves	Other comprehensive income/(loss)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**622,166**	**11,927**	**18,769**	**148**	**653,010**
Currency translation differences	–	–	–	3,292	3,292
Share-based payment scheme:					
– Exercise of share schemes	15,310	–	–	–	15,310
– Share-based compensation expenses	–	10,142	–	–	10,142
– Others	10,780	(5,945)	–	–	4,835
Appropriations to statutory reserves	–	–	6,958	–	6,958
Conversion of capital reserve into share capital	(45,837)	–	–	–	(45,837)
Cancellation of shares repurchased	(82,384)	–	–	–	(82,384)
Balance at December 31, 2024	**520,035**	**16,124**	**25,727**	**3,440**	**565,326**
Balance at January 1, 2025	**520,035**	**16,124**	**25,727**	**3,440**	**565,326**
Currency translation differences	–	–	–	(89)	(89)
Share-based payment scheme:					
– Exercise of share schemes	18,215	–	–	–	18,215
– Share-based compensation expenses	–	6,072	–	–	6,072
– Others	10,407	(14,200)	–	–	(3,793)
Appropriations to statutory reserves	–	–	19,304	–	19,304
Conversion of capital reserve into share capital	(152,332)	–	–	–	(152,332)
Cancellation of shares repurchased	(288,178)	–	–	–	(288,178)
Balance at December 31, 2025	**108,147**	**7,996**	**45,031**	**3,351**	**164,525**

The Company

	Share premium	Other reserves	Statutory reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**608,753**	**2,777**	**17,246**	**628,776**
Share-based payment scheme:				
– Exercise of share schemes	7,615	–	–	7,615
– Share-based compensation expenses	–	11,522	–	11,522
– Others	3,130	(2,372)	–	758
Appropriations to statutory reserves	–	–	1,523	1,523
Balance at December 31, 2023	**619,498**	**11,927**	**18,769**	**650,194**
Balance at January 1, 2024	**619,498**	**11,927**	**18,769**	**650,194**
Share-based payment scheme:				
– Exercise of share schemes	15,310	–	–	15,310
– Share-based compensation expenses	–	10,142	–	10,142
– Others	10,780	(5,945)	–	4,835
Appropriations to statutory reserves	–	–	6,958	6,958
Conversion of capital reserve into share capital	(45,837)	–	–	(45,837)
Cancellation of shares repurchased	(82,384)	–	–	(82,384)
Balance at December 31, 2024	**517,367**	**16,124**	**25,727**	**559,218**
Balance at January 1, 2025	**517,367**	**16,124**	**25,727**	**559,218**
Share-based payment scheme:				
– Exercise of share schemes	18,215	–	–	18,215
– Share-based compensation expenses	–	6,072	–	6,072
– Others	10,407	(14,200)	–	(3,793)
Appropriations to statutory reserves	–	–	19,304	19,304

	Share premium	Other reserves	Statutory reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Conversion of capital reserve into share capital	(152,332)	–	–	(152,332)
Cancellation of shares repurchased	(288,178)	–	–	(288,178)
Balance at December 31, 2025	**105,479**	**7,996**	**45,031**	**158,506**

32. TREASURY SHARES

The Group and The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	**2,124**	**28,399**	**39,621**
Repurchase of shares	26,275	99,619	457,378
Cancellation of shares repurchased	–	(88,397)	(296,997)
At the end of the year	**28,399**	**39,621**	**200,002**

33. EQUITY INCENTIVE PLAN

Pursuant to the 2022 Equity Incentive Plan approved at the 3rd Extraordinary General Meeting of Shareholders on June 13, 2022, the Company granted 7,150,000 share options to 145 incentive participants, which is the initial grant portion, and 1,780,000 share options was reserved for future grant. The grant date was July 15, 2022, and the exercise price was RMB13.39 per share. Under the 2022 Equity Incentive Plan, the share options are vested based on the service conditions and performance conditions.

The share options shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal:

Vesting date	Vesting portion	Vesting condition
The first anniversary from the vesting commencement date	10%	The net profit for 2022 of the Company shall not be less than RMB30 million
The second anniversary from the vesting commencement date	20%	The net profit for 2023 of the Company shall not be less than RMB60 million
The third anniversary from the vesting commencement date	30%	The net profit for 2024 of the Company shall not be less than RMB120 million
The fourth anniversary from the vesting commencement date	40%	The net profit for 2025 of the Company shall not be less than RMB180 million

Pursuant to the 17th meeting of the third session of the Board of the Company on June 6, 2023, the Company granted 1,755,000 share options to 83 incentive participants which was reserved in 2022 under the 2022 Equity Incentive Plan. The grant date was June 6, 2023, and the exercise price was RMB13.14 per share (the exercise price of the options granted in 2022 was also adjusted from RMB13.39 per share to RMB13.14 per share). Under the 2022 Equity Incentive Plan, the share options are vested based on the service conditions and performance conditions.

The share options granted in 2023 shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal:

Vesting date	Vesting portion	Vesting condition
The first anniversary from the vesting commencement date	20%	The net profit for 2023 of the Company shall not be less than RMB60 million
The second anniversary from the vesting commencement date	30%	The net profit for 2024 of the Company shall not be less than RMB120 million
The third anniversary from the vesting commencement date	50%	The net profit for 2025 of the Company shall not be less than RMB180 million

The number of share options granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	'000	'000	'000
At the beginning of the year	**6,655**	**7,087**	**6,705**
The impact of capital conversion *(Note 29)*	–	2,835	4,733
Granted	1,755	–	–
Exercised	(630)	(1,877)	(3,515)
Lapsed	(693)	(1,340)	(750)
At the end of the year	**7,087**	**6,705**	**7,173**

The weighted average remaining contractual life of the share options outstanding as at December 31, 2023, 2024 and 2025 was 2 years, 1 year and nil, respectively.

The fair value of the share options at grant date was independently determined using the Black-Scholes model by an independent qualified valuer. The significant inputs used in valuations were listed as below:

	2022 Equity Incentive Plan	2022 Equity Incentive Plan-reserved portion
Expected price volatility	21.10% to 23.37%	24.44%
Expected option life (year)	1 to 4 years	1 to 3 years
Risk free interest rate	1.88% to 2.40%	1.92% to 2.23%
Spot price of ordinary shares (RMB)	15.09	23.50

The volatility factor estimated was based on the historical daily share price volatility of the comparable companies for the period close to the expected time to exercise. The risk-free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

The inputs listed above represent distinct key valuation parameters applied when separately recognizing tranches of a single-grant, multi-tranche equity incentive plan under phased vesting arrangements.

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses (Note 9).

34. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before income tax for the year	56,705	128,079	225,789
Adjustments for:			
Interest income	(7,160)	(12,103)	(11,173)
Finance cost	2,189	4,612	15,266
Depreciation and amortization of non-current assets	21,683	22,902	27,885
Net losses on disposal of property, plant and equipment and other long-term assets	743	683	234
Net gains on disposal of interest in associates	–	(188)	(2,272)
Net impairment losses/(reversals) on financial assets	4,980	6,284	(4,163)
Impairment provision for inventories and other non-current assets	1,379	8,062	973
Share of profit of associates, net	(276)	(1,218)	(621)
Fair value changes on financial instruments	(154)	5,402	1,095
Net foreign exchange differences	(8,137)	(6,208)	25,014
Share-based compensation expenses	11,522	10,142	6,072
Net gains on financial instruments	(2,121)	(64)	(841)
Change in working capital:			
(Increase)/Decrease in receivables	(66,835)	17,022	(121,898)
Increase in payables	13,544	47,553	241,405
(Increase)/Decrease in inventories	(126,424)	93,983	(237,056)
Cash (used in)/generated from operations	**(98,362)**	**324,943**	**165,709**

(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Additions of right-of-use assets by way of leasing liabilities	413	44,566	11,253

(c) Net Debt Reconciliation

	Bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	**46,365**	**15,412**	**61,777**
Financing cash flows	124,038	(7,830)	116,208
Interest paid	(1,352)	(348)	(1,700)
Interest accrued	1,841	348	2,189
Other non-cash movements	–	(2,033)	(2,033)
At December 31, 2023	**170,892**	**5,549**	**176,441**
At January 1, 2024	**170,892**	**5,549**	**176,441**
Financing cash flows	103,763	(7,643)	96,120
Interest paid	(3,990)	(794)	(4,784)
Interest accrued	3,818	794	4,612
Other non-cash movements	–	45,138	45,138
At December 31, 2024	**274,483**	**43,044**	**317,527**
At January 1, 2025	**274,483**	**43,044**	**317,527**
Financing cash flows	740,159	(12,509)	727,650
Interest paid	(13,284)	(1,724)	(15,008)
Interest accrued	13,542	1,724	15,266
Other non-cash movements	–	12,410	12,410
At December 31, 2025	**1,014,900**	**42,945**	**1,057,845**

35. CONTINGENCIES AND COMMITMENTS

35.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Historical Financial Information.

35.2 Capital Commitments

As at December 31, 2023, 2024 and 2025, the Group did not have any material capital commitments.

36. RELATED PARTY TRANSACTIONS

(a) The ultimate controlling persons

The ultimate controlling persons of the Group are Mr. Wang Yu and Ms. Wang Wenhui.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
Xiangmei Biotechnology (Beijing) Co., Ltd. (橡美生物科技(北京)有限公司)	An associate of the Group

Name of the related parties	Relationship with the Group
Hangzhou Pure Pet Food Group Co., Ltd. (杭州純真寵物食品集團有限公司)	An associate of the Group
Guangzhou Meishen Biotechnology Co., Ltd. (廣州美神生物科技有限公司)	An associate of the Group
Langzi Co., Ltd. (朗姿股份有限公司)	A shareholder of the Company
Tianjin Yayi Biotechnology Limited Partnership (天津雅藝生物科技合夥企業(有限合夥))	A shareholder of the Company An entity controlled by the ultimate controlling persons
Guangzhou Mofan E-commerce Co., Ltd. (廣州市魔範電子商務有限公司)	An associate of the Group
Yutai (Shanghai) Biotechnology Co., Ltd. (予態(上海)生物科技有限公司)	An associate of the Group
Hangzhou Liemeng Program Brand Management Co., Ltd. *(i)* (杭州獵夢程式品牌管理有限公司)	An associate of the Group
Hangzhou Baixi Brand Management Co., Ltd. *(ii)* (杭州白惜品牌管理有限公司)	An associate of the Group

(i) The Company obtained 10% interest of Hangzhou Liemeng Program Brand Management Co., Ltd in August, 2023, and disposed all the interest in August, 2024.

(ii) The Company obtained 20.58% interest of Hangzhou Baixi Brand Management Co., Ltd in April, 2024, and disposed all the interest in March, 2025.

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) Material Transactions with Related Parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services:			
Associates of the Group	20,480	117,550	246,234

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and rendering of services:			
Associates of the Group	894	1,531	261
A shareholder of the Company	620	–	–
	1,514	**1,531**	**261**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantee provided by the ultimate controlling persons:			
Bank borrowings	170,892	274,483	–

All the guarantee provided by the ultimate controlling persons was released in August, 2025.

(d) Balance with Related Parties

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables:			
Associates of the Group	187	48	–

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Less: credit loss allowance	(9)	(2)	–
	178	**46**	**–**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables:			
Associates of the Group	258	–	–

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments and other receivables:			
Associates of the Group	–	1,500	–
Less: credit loss allowance	–	(75)	–
	–	**1,425**	**–**

All the balances with the related parties are trade in natures.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	300	301	300
Salaries, wages and bonuses	4,369	4,875	5,110
Share-based compensation expenses	1,230	1,473	984
Pension costs, housing fund, medical insurance and other social benefits	239	353	394
	6,138	**7,002**	**6,788**

As at December 31, 2023, 2024 and 2025, approximately RMB1,065,000, RMB918,000 and RMB520,000 of payroll payables which were unpaid as at period end were included in other payables and accruals.

37. EVENTS AFTER THE REPORTING PERIOD

On March 24, 2026, a final dividend in respect of the year ended December 31, 2025 of RMB3.00 per 10 shares (tax inclusive) has been proposed by the Board of Directors. On April 14, 2026, the proposed final dividend in respect of 2025 was approved by the Shareholders' meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

In April 2026, the Group entered into share purchase agreements with Bespoke Global LP, to acquire its 100% of the equity interests in Bespoke Holding Corporation and Erno Laszlo Group Ltd (including their respective wholly-owned subsidiaries, collectively referred to as the "Target Companies"). The acquisition consideration of the transaction is approximately RMB299 million and the acquisition has been closed on April 13, 2026, after which, the financial results of the Target Companies are consolidated into the financial statements of the Group.

Except for the events mentioned above, the Group had no significant subsequent events after December 31, 2025 and up to the date of this report.

38. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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

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

(2) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group like transactions and events in similar circumstances, unless allowed by other standards. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's historical financial information only to the extent of interests in the associate that are not related to the Group.

The investments in associates are stated at cost less impairment in the consolidated statement of financial position. The results of associates are accounted for by the Group on the basis of dividends received and receivable.

Changes in the Group's interests in associates

When the Group reduces its ownership interests in an associate but the Group continues to use the equity method (including situations that change of ownership interest in an associate due to capital increase of other shareholders to the associate), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

(3) Business Combinations

Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group

- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost 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 test 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 of the investee's net assets including goodwill.

(5) Foreign Currencies

(i) 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 Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average 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
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(8) Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Intellectual properties

Separately acquired intellectual properties are shown at historical cost. Intellectual properties acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

(9) Financial Assets

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized 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.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at 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.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized 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 amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized 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 statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.
- 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(10) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals, borrowings and customer deposit. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(11) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost of inventories are determined on the first-in first-out method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable 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.

(12) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group's impairment policies.

(13) 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, and bank overdrafts.

(14) Share Capital and Capital Reserve

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

(15) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(17) Borrowing Costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

(18) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized 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 recognized 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 recognized 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 recognized as interest expense.

(19) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized 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 statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. 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.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(20) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 33.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument ranted or is otherwise beneficial to the employee as measured at the date of modification.

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(23) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- 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.

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.

(24) Government Grant

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(25) 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.

(i) 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 and associates 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.

(ii) 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 recognized 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 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 realized or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognized 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 entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(26) Leases

(i) Definition of a Lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

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

Right-of-Use Assets

The cost of right-of-use asset includes:

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

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are account under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for 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.

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 payments 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;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

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

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

(iii) The Group as a Lessor

Leases for which the Group is a lessor are classified as finance or operating leases Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

(27) Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

 (i) has control or joint control of the reporting entity;

 (ii) has significant influence over the reporting entity; or

 (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

 (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

 (ii) One entity is an associate of the other entity (or a associate of a member of a group of which the other entity is a member).

 (iii) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

 (iv) The entity is controlled or jointly controlled by a person identified in (a).

 (v) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

 (vi) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

III SUBSEQUENT FINANCIAL STATEMENTS

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