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# CHEERWIN

**Cheerwin Group Limited**

**朝雲集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6601)**

## **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>		<b>Change (%)</b>
	<b>2024</b>	<b>2023</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	<b>1,820,108</b>	1,615,585	12.7
Gross profit	<b>894,341</b>	718,258	24.5
Profit before tax	<b>242,519</b>	217,266	11.6
Profit for the year	<b>195,249</b>	172,817	13.0
Earnings per share			
– Basic (RMB cents)	<b>15.25</b>	13.13	16.1

## OPERATING HIGHLIGHTS

In 2024, the Group focused on market opportunities by prioritizing customer value, leading to an overall enhancement in business performance:

- Steady growth in overall revenue: The revenue was RMB1,820.1 million for the year ended 31 December 2024, representing an increase of 12.7% as compared to RMB1,615.6 million for the year ended 31 December 2023.
- Growth in online and offline channels: The Group developed high-quality, sustainable channel marketing strategies aligned with consumption development trends based on profitability. Online channels benefited from the rapid growth of new e-commerce channels like Douyin (抖音) as well as directly managed channels, with the revenue from online channels rising by 22.1% during the Reporting Period as compared to the year ended 31 December 2023. Offline channel sales showed a steady increase, with the revenue from offline channels growing by 7.8% during the Reporting Period as compared to the year ended 31 December 2023.
- Continuous rise in profit for the period: The Group adhered to the business principle of high quality, sustainability and stable profit, and implemented effective cost management measures to ensure a continued, steady increase in revenue, cash and profits. The net profit was RMB195.2 million for the year ended 31 December 2024, representing an increase of 13.0% as compared to RMB172.8 million for the year ended 31 December 2023.
- Continuous improvement in gross profit: Our overall gross profit margin increased by 4.6 percentage points, driven by the improvement of the Group's brand influence and our continuous optimisation of category and channel structures, along with ongoing enhancements in supply chain operational efficiency.
- Adequate cash reserves: as at 31 December 2024, the total amount of cash, cash equivalents and various bank deposits of the Group amounted to RMB2,707.6 million.

## FINAL DIVIDEND

- The Board resolved to declare the payment of a final dividend of RMB0.0682 per Share (equivalent to HK\$0.0739 per Share) for the year ended 31 December 2024. The interim dividend of RMB0.0538 per Share (equivalent to HK\$0.0588 per Share) was paid. Total dividend for the year amounted to RMB0.1220 per Share, representing a dividend payout ratio of approximately 80.0%.

The board (the “**Board**”) of directors (the “**Directors**”) of Cheerwin Group Limited (the “**Company**”) is pleased to announce the audited consolidated results (the “**Annual Results**”) of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”). The Annual Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## **BUSINESS OVERVIEW AND OUTLOOK**

### **Business Overview**

In 2024, the Group focused on market opportunities by prioritising customer value, leading to an overall enhancement in business performance. We adhered to the business principle of high quality, sustainability and stable profit, and implemented effective cost management measures to ensure a continued, steady increase in revenue, cash and profits.

The breakdown of revenue by product categories are as follows:

- For the household care products category, which includes household repellent and insecticide products, household cleaning and air care products, revenue for the year ended 31 December 2024 was RMB1,633.8 million, representing an increase of 11.0% as compared to the year ended 31 December 2023;
- For the pet stores and pet products category, revenue for the year ended 31 December 2024 was RMB127.2 million, representing an increase of 64.5% as compared to the year ended 31 December 2023; and
- For the personal care products category, revenue for the year ended 31 December 2024 was RMB53.3 million, representing a decrease of 13.1% as compared to the year ended 31 December 2023.

The breakdown of revenue by sales channels are as follows:

- For online channels, revenue for the year ended 31 December 2024 was RMB670.9 million, representing an increase of 22.1% as compared to the year ended 31 December 2023; and
- For offline channels, which comprises offline distributors, corporate and institutional customers, overseas distributors, retail channel (Liby Channel), OEM business and physical pet stores, etc., revenue for the year ended 31 December 2024 was RMB1,149.2 million, representing an increase of 7.8% as compared to the year ended 31 December 2023.

In 2024, the Group implemented several measures to achieve high-quality, sustainable, and stable profit development across its overall performance:

- **Online sales channels:** The Group achieved rapid growth on new e-commerce channels with more channels surpassing RMB100 million in value while building upon the established success on Taobao (淘寶) related platforms, JD.com (京東), and Pinduoduo (拼多多). It increased the sales proportion of portable mosquito repellents, household cleaning products, pet food, and other trending items. Meanwhile, it optimised production to enhance the efficiency and profitability of its online operations.
- **Offline sales channels:** We adopted a multi-category distribution approach for distribution channels with a focus on the distribution volume of high-margin products and the quality of distribution outlets to expand the market reach. In terms of sales, we adopt special display techniques to promote our products, including, among others, product image showcase, products stacking with chamfers arrangement (堆頭切角) and shelf banners with an aim to improve the efficiency of our resource utilisation. The number of our physical pet stores increased to 60 as we enhanced their brand visual image and professional service offerings, store business model standardisation, and information system development.
- **Product innovation:** The Group created popular high-margin products that address consumers' pain points through technological innovation, optimising its overall revenue structure and improving its profitability. It consistently strengthened its top-tier brand influence in insecticides, repellents, and household cleaning products to introduce exceptional, differentiated key products with potent efficacy and wholesome ingredients, further optimising its product lineups.
- **Supply chain reform:** We staffed our organisation with specialised and young talents. We implemented technological renovation in our own factories by increasing automatic production lines to enhance production efficiency, while carrying out lean management for third-party factories, through which the Group's supply chain operational efficiency and profitability has been improved as a whole.

The Group has continued to promote its brands and products with marketing strategies of digitalization, socialisation and personalisation. We have strived to offer our consumers the one-stop high quality products for household care, personal care, and pet categories, and have been recognised and well received by our consumers. In particular, NielsenIQ retail market data showed that the Group's household insecticides and repellents products ranked first in China in terms of comprehensive market share of similar products for ten consecutive years from 2015 to 2024. During the Reporting Period, the Group secured the top position in offline market share across several categories, including electrothermal mosquito repellents, insecticidal aerosols, air refreshing aerosols, and toilet cleaners.

## Business Outlook

Given the current environment, the Company adheres to operational guidelines of high quality, sustainability and stable profit, and maintains strong cash flow, continuously improves profitability, and sticks to a high dividend policy. In 2025, the Company will focus on the following growth strategies:

1.
  - Expansion of household care business: We will further develop our high-end natural household care product line to enhance the gross profit margin of products and promote distribution coverage of household cleaning products. We aim to continue the upgrading of insecticide and mosquito repellent products, expand into the outdoor mosquito repellent sector and accelerate online and offline marketing;
  - Expansion of pet business: We will continue to promote the development of our pet business and establish our pet business moat by further expanding our pet store coverage area and the number of stores, improving single-store profitability and creating hit pet food;
  - Breakthrough in online channels: We will maintain the branding and market position on platforms under Taobao related platforms, JD.com and Pinduoduo, speed up the development of emerging e-commerce channels such as Douyin, further consolidate our leading position and business moat in terms of the core competitiveness of our various product categories and enhance the profitability from our e-commerce segment;
  - Further in-depth development of offline channels: We will reinforce the distribution of the entire product portfolio, expand the marketing of products with high gross profit margins so as to further consolidate our leading position in offline distribution channels;
2. Technology R&D improvement: integrate internal and external R&D resources to continuously enhance the know-how of our team, maintain our leading R&D capabilities in the industry, propel technological innovation, and introduce more high-quality and differentiated products;
3. Empowerment through team's building: continue to promote diversified portfolio incentive mechanisms to enhance the Group's organisational cohesion and coordination and ensure efficient implementation of the Group's development strategies;
4. Proactiveness in mergers and acquisitions opportunities: focus on personal care, cosmetics, domestic and foreign pet, and fast-moving consumer goods (FMCG) industries, speed up the pace of merger and acquisition, and target quality projects with stable cash flow, clear profit model and room for business development; and
5. Implementation of dividend policy: continue a high-proportion and stable dividend policy to maximise the Company's shareholders' returns.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
	NOTES	2024	2023
		RMB'000	RMB'000
<b>Revenue</b>	3	<b>1,820,108</b>	1,615,585
Cost of sales		<u>(925,767)</u>	<u>(897,327)</u>
<b>Gross profit</b>		<b>894,341</b>	718,258
Other income	4	<b>115,032</b>	123,471
Other gains and losses	5	<b>(28,503)</b>	(10,405)
Impairment losses (recognised) reversed in respect of trade receivables, net of reversal		<b>(18)</b>	49
Selling and distribution expenses		<b>(538,750)</b>	(425,033)
Administrative expenses		<b>(197,703)</b>	(188,071)
Finance cost	6	<u><b>(1,880)</b></u>	<u>(1,003)</u>
<b>Profit before tax</b>		<b>242,519</b>	217,266
Income tax expense	7	<u><b>(47,270)</b></u>	<u>(44,449)</u>
<b>Profit for the year</b>	8	<b>195,249</b>	172,817
<i>Other comprehensive income</i>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u><b>23,635</b></u>	<u>18,672</u>
<b>Total comprehensive income for the year</b>		<u><b>218,884</b></u>	<u>191,489</u>
<b>Profit (loss) for the year attributable to:</b>			
– Owners of the Company		<b>203,379</b>	175,016
– Non-controlling interests		<u><b>(8,130)</b></u>	<u>(2,199)</u>
		<u><b>195,249</b></u>	<u>172,817</u>
<b>Total comprehensive income (expense) for the year attributable to:</b>			
– Owners of the Company		<b>227,043</b>	193,653
– Non-controlling interests		<u><b>(8,159)</b></u>	<u>(2,164)</u>
		<u><b>218,884</b></u>	<u>191,489</u>
<b>Earnings per share</b>			
– Basic and diluted (RMB cents)	10	<u><b>15.25</b></u>	<u>13.13</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2024*

	<i>NOTES</i>	<b>As at 31 December 2024 RMB'000</b>	<b>2023 RMB'000</b>
<b>Non-current Assets</b>			
Property, plant and equipment		<b>147,013</b>	157,092
Right-of-use assets		<b>53,837</b>	33,758
Intangible assets		–	9,704
Goodwill		–	6,280
Interests in associates		<b>3,283</b>	1,500
Deposits paid for acquisition of property, plant and equipment		<b>407</b>	173
Financial assets at fair value through profit or loss (“FVTPL”)		<b>111,923</b>	136,143
Time deposits		<b>103,162</b>	272,447
Deferred tax assets		<b>60,400</b>	76,989
		<b>480,025</b>	694,086
<b>Current Assets</b>			
Inventories		<b>318,027</b>	268,033
Trade and other receivables	<i>11</i>	<b>97,460</b>	87,632
Tax recoverable		<b>19,230</b>	836
Amounts due from related parties		<b>12,303</b>	12,800
Other financial assets at amortised cost		<b>270,180</b>	143,902
Time deposits		<b>1,713,053</b>	1,737,883
Bank balances and cash		<b>891,425</b>	890,973
		<b>3,321,678</b>	3,142,059
<b>Current Liabilities</b>			
Trade and other payables	<i>12</i>	<b>406,182</b>	435,921
Contract liabilities		<b>292,938</b>	334,744
Amounts due to related parties		<b>58,426</b>	69,552
Lease liabilities		<b>18,991</b>	11,208
Income tax payables		<b>5,439</b>	16,318
		<b>781,976</b>	867,743
<b>Net Current Assets</b>		<b>2,539,702</b>	2,274,316
<b>Total Assets less Current Liabilities</b>		<b>3,019,727</b>	2,968,402

	<b>As at 31 December</b>	
<i>NOTES</i>	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current Liabilities</b>		
Lease liabilities	<b>30,493</b>	16,812
Deferred tax liabilities	–	11,406
Contingent consideration as liability at FVTPL	–	2,712
	<b>30,493</b>	30,930
<b>Net Assets</b>	<b>2,989,234</b>	2,937,472
<b>Capital and reserves</b>		
Share capital	<b>2</b>	2
Reserves	<b>2,990,880</b>	2,927,363
Equity attributable to owners of the Company	<b>2,990,882</b>	2,927,365
Non-controlling interests	<b>(1,648)</b>	10,107
<b>Total Equity</b>	<b>2,989,234</b>	2,937,472



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

### 1.1 General information

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

The address of the registered office and the principal place of business of the Company in Hong Kong and the PRC are disclosed in the corporate information section of the annual report of the Company for the year ended 31 December 2024.

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 1 and IFRS 7	Supplier Finance Arrangements

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

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027.

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

### ***IFRS 18 Presentation and Disclosure in Financial Statements***

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

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

#### (i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue by types of products		
Household care ( <i>Note i</i> )	1,633,823	1,471,917
Personal care	53,326	61,355
Pet stores and pet products	127,152	77,303
Others ( <i>Note ii</i> )	5,807	5,010
	<hr/>	<hr/>
Total	1,820,108	1,615,585
	<hr/>	<hr/>
Timing of revenue recognition		
At a point in time	1,820,108	1,615,585
	<hr/>	<hr/>

*Notes:*

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

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

As at 31 December 2024, the Group had aggregate amount of the transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) amounted to approximately RMB292,938,000 (2023: RMB334,744,000). The amounts were equivalent to the contract liabilities as at 31 December 2024 and 2023, which represented payments received from customers by the Group while the underlying goods are yet to be delivered.

Based on the information available to the Group at the end of the reporting period, management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as at 31 December 2024 and 2023 will be recognised as revenue within next twelve months.

**(iii) Segment information**

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

**(iv) Geographic information**

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

**(v) Information about major customers**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB’000</i></b>	<b><i>RMB’000</i></b>
Customer A ( <i>Note</i> )	<b>159,450</b>	190,372

*Note:* Customer A represented a group of entities under common control of the Controlling Shareholders as set out in Note 1. During the year ended 31 December 2023, revenue attributed from Customer A accounted for more than 10% of the total revenue of the Group. No single entity other than Customer A contributes 10% or more of total revenue of the Group for the respective years.

#### 4. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Government grants ( <i>Note</i> )	14,060	28,036
Bank interest income	81,491	73,805
Interest income from other financial assets at amortised cost	12,964	17,557
Investment income from financial assets at FVTPL	5,559	3,218
Others	958	855
	<u>115,032</u>	<u>123,471</u>

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

#### 5. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Gains on disposal/write-off of property, plant and equipment and right-of-use assets	12	67
Donations	(439)	(850)
Foreign exchange (losses) gains, net	(5,787)	408
Losses from changes in fair value of financial assets at FVTPL	(24,220)	(9,888)
Gain on disposal of a subsidiary	2,719	–
Others	(788)	(142)
	<u>(28,503)</u>	<u>(10,405)</u>

#### 6. FINANCE COST

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expense on lease liabilities	<u>1,880</u>	<u>1,003</u>

## 7. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Enterprise Income Tax (“EIT”):		
Current tax	42,701	55,170
Overprovision in prior year	(591)	(2,911)
	<u>42,110</u>	<u>52,259</u>
Deferred tax	5,160	(7,810)
	<u>47,270</u>	<u>44,449</u>

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

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

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

Anfu Cheerwin Rihua Company Limited (“Anfu Cheerwin”) was renamed Anfu Cheerwin Biotechnology Company Limited on 7 March 2025. Anfu Cheerwin has been qualified as a New and Hi-Tech Enterprise and entitled to a preferential tax rate of 15% from 2019 to 2024 granted by the local tax authority.

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before tax	<u>242,519</u>	<u>217,266</u>
Tax at PRC EIT rate of 25%	60,630	54,317
Tax effect of income not taxable for tax purpose	(6,844)	(2,673)
Tax effect of super deduction for research and development expenses ( <i>Note</i> )	(6,028)	(6,165)
Tax effect of expenses not deductible for tax purpose	4,178	8,334
Tax effect of deductible temporary differences and tax losses not recognised	12,378	12,391
Effect on preferential tax rate of a subsidiary	(16,453)	(18,844)
Overprovision in prior year	(591)	(2,911)
Income tax expense for the year	<u>47,270</u>	<u>44,449</u>

*Note:* The eligible expenditures represent research and development costs incurred in the PRC and charged to profit or loss, which is subject to an additional 100% (2023: 100%) tax deduction in the calculation of income tax expense for the year ended 31 December 2024.

## 8. PROFIT FOR THE YEAR

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
Directors' emoluments	17,710	16,616
Other staff costs:		
Salaries and other allowances	181,037	143,582
Contributions to retirement benefits scheme	13,682	12,153
Share-based payment expenses	306	1,134
Total staff costs ( <i>Note i</i> )	212,735	173,485
Depreciation of property, plant and equipment	21,751	25,655
Amortisation of intangible assets	–	318
Depreciation of right-of-use assets	17,407	10,001
Total depreciation and amortisation	39,158	35,974
Less: capitalised in inventories	(5,671)	(5,152)
	33,487	30,822
Impairment losses recognised on goodwill and intangible assets included in		
– administrative expenses	15,984	13,248
Auditors' remuneration		
– audit services	4,154	4,043
– non-audit services	1,932	1,721
Research and development costs recognised as an expense (included in administrative expenses)	29,840	32,561
Cost of inventories recognised as an expense ( <i>Note ii</i> )	926,953	895,558

### Notes:

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Staff costs included in cost of inventories	24,550	18,870
Selling and distribution expenses	93,783	71,752
Administrative expenses	94,402	82,863
	212,735	173,485

- (ii) Amounts included reversals of write-down of inventories of approximately RMB1,186,000 (2023: write-down of inventories of approximately RMB1,769,000).

## 9. DIVIDENDS

During the current year, a final dividend of RMB0.0640 per ordinary share (equivalent to HK\$0.0705 per ordinary share) in respect of the year ended 31 December 2023 (2023: RMB0.0220 per ordinary share (equivalent to HK\$0.0251 per ordinary share) in respect of the year ended 31 December 2022) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the current year amounted to approximately RMB85,333,000 (2023: RMB29,333,000).

During the current year, an interim dividend of RMB0.0538 per ordinary share (equivalent to HK\$0.0588 per ordinary share) in respect of the six months ended 30 June 2024 (2023: RMB0.0410 per ordinary share (equivalent to HK\$0.0447 per ordinary share) in respect of the six months ended 30 June 2023) was declared and paid to owners of the Company. The aggregate amount of the interim dividend declared and paid in the current year amounted to approximately RMB71,733,000 (six months ended 30 June 2023: RMB54,667,000).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of RMB0.0682 per ordinary share (equivalent to HK\$0.0739 per ordinary share), in an aggregate amount of RMB90,933,000 has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE

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

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the owners of the Company)	<b>203,379</b>	175,016
	<b>No. of Shares</b>	No. of Shares
	<b><i>'000</i></b>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,333,334</b>	1,333,334

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares for both 2024 and 2023 since the grant date of those share options.



## 11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables	16,750	16,510
Less: Allowance for credit losses	(912)	(894)
	<u>15,838</u>	<u>15,616</u>
Prepayments for purchase of raw materials	10,467	7,137
Prepaid promotion service expenses	7,623	8,516
Other tax recoverables	45,185	41,639
Receivables from payment intermediaries ( <i>Note a</i> )	3,270	3,882
Other receivables ( <i>Note b</i> )	<u>15,077</u>	<u>10,842</u>
Total trade and other receivables	<u>97,460</u>	<u>87,632</u>

*Notes:*

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

### Trade receivables

As at 1 January 2023, trade receivables from contracts with customers amounted to approximately RMB21,303,000.

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

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

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 30 days	8,778	7,427
31–60 days	7,060	7,543
61–90 days	–	646
	<u>15,838</u>	<u>15,616</u>

## 12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	189,907	170,201
Accrued sales rebates ( <i>Note</i> )	124,545	182,340
Other accrued expenses	23,616	31,820
Accrued staff payroll and welfare	48,791	32,086
Construction costs payables	3,290	3,810
Other tax payables	4,055	6,268
Other payables	11,978	9,396
	<u>406,182</u>	<u>435,921</u>

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

### Trade payables

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

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 30 days	108,645	109,495
31–60 days	63,261	41,828
61–90 days	11,506	10,881
Over 90 days	6,495	7,997
	<u>189,907</u>	<u>170,201</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Revenue

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

Our revenue increased by 12.7% from RMB1,615.6 million for the year ended 31 December 2023 to RMB1,820.1 million for the year ended 31 December 2024. The increase was attributable to the Group's success in grasping market opportunities and actively promoting the rapid development of sales channels and product innovation.

#### *Revenue by product categories*

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Household Care <sup>(1)</sup>	<b>1,633,823</b>	<b>89.8</b>	1,471,917	91.1
Pet Stores and Pet Products	<b>127,152</b>	<b>7.0</b>	77,303	4.8
Personal Care	<b>53,326</b>	<b>2.9</b>	61,355	3.8
Others <sup>(2)</sup>	<b>5,807</b>	<b>0.3</b>	5,010	0.3
<b>Total</b>	<b><u>1,820,108</u></b>	<b><u>100.0</u></b>	<b><u>1,615,585</u></b>	<b><u>100.0</u></b>

*Notes:*

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

The revenue from household care products increased by 11.0% from RMB1,471.9 million for the year ended 31 December 2023 to RMB1,633.8 million for the year ended 31 December 2024.

The revenue from pet stores and pet products increased by 64.5% from RMB77.3 million for the year ended 31 December 2023 to RMB127.2 million for the year ended 31 December 2024.

The revenue from personal care products decreased by 13.1% from RMB61.4 million for the year ended 31 December 2023 to RMB53.3 million for the year ended 31 December 2024.

### ***Revenue by sales channel***

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Online Channels <sup>(1)</sup>	<b>670,906</b>	<b>36.9</b>	549,645	34.0
Offline Channels <sup>(2)</sup>	<b>1,149,202</b>	<b>63.1</b>	1,065,940	66.0
<b>Total</b>	<b>1,820,108</b>	<b>100.0</b>	<b>1,615,585</b>	<b>100.0</b>

*Notes:*

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

The revenue from online channels increased by 22.1% from RMB549.6 million for the year ended 31 December 2023 to RMB670.9 million for the year ended 31 December 2024.

The revenue from offline channels increased by 7.8% from RMB1,065.9 million for the year ended 31 December 2023 to RMB1,149.2 million for the year ended 31 December 2024.

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, the Group's gross profit increased by 24.5% from RMB718.3 million for the year ended 31 December 2023 to RMB894.3 million for the year ended 31 December 2024. The overall gross profit margin increased from 44.5% for the year ended 31 December 2023 to 49.1% for the year ended 31 December 2024, which was primarily due to the enhancement of the Group's brand influence, the continuous refinement of its product offerings and channel structure as well as the continual improvement of operating efficiency in its supply chain.

***Gross profit and gross profit margin by product categories***

	Year ended 31 December			
	2024		2023	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Household Care <sup>(1)</sup>	804,272	49.2	662,259	45.0
Pet Stores and Pet Products	69,504	54.7	33,407	43.2
Personal Care	22,499	42.2	24,743	40.3
Others <sup>(2)</sup>	(1,934)	(33.3)	(2,151)	(42.9)
<b>Total</b>	<b>894,341</b>	<b>49.1</b>	<b>718,258</b>	<b>44.5</b>

*Notes:*

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

The gross profit of household care products was RMB804.3 million for the year ended 31 December 2024, and its gross profit margin increased from 45.0% for the year ended 31 December 2023 to 49.2% for the Reporting Period.

The gross profit of pet stores and pet products for the year ended 31 December 2024 was RMB69.5 million, and its gross profit margin increased from 43.2% for the year ended 31 December 2023 to 54.7% for the Reporting Period.

The gross profit of personal care products for the year ended 31 December 2024 was RMB22.5 million, and its gross profit margin increased from 40.3% for the year ended 31 December 2023 to 42.2% for the Reporting Period.

### *Gross profit and gross profit margin by sales channels*

	Year ended 31 December			
	2024		2023	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Online Channels <sup>(1)</sup>	374,612	55.8	262,933	47.8
Offline Channels <sup>(2)</sup>	519,729	45.2	455,325	42.7
<b>Total</b>	<b>894,341</b>	<b>49.1</b>	<b>718,258</b>	<b>44.5</b>

*Notes:*

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

The gross profit of online channels was RMB374.6 million for the year ended 31 December 2024, and its gross profit margin increased from 47.8% for the year ended 31 December 2023 to 55.8% for the Reporting Period.

The gross profit of offline channels was RMB519.7 million for the year ended 31 December 2024, and its gross profit margin increased from 42.7% for the year ended 31 December 2023 to 45.2% for the Reporting Period.

### **Other Income**

The Group's other income decreased by 6.9% from RMB123.5 million for the year ended 31 December 2023 to RMB115.0 million for the year ended 31 December 2024, which was primarily due to the decrease in government grants. The other income as a percentage of our total revenue decreased from 7.6% for the year ended 31 December 2023 to 6.3% for the Reporting Period.

### **Selling and Distribution Expenses**

The Group's selling and distribution expenses increased by 26.8% from RMB425.0 million for the year ended 31 December 2023 to RMB538.8 million for the year ended 31 December 2024, which was primarily attributable to the overall increase in the Group's revenue, which was in line with our business growth.

## **Administrative Expenses**

The Group's administrative expenses increased by 5.1% from RMB188.1 million for the year ended 31 December 2023 to RMB197.7 million for the year ended 31 December 2024, mainly due to the increase in payroll and salary as well as the impairment loss in goodwill.

## **Other Gains and Losses**

The Group's other losses increased by 174.0% from RMB10.4 million for the year ended 31 December 2023 to RMB28.5 million for the year ended 31 December 2024, which was primarily due to the movement in the fair value of the Group's investments and exchange rate fluctuations.

## **Finance Costs**

The Group's finance costs remained relatively stable at RMB1.0 million and RMB1.9 million for the years ended 31 December 2023 and 2024, respectively.

## **Profit before Tax**

As a result of the foregoing, the Group's profit before tax increased by 11.6% from RMB217.3 million for the year ended 31 December 2023 to RMB242.5 million for the year ended 31 December 2024.

## **Income Tax Expense**

The Group's income tax expense was RMB47.3 million for the year ended 31 December 2024, representing an increase of 6.5% as compared to RMB44.4 million for the year ended 31 December 2023, which was primarily due to the increase in profit before tax. Our effective tax rate remained relatively stable at 19.5% and 20.5% for the years ended 31 December 2024 and 2023, respectively, which were lower than the PRC statutory income tax rate of 25% primarily because one of our subsidiary enjoyed a preferential income tax rate of 15% since 2019 and is a qualified high-tech enterprise.

## **Profit for the Year**

As a result of the foregoing, the Group's profit increased by 13.0% from RMB172.8 million for the year ended 31 December 2023 to RMB195.2 million for the year ended 31 December 2024. Our net profit margin remained relatively stable at 10.7% and 10.7% for the years ended 31 December 2023 and 2024, respectively.

## **Operating Cash Flows**

The Group's net operating cash inflow was RMB9.4 million for the year ended 31 December 2024, as compared to RMB326.9 million for the year ended 31 December 2023, resulting from our profit before tax of RMB242.5 million, adjustment of non-cash and non-operating items, movements in working capital, and the income tax paid.

## **Capital Expenditures**

The Group's capital expenditures increased by 51.5% from RMB37.3 million for the year ended 31 December 2023 to RMB56.5 million for the year ended 31 December 2024, which was primarily for the purchase of property, plant and equipment, and right-of-use assets. We financed our capital expenditures primarily through our cash generated from our operating activities.

## **Financial Position**

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

As at 31 December 2024, we had RMB2,707.6 million in cash and cash equivalents and time deposits, most of which were denominated in RMB.

## **Gearing Ratio**

The gearing ratio (calculated using total interest bearing debt (consists of current and non-current lease liabilities) divided by total equity, multiplied by 100%) was 1.7% for the year ended 31 December 2024, representing an increase of 0.7 percentage point as compared to 1.0% as at 31 December 2023 primarily due to the increase in the Group's right-of-use assets and lease liabilities.

## **Significant Investments Held**

The Group maintains a portfolio of investments which generate steady income with potential of capital appreciation. The Group did not hold other significant investments which constitutes a fair value of 5% or above of the total assets of the Group as at 31 December 2024.

## **Funding and Treasury Policy**

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

## **Material Acquisitions and Future Plans for Major Investment**

For the year ended 31 December 2024, the Group did not conduct any other material acquisitions or disposals. Save for the expansion plans as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 26 February 2021 (the “**Prospectus**”) and in this announcement, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses.



## **Exposure to Fluctuations in Exchange Rates**

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

## **Pledge of Assets**

The Group did not have any pledged assets as at 31 December 2023 and 31 December 2024.

## **Contingent Liabilities**

As at 31 December 2024, the Group had no significant contingent liabilities.

## **Human Resources**

As at 31 December 2024, the number of employees of the Group was 1,202 as compared to 1,040 as at 31 December 2023. The total cost of staff, including basic salary and wages, social insurance and bonus, for the year ended 31 December 2024 was RMB212.7 million as compared to RMB173.5 million for the year ended 31 December 2023. The increase was mainly due to the business expansion of physical pet stores and the increase in performance awards granted to employees.

## OTHER INFORMATION

### Use of Proceeds from Global Offering

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

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2023 (RMB million)	Actual net amount utilised during the year ended 31 December 2024 (RMB million)	Actual net amount utilised up to 31 December 2024 (RMB million)	Unutilised net amount as at 31 December 2024 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Research and development of new products, upgrade of existing products and development of new brands and categories	7.1%	171.8	129.9	28.7	70.6	101.2	Expected to be fully utilised by the end of 2026
Facilitate the construction and upgrade of relevant research and development centers and support their research activities	10.2%	246.7	246.7	–	–	246.7	Expected to be fully utilised by the end of 2026
Motive existing research personnel and recruit additional experienced and talented personnel for our research and development team	2.7%	65.3	65.3	–	–	65.3	Expected to be fully utilised by the end of 2026
Further develop online distribution channels	10.0%	241.9	60.9	60.9	241.9	–	Not applicable
Further enhance our offline distribution network	5.0%	120.9	97.8	6.5	29.6	91.3	Expected to be fully utilised by the end of 2026
Establish and optimise our overseas online and offline sales network and develop new markets	5.0%	120.9	120.9	–	–	120.9	Expected to be fully utilised by the end of 2026
Enhance our market penetration in lower-tier cities	5.0%	120.9	112.2	1.5	10.2	110.7	Expected to be fully utilised by the end of 2026
Invest in online brand marketing activities to enhance brand and product awareness and educate customers	10.0%	241.9	145.5	20.7	117.1	124.8	Expected to be fully utilised by the end of 2026
Establish overseas supply chain to improve our cost advantage for our overseas operations	1.5%	36.3	36.3	–	–	36.3	Expected to be fully utilised by the end of 2026

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (RMB million)	Unutilised net amount as at 31 December 2023 (RMB million)	Actual net amount utilised during the year ended 31 December 2024 (RMB million)	Actual net amount utilised up to 31 December 2024 (RMB million)	Unutilised net amount as at 31 December 2024 (RMB million)	Expected timeline of full utilisation of the unutilised proceeds
Upgrade our existing production facilities and existing production lines at our Anfu and Panyu plants, and to establish new production lines to increase production capacity and efficiency	1.5%	36.3	36.3	–	–	36.3	Expected to be fully utilised by the end of 2026
Establish a supply chain base in Shanghai which include a warehouse and a logistic center and offices	7.0%	169.3	169.3	–	–	169.3	Expected to be fully utilised by the end of 2026
Deepen our digitalisation strategy, enhance information technology infrastructure, and further develop our technology and data-driven middle – office for our supply chain management, consumer community and proprietary platform operation and distribution channel management to improve operating efficiency	10.0%	241.9	234.7	2.3	9.5	232.4	Expected to be fully utilised by the end of 2026
Strategic acquisitions of upstream and downstream businesses to acquire external high quality, complementary technologies, brands and businesses	15.0%	362.8	200.2	11.5	174.1	188.7	Expected to be fully utilised by the end of 2026
Working capital and other general corporate purposes	10.0%	241.9	241.9	–	–	241.9	Expected to be fully utilised by the end of 2026
<b>Total</b>	<b>100.0%</b>	<b>2,418.8</b>	<b>1,897.9</b>	<b>132.1</b>	<b>653.0</b>	<b>1,765.8</b>	

As at 31 December 2024, the remaining proceeds of approximately RMB1,765.8 million (equivalent to approximately HK\$1,906.8 million) will continue to be used in accordance with the purposes as set out in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus. Majority of the unutilised net proceeds are deposited with reputable banks in Hong Kong or the PRC as at 31 December 2024.

## FINAL DIVIDEND

The Board resolved to declare the payment of a final dividend of RMB0.0682 per Share (equivalent to HK\$0.0739 per Share) for the year ended 31 December 2024 (year ended 31 December 2023: RMB0.0640 (equivalent to HK\$0.0705 per Share)). The interim dividend of RMB0.0538 per Share (equivalent to HK\$0.0588 per Share) was paid. Total dividend for the year amounted to RMB0.1220 per Share, representing a dividend payout ratio of approximately 80.0%.

The Board recommended the payment of a final dividend of RMB0.0682 per Share, on or around Tuesday, 8 July 2025 to the shareholders of the Company (the “**Shareholder(s)**”) whose names appear on the register of members of the Company on Thursday, 26 June 2025.

The final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Tuesday, 18 March 2025 to Monday, 24 March 2025.

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

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 13 June 2025.

The register of members of the Company will also be closed on Thursday, 26 June 2025 in order to determine the entitlement of the Shareholders to the final dividend (if approved by the Shareholders in the AGM), during which period no share transfers will be registered. To qualify for the final dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 25 June 2025.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. For the year ended 31 December 2024, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the following provision.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions since the Listing Date. Having been made specific enquiries, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2024.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the year ended 31 December 2024, there are no treasury shares held by the Company.

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares, if any).

## **PUBLIC FLOAT**

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

## **EVENTS AFTER THE PERIOD**

There is no significant subsequent event after the reporting period.

## **AUDIT COMMITTEE**

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Mr. Chan Wan Tsun Adrian Alan (Chairman), Mr. Guo Sheng and Dr. Yu Rong, and one non-executive Director, namely Mr. Chen Zexing. The Audit Committee has adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cheerwin.com](http://www.cheerwin.com). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders upon their request and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

By order of the Board  
**Cheerwin Group Limited**  
**Chen Danxia**

*Executive Director, Chairman and Chief Executive Officer*

Hong Kong, 25 March 2025

*As at the date of this announcement, the Board comprises Ms. Chen Danxia, Ms. Wang Dong, Mr. Zhong Xuyi and Mr. Lv Yongji as executive Directors; Mr. Chen Zexing as non-executive Director; and Dr. Yu Rong, Mr. Guo Sheng and Mr. Chan Wan Tsun Adrian Alan as independent non-executive Directors.*