THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Cheerwin Group Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR TRANSACTION
IN RELATION TO
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 5 to 21 of this circular.

The Company has obtained Shareholder's written approval from Cheerwin Global, holding 74.25% of the issued Shares as at the Latest Practicable Date, for approving the Agreement and the transactions contemplated thereunder. As such, the Company is not required to convene an extraordinary general meeting for approving the Agreement and the transactions contemplated thereunder. This circular is being despatched to the Shareholders for information only.

13 February 2026

CONTENTS

Page

DEFINITIONS 1

LETTER FROM THE BOARD 5

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP I-1

APPENDIX II – FINANCIAL INFORMATION OF THE TARGET GROUP II-1

APPENDIX III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP III-1

APPENDIX IV – MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP IV-1

APPENDIX V – PROPERTY VALUATION REPORT V-1

APPENDIX VI – GENERAL INFORMATION VI-1

Unless the context requires otherwise, the following expressions shall have the following meanings in this circular:

"Acquisition"	the acquisition of the Target Equity Interests by the Purchaser from the Vendors pursuant to the Agreement
"Adjusted Net Profit"	has the meaning as ascribed to it under the paragraph headed "THE AGREEMENT — Adjustment to Consideration" under the "LETTER FROM THE BOARD" in this circular
"Agreement"	the equity interests transfer agreement dated 31 December 2025 entered into among the Vendors, Purchaser and Target Company in relation to the Acquisition
"Announcements"	the announcements of the Company dated 31 December 2025 and dated 26 January 2026
"Board"	the board of Directors
"Cheerwin Global"	Cheerwin Global Limited, a company incorporated in the British Virgin Islands with limited liability
"China" or "PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"Company"	a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6601)
"Completion"	the consummation of the Acquisition
"Condition(s)"	the condition(s) precedent of the Acquisition, the details of which are described in the paragraph headed "THE AGREEMENT — Conditions" under the "LETTER FROM THE BOARD" in this circular
"connected person(s)", "percentage ratio(s)" and "subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the Initial Consideration or the Final Consideration (as the case may be)

"Deficit"	has the meaning as ascribed to it under the paragraph headed "THE AGREEMENT — Adjustment to Consideration" under the "LETTER FROM THE BOARD" in this circular
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Target Group upon Completion
"Excess"	has the meaning as ascribed to it under the paragraph headed "THE AGREEMENT — Adjustment to Consideration" under the "LETTER FROM THE BOARD" in this circular
"Final Consideration"	has the meaning as ascribed to it under the paragraph headed "THE AGREEMENT — Adjustment to Consideration" under the "LETTER FROM THE BOARD" in this circular
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Initial Consideration"	has the meaning as ascribed to it under the paragraph headed "THE AGREEMENT — Consideration and payment" under the "LETTER FROM THE BOARD" in this circular
"Latest Practicable Date"	9 February 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LPR"	the one-year loan prime rate published by the National Interbank Funding Center (全國銀行間同業拆借中心) authorized by the People's Bank of China
"Property Valuation Report"	the property valuation report dated 13 February 2026 prepared by the Valuer in respect of the property interests held by the Target Group

"Purchaser"	Guangzhou Cheerwin Holding Company Limited* (廣州朝雲控股有限公司), a company established under the laws of the PRC with limited liabilities
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong
"Share(s)"	ordinary share(s) of the Company
"Share Option Scheme"	the share option scheme of the Company was approved and adopted by the Shareholders on 23 July 2021
"Shareholders"	the holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Hebei Kangda Co., Ltd.* (河北康達有限公司), a company established under the laws of the PRC with limited liability
"Target Equity Interests"	100% of the equity interests of Target Company
"Target Group"	the Target Company and its subsidiary
"Third Payment Confirmation"	has the meaning as ascribed to it under the paragraph headed "THE AGREEMENT — Adjustment to Consideration" under the "LETTER FROM THE BOARD" in this circular
"Valuer"	Asia-Pacific Consulting and Appraisal Limited, an independent valuer engaged in respect of the property interests held by the Target Group
"Vendors"	collectively, Zuo Yulong (左玉龍), Liu Xuchun (柳緒春), Bai Shuchang (白述昌), He Jianwei (賀建偉), He Jianning (何建寧), Hu Jianguo (胡建國), Xin Chuansan (辛傳三), Shi Jingshan (石景山), Yuan Xinyue (袁新樂), Wang Xuemin (王學民), Zhou Ziyan (周紫燕) and Zhang Kunyuan (張坤元)
"%"	per cent

If there is any inconsistency between the Chinese names of the PRC individuals and entities and their English translations, the Chinese names shall prevail. The English translation of the PRC entities, enterprises or nationals marked with "" are for identification purpose only.*

For illustration only and unless otherwise stated, the conversion of HK$ into RMB in this circular is based on the exchange rate of HK$1.10 to RMB1.00. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments.

Cheerwin Group Limited
朝雲集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6601)

Executive Directors:
Ms. Chen Danxia *(Chairman)*
Ms. Wang Dong
Mr. Zhong Xuyi
Mr. Lv Yongji

Non-executive Director:
Mr. Chen Zexing

Independent Non-executive Directors:
Dr. Yu Rong
Mr. Guo Sheng
Mr. Chan Wan Tsun Adrian Alan

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Hong Kong

13 February 2026

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

Reference is made to the Announcements in relation to the Acquisition. The purpose of this circular is to provide you with, among other things, further details of the Acquisition and other information as required under the Listing Rules.

The Board is pleased to announce that, on 31 December 2025, the Purchaser (a wholly-owned subsidiary of the Company), the Vendors and the Target Company entered into the Agreement, pursuant to which the Purchaser has agreed conditionally to acquire from the Vendors the Target Equity Interests at the maximum possible Consideration of RMB450 million (equivalent to approximately HK$495 million).

The purpose of this circular is to provide you with, among other things further information of the Acquisition, the financial and other information of the Target Group, the unaudited pro forma financial information of the Enlarged Group, the Property Valuation Report of the property interests of the Target Group and other general information required to be disclosed under the Listing Rules, for information purpose only.

THE AGREEMENT

Date: 31 December 2025

Parties: (1) the Purchaser (a wholly-owned subsidiary of the Company);

(2) the Vendors; and

(3) the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

Subject matter

The Vendors agreed to sell, and the Purchaser agreed to acquire the Target Equity Interests free from any encumbrances, pledges, liens or any other rights or interests of any third party. The business to be acquired by the Group comprises the research, development, production and sales of household insecticides, detergents, daily chemical products and aerosol products of the Target Company.

Consideration and payment

The Consideration for the Target Equity Interests is the initial consideration in the amount of RMB400 million (equivalent to approximately HK$440 million) (the "**Initial Consideration**") (subject to the adjustment as described under the section headed "Adjustment to Consideration" below). The Purchaser will pay the Initial Consideration to the Vendors in cash in the following manner:

i. RMB100 million (equivalent to approximately HK$110 million), representing 25% of the Initial Consideration, will be payable to the Vendors within seven (7) business days after signing of the Agreement; and

ii. RMB300 million (equivalent to approximately HK$330 million), representing 75% of the Initial Consideration, will be payable to the Vendors within three (3) business days after the completion of the industrial and commercial registration for the Acquisition and the receipt of the change registration notice issued by the Market Supervision Administration.

In the event that the Acquisition is cancelled or terminated, or the Conditions are not fulfilled for reasons unrelated to any party's breach or due to a breach of the Agreement by the Vendors, the Vendors shall refund the first tranche of the Initial Consideration to the Purchaser, amounting to RMB100 million. If such cancellation, termination or failure to fulfill the Conditions occurs due to a breach of the Agreement by the Purchaser, the Vendors shall refund the first tranche of the Initial Consideration to the Purchaser, amounting to RMB100 million, less any non-refundable individual income tax paid by the Vendors in accordance with the terms and conditions of the Agreement.

Adjustment to Consideration

As agreed between the Vendors and Purchaser, the Initial Consideration shall be adjusted based on the audited net profit attributable to the parent company after deducting nonrecurring items for the financial year of 2026 (the "**Adjusted Net Profit**") (the "**Final Consideration**"). Such nonrecurring items include (a) any loss incurred arising from (i) the transfer or gifting of assets (including intellectual property and equity) at nil or a significantly lower market price, (ii) third-party debts, guarantees, or payments with no reasonable justification, (b) substantial cash dividends, profit distribution, or the transfer of benefits to related parties which are not in compliance with any applicable laws and regulations, (c) administrative fines, judicial compensations, or asset damage arisen due to intentional misconduct or gross negligence, (d) substantial expenses unrelated to the operations, waiving expired receivables, or improperly accounting for asset impairments, and (e) any decrease in the net assets, profitability, or detriment to equity that are not arisen from normal operational activities.

If the Adjusted Net Profit exceeds RMB60 million (inclusive) (the "**Excess**"), the Purchaser will pay the Vendors an amount equal to RMB25 million plus 30% of the Excess, and the aggregate of such payment will be capped at RMB50 million. If the Adjusted Net Profit does not reach RMB60 million (the "**Deficit**"), the Purchaser will pay the Vendors an amount equal to RMB25 million minus the Deficit. If the Deficit is more than RMB25 million, the Vendors will not pay the difference to the Purchaser.

The Purchaser and the Vendors shall confirm the audit results for the financial year of 2026 by 15 April 2027 and the Vendors shall issue a third payment confirmation (the "**Third Payment Confirmation**"), upon the receipt of which and subsequent to the receipt of the full tax payment proofs of individual income tax for the Acquisition submitted by the Vendors to the Purchaser, shall the Purchaser pay to the Vendors the difference between the Final Consideration and the Initial Consideration in a manner as described above. The maximum possible Final Consideration shall be RMB450 million (equivalent to approximately HK$495 million).

The Board, in determining the Initial Consideration, has primarily based on the audited consolidated net profit for the years 2022 to 2024 and the nine months ended 30 September 2025 of the Target Company which are RMB75 million, RMB65 million, RMB86 million and RMB77 million respectively, with reference to an approximate price-to-earnings (P/E) ratio of 6 times, which is lower than the average P/E ratio of comparable companies in the industry.

The Group has considered three commonly used multiples for the valuation under the market approach, being the P/E multiple, price to book ("**P/B**") multiple and price to sale ("**P/S**") multiple, and considered that the use of P/E multiple approach for the Target Group as a profit-making business is fair and reasonable with reasons as follows:

(i) The P/E ratio provides a better alignment with the value drivers of the Target Group.

The Target Group is a profitable and brand-driven consumer goods enterprise, with its value possibly derived from the stability of profitability. The P/E ratio could be measured based on the historical earnings of the Target Group, which the Group considers aligns more closely with the core value drivers of the Target Group.

(ii) The P/S ratio may not effectively take into account the earnings capability, thus offering a relatively limited value for reference.

The P/S ratio is based on revenue and does not take into account the gross margin, expense allocation, and operational efficiency. In the consumer goods industry, varying brand positioning and channel structures may lead to significant differences in profit margins. P/S multiples may not be able to fully reflect the profitability and operational efficiency of the Target Group. Additionally, the P/S ratio may generally be applied for valuing some unprofitable companies; which make it a less appropriate metric for the valuation of the Acquisition.

(iii) The P/B ratio may provide a relatively limited reference for valuation of asset-light and brand-driven businesses.

The Target Group adopts a relatively asset-light business model, with its competitiveness also derived from some intangible factors including its strength in brand and channels. The P/B multiple generally applies to industries where tangible assets and capital investment are the main sources of value. Given that the Target Group adopts a relatively asset-light business model and P/B is less appropriate for companies with value also derived from some intangible factors including brands and channels, the P/B ratio is considered less relevant for the valuation of the Acquisition.

Based on the reasons above, the Group has considered that the use of P/E multiple approach for the Target Group as a profit-making business is fair and reasonable.

The Company has also conducted an analysis on comparable companies. In particular, the Company has, to the best of its knowledge and efforts, identified and reviewed the representative price-to-earnings ratios of comparable companies, which are companies that primarily supply daily consumer goods and operate under a business model similar to that of the Target Company. In particular, the Group has applied the following key criteria:

(i) comparable companies primarily engage in businesses related to daily consumer goods, with their products characterized by high-frequency consumption and being brand-driven;

(ii) the business models of comparable companies are centered on characteristics of brand development, distributor and channel network coverage, as well as large-scale production and sales;

(iii) the industries in which the comparable companies operate are the same as or similar to that of the Target Group, mainly covering the fields of household care, insecticides, daily chemical products, and other consumer goods;

(iv) comparable companies possess relatively mature and stable profit models, with their financial performance providing a market benchmark for assessing the valuation level of the Target Group;

(v) comparable companies are publicly listed, with publicly disclosed financial information which are relatively readily accessible and comparable.

Based on the above criteria, the Group selected the following companies as comparable companies, namely Chengdu Rainbow Electrical Appliance (Group) Co., Ltd.* (成都彩虹電器(集團)股份有限公司), Jiangsu Yangnong Chemical Co., Ltd.* (江蘇揚農化工股份有限公司), The Procter & Gamble Company, Unilever PLC, Fumakilla Limited, and Earth Corporation. The Board is of the view that such selection criteria are appropriate for identifying the comparable companies. Details of the comparable companies are set out below:

Company name	Stock code	Location of the stock exchange on which the shares are listed	Principal business activities	P/E ratio
Chengdu Rainbow Electrical Appliance (Group) Co., Ltd.* (成都彩虹電器(集團)股份有限公司)	003023.SZ	Shenzhen Stock Exchange	It is principally engaged in the research and development, production and sales of household flexible heating appliances (such as electric blankets, electric hand warmers, etc.) and household sanitary insecticides (such as electric mosquito-repellent incense liquid, electric mosquito-repellent incense mats, insecticide aerosols, etc.). Products are mainly sold to various regional markets in the PRC.	23.10
Jiangsu Yangnong Chemical Co., Ltd.* (江蘇揚農化工股份有限公司)	600486.SH	Shanghai Stock Exchange	It is principally engaged in the research and development, production and sales of pesticide products (especially pyrethroids), with a complete and integrated industrial chain covering research, production and sales.	18.73

Company name	Stock code	Location of the stock exchange on which the shares are listed	Principal business activities	P/E ratio
The Procter & Gamble Company	PG	New York Stock Exchange, the United States	A global consumer goods company headquartered in Cincinnati, Ohio, the United States. Its principal products span multiple categories including household cleaning, personal care, health care and beauty care, and owns a portfolio of global brands such as Pampers, Rejoice, Head & Shoulders, Whisper, Crest, and Pantene.	22.19
Unilever PLC	UL.US	New York Stock Exchange, the United States	A daily consumer goods company headquartered in London, United Kingdom and Rotterdam, the Netherlands. The company's business covers multiple daily consumption sectors including food and beverages, home cleaning and personal care, and it owns international brands such as Dove, OMO, Lux, Clear, Vaseline, and Lipton.	21.60
Fumakilla Limited	4998.T	Tokyo Stock Exchange, Japan	A Japanese daily chemical and pest control company headquartered in Tokyo. It is principally engaged in the manufacturing, sales, import and export of insecticides, insect repellent devices, household products, gardening products and commercial pest control products. Its product portfolio covers a wide range of household and gardening daily chemicals such as mosquito coils, electronic mosquito repellents, cockroach/fly/ant repellents, dehumidifiers, and insect repellents for clothing, with a business presence in both the Japan domestic market and overseas markets.	16.43
Earth Corporation	4985.T	Tokyo Stock Exchange, Japan	A comprehensive daily necessities company headquartered in Tokyo, Japan, principally engaged in the manufacturing and sales of household products and insecticides, including various pest control products such as household insect repellents, insecticide sprays, mosquito coils, and electric mosquito repellent incense liquid. Its product line also extends to daily life products such as oral care products, bath additives, air fresheners, cleaning products and gardening supplies.	25.69

Note: The P/E ratios of the comparable companies were calculated based on their net profit attributable to the parent company for 2022 to 2024, divided by the closing price on the last trading day as at the date of the Agreement.

The Group is aware that some of the comparable companies are diversified daily consumer goods groups with product portfolios spanning multiple categories, rather than being limited to the specific product segments in which the Target Group operates. However, the Group believes these companies share comparable core business attributes, brand-driven characteristics, channel structures, and profit models with the Target Group, and therefore serve as reasonable benchmarks for assessing the valuation level of the Target Group.

The Company has conducted, based on the above selection criteria, a thorough screening of publicly listed companies in the PRC, Hong Kong, and major overseas exchanges. Given a limited number of publicly listed companies focusing exclusively on a single segment such as home insecticides or daily chemical products, the Group considers Japan's Fumakilla Limited and Earth Corporation are the most comparable to the Target Company among all the comparable companies as their products are more focused in insecticides, pest control products and devices, etc. similar to the Target Group. For details of their business activities, please refer to the table above.

In light of the limited number of publicly listed companies operating exclusively in the same niche as the Target Group, most comparable publicly listed companies operate as diversified daily consumer goods groups. The Directors believe that the above-mentioned comparable companies represent the most exhaustive list of comparable companies available based on the selection criteria outlined above.

Furthermore, the Target Group is primarily engaged in the research and development, production, and sale of household insecticides, household cleaning products, and aerosol products, with a business model that exhibits the typical characteristics of the daily consumer goods industry. The Group believes that the comparable companies and the Target Group share similarities in the following key aspects of their business models:

1. Consumer Goods and Brand-Driven Business Model

Both the Target Group and the comparable companies are primarily engaged in the daily consumer goods sector, targeting end consumers. Their products are characterized by high-frequency usage and a high degree of standardisation. Sales performance for both the Target Group and the comparable companies largely depends on their brand recognition, consumer awareness, and market promotion capabilities.

2. Sales Model Centered on Distribution Channels and Dealer Networks

Both the Target Group and the comparable companies rely on distributors for product sales. Over 90% of the revenue of the Target Group during the Relevant Period was derived from product sales through distributors. Business growths mainly both depend on the expansion of channel coverage, improved penetration of end-point outlets, and effective channel management capabilities.

3. Relatively Stable Profitability and Cash Flow Model

Both the Target Group and the comparable companies exhibit relatively stable gross profit margins. Their operating cash flows are primarily derived from product sales and receivable collections, with a relatively short cash collection cycles. Overall, their financial performance reflects the typical characteristics of the consumer goods industry.

The Directors consider that the evaluation of whether a comparable company is similar to the Target Group should not be based solely on whether their specific product categories are identical but should instead also focus on their core business attributes and business models. Both the Target Group and the comparable companies primarily engage in brand-driven consumer goods businesses, targeting end consumers. Their products share common characteristics, for example high-frequency consumption, a high degree of standardisation, and the significant impact of brand influence on sales performance.

The Directors are aware that in Hong Kong, the PRC and overseas stock exchanges, there is a limited number of publicly listed companies specialising in a single segment of the daily consumer goods sector. Most relevant publicly listed companies operate as diversified consumer goods groups with multi-category product portfolios. Therefore, in the absence of publicly listed comparable companies which operate in a single niche being identical to where the Target Group operates, the Directors consider it reasonable and in line with market practices to select diversified consumer goods companies with similar business models, industry attributes, and profit structures as comparable companies.

The analysis of comparable companies serves as one of the reference factors in assessing the valuation level of the Target Group and does not imply that the business scale, product portfolio, or profitability of the comparable companies shall be identical to those of the Target Group. The Group has also taken into account the Target Group's own business scale, regional market positioning, and associated risk factors to determine the consideration for the Acquisition.

The Board is of the view that the P/E ratio analysis, calculated based on the net profit attributable to the parent company for 2022 to 2024, is reasonable and is able to reflect the recent market situation and trends. The Board believes that the businesses of the aforesaid comparable companies are similar to that of the Target Group, and can reflect the current market consideration for companies operating in the similar business sector. The P/E ratio reflected by the Consideration is approximately 6 times, which is lower than the average of 21.29 times reflected by the comparable companies. The Board is aware that (1) the Target Company is non-listed, whereas the comparable companies referred to above are listed companies, thereby the Target Company does not enjoy similar marketability and liquidity benefits as such comparable companies; (2) the Target Company operates as a regional brand, while most of the aforesaid comparable companies are industry leaders if not possess international daily consumer goods brands; and (3) there is no publicly available and direct assessment of the fair market value for the Target Company. The Board understands that applying a P/E ratio derived from a set of comparable listed companies to determine the consideration for an acquisition of a private company is a general market practice. Therefore, the Board is of the view that the above analysis is adequate and meaningful, enabling the Board to observe and draw meaningful comparisons in relation to the Acquisition.

Specifically, in determining a price-to-earnings (P/E) ratio of 6 times for the Acquisition, the Group has taken into consideration the following key factors:

I. Liquidity Discount Factors in Primary Market Transactions

The Acquisition involves the purchase of equity in a non-listed company. Unlike listed companies, the Target Company experiences significantly lower liquidity, as its equity is not readily convertible or highly liquid. Shares of listed companies in Hong Kong and the PRC benefit from greater liquidity, offering more certainty in terms of exit channels and liquidity.

The Board acknowledges that P/E ratios in primary market transactions are typically discounted when compared to comparable listed companies in the secondary market, due to the liquidity premium enjoyed in the latter. By referencing valuation multiples of comparable listed companies in merger and acquisition transactions within the consumer goods and daily chemical industries in the PRC, the Group considers the adoption of a lower P/E ratio for the Acquisition to be consistent with market practices.

II. Factors Related to the Target Company Being a Regional Brand

The Target Group primarily operates in Northern China, with its brand influence, sales network, and market coverage largely limited to this region. Unlike national consumer goods companies with broader channel coverage and stronger brand influence, regional brands generally exhibit smaller business scales, lower market penetration, reduced risk resistance, and more limited growth potential.

Given these characteristics, the Group believes it would not be appropriate to apply the high valuation multiples typically associated with nationwide consumer goods companies. Instead, a lower P/E ratio is considered more appropriate. This valuation reflects the Target Group's regional operating characteristics, business concentration, and uncertainties surrounding future expansion. The Group believes this approach is consistent with the principles of reasonableness and prudence.

Following multiple rounds of arm's length commercial negotiations between the Group and the Vendors, a consensus was reached to adopt a P/E ratio of approximately 6 times for the Acquisition. The Directors consider this valuation fair and reasonable, reflecting the Target Group's operating conditions, market position, and associated risks.

In determining the Initial Consideration, the Board also took into account the Target Company's business model, historical operating performance, cash flow position, industry development prospects, competitive market environment, and potential synergies that may arise following the Acquisition, details of which are further discussed in the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" in this circular. The Consideration will be satisfied by way of the Group's internal resources.

Having considered the above, the Board is of the view that the Consideration is fair and reasonable.

Conditions

Completion is conditional upon the satisfaction (or waiver, where applicable) of the Conditions within 30 business days after the signing of the Agreement, which include *inter alia*:

(i) the Target Company having held a shareholders' meeting and resolved to approve (a) the Acquisition; and (b) any distribution of the net profit for the financial year of 2025 to the Vendors;

(ii) the core management personnel of the Target Company having signed the commitment, confidentiality and non-compete agreement, agreeing to continue serving in the Target Company according to their employment contracts after the Completion;

(iii) the representations and warranties given by the Vendors under the Agreement being true, accurate, and complete on the signing date of the Agreement and Completion date;

(iv) the Purchaser having completed internal approvals (including approval from the shareholder(s)) of the Acquisition and having fully paid the first tranche of RMB100 million of the Initial Consideration; and

(v) the bad debt being written off reversing the undistributed profits or surplus reserves of the Target Company in prior years and reflecting in the Target Company's accounting records in 2025, which will not affect the Consideration and distribution of net profit to the Vendors.

Completion

The industrial and commercial registration for the Acquisition shall take place within 30 business days after the signing of the Agreement after the Conditions are fulfilled or waived, where applicable.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

All the Conditions set out in the Agreement had been fulfilled. The industrial and commercial registration for the Acquisition was completed on and Completion had taken place on 23 January 2026.

Warranties and indemnities

The Vendors have provided customary warranties, undertakings, and indemnities for a transaction of similar nature in favour of the Purchaser. In particular, the Vendors shall severally but not jointly compensate the Purchaser for any all losses suffered by the Purchaser after Completion (including but not limited to direct economic expenditures, indirect operating losses, litigation costs, attorney fees, preservation guarantee fees, and other rights protection costs) as a result of or in connection with any intentional concealment of information on the part of the Target Company in the course of due diligence exercises performed by the Purchaser.

Liquidated damages

If the Purchaser fails to pay the Consideration due to its own reasons which have not been rectified within the period of time specified in the Agreement, the Purchaser shall pay interest on the overdue payment at 1.5 times of the LPR of the overdue Consideration accrued from the date following the due date to the date of actual payment.

If the industrial and commercial registration for the Acquisition are delayed due to reasons on the part of the Vendors which have not been be rectified within the period of time specified in the Agreement, the Vendors shall pay interest at 1.5 times the LPR of the received Consideration accrued from the date following agreed Completion date.

Termination

Pursuant to the Agreement, the Agreement may be terminated in the following circumstances:

(a) by the mutual written consent of the parties;

(b) by a party if the other party breaches any provision of the Agreement and such breach would cause any Condition(s) not to be satisfied; and the non-satisfaction of such Condition has not been rectified within the period of time specified in the Agreement (where applicable);

(c) when the external approval agencies (such as government authorities) have not approved the Acquisition; or

(d) if the transaction fails to perform due to force majeure.

If the Agreement is terminated due to reasons attributable to the Vendors, the Vendors shall refund all payments made by the Purchaser together with the liquidated damages equal to 3% of the Final Consideration, as well as any shortfall if the liquidated damages are insufficient to cover the Purchaser's actual losses. If the Agreement is terminated due to reasons attributable to the Purchaser, the Purchaser shall pay the Vendors liquidated damages equal to 3% of the Final Consideration as well as any shortfall if the liquidated damages are insufficient to cover the Vendors' actual losses.

Non-competition

The Vendors undertook, not to within five (5) years from Completion, directly or indirectly engage in any business same as or similar to that of the Target Company. They also shall not solicit or recruit the customers or core employees of the Target Company. In the event any Vendor breaches the said undertaking, the Vendors shall pay to the Purchaser a compensation of 20% of the Consideration and any loss suffered by the Purchaser when the compensation fails to cover such loss.

PROPERTY VALUATION

The Property Valuation Report in relation to the property interests of the Target Group is prepared according to Rule 5.02 of the Listing Rules and is contained in Appendix V to this circular. According to the Property Valuation Report, the appraised market value of the property interests of the Target Group is RMB127.7 million as of 31 December 2025, which represents a surplus of approximately RMB67.2 million over the unaudited carrying value of the property interests of the Target Group of approximately RMB60.4 million as of 31 December 2025.

The table below sets forth the reconciliation between the carrying value of the property interests of the Target Group as at 30 September 2025 and the appraised market value thereof as at 31 December 2025 as stated in "Appendix V – Property Valuation Report" to this circular:

	RMB'000
Carrying value of the property as at 30 September 2025	61,558
Less: Depreciation of the property for the period from 1 October 2025 to 31 December 2025 (unaudited)	1,130
Carrying value of the property as at 31 December 2025 (unaudited)	60,428
Valuation surplus	67,225
Valuation of the property as at 31 December 2025 as set forth in Appendix V to this circular	127,653

For further details, please refer to "Appendix V – Property Valuation Report" to this circular.

The Valuer has confirmed that it is independent from the Group, the Target Group and the Vendors. The Valuer is certified with the relevant professional qualifications required to perform the valuation and the principal valuer involved has more than 20 years of experience in conducting valuation services.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The strategic Acquisition by the Group aims to further enhance the Group's market competitiveness in the household care segment in the northern region, as well as to broaden and deepen its coverage in the domestic end market in the PRC.

Upon Completion, the Group will undertake multi-dimensional resource integration to strengthen the synergistic effects between the Group's existing household care business and the Target Company's operations, thereby creating greater value for the Shareholders:

1. Rapid expansion in the northern household care market: With over thirty years of long-established presence in the northern market in the PRC, the Target Company is a leading enterprise in the household care sector in the northern region of the PRC. Based on the information provided by A.C. Niselsen as of July 2025, the Target Group had the third-largest market share with a share of 8.6% in the insecticide market segment in the PRC and the 6th-largest market share nationwide with an overall share of 5.2% in the household cleaning market segment in the PRC. It has accumulated extensive customer resources and possesses strong growth prospects. The Acquisition will further optimize the Group's industrial footprint in the northern region.

2. Dual-brand synergies and efficiency enhancement: The complementary "Chaowei + Qiangshou" (「超威+槍手」) brands, where Chaowei belongs to the Group and Qiangshou belongs to the Target Group, will drive multi-dimensional synergies in product innovation, technology research and development, and supply chain, thereby enhancing the Group's market competitiveness and operational efficiency.

   In the category of home insecticide products, the brands "Chao Wei" and "Qiang Shou" exhibit complementary regional coverage. "Chao Wei," as a national brand, possesses a relatively high level of brand recognition and distribution coverage across various markets in China. In contrast, "Qiang Shou" demonstrates superior performance specifically in northern Chinese markets compared to "Chao Wei." "Qiang Shou" has established a solid brand foundation and channel penetration in regions such as Northern China. The parallel operation of these dual brands will facilitate regional complementarity in the home insecticide products category, thereby enhancing overall market coverage in both breadth and depth.

   Each of the brands "Chao Wei" and "Qiang Shou" has their own brand positioning and channel strategies, which enables them to cater to meet the diverse needs of varying consumer segments and usage scenarios. This differentiation reduces brand overlap and more effectively reaches different consumer demographics. Furthermore, the distinct operational strategies of the dual-brand approach will help alleviate internal channel and pricing competition, improving channel management efficiency and aiding in the expansion of overall market share.

   Additionally, by promoting synergy between the dual brands in regional deployment, supply chain management, and channel systems, the Group can maintain brand differentiation while achieving economies of scale and enhancing operational efficiency, which will create a positive impact to the overall profitability of the Group.

Through the Acquisition, the Group can rapidly increase its market share in insecticide market segment and household cleaning market segment, further consolidating its leadership position in the industry in the PRC. According to the information of A.C. Nielsen, as of July 2025, the Group accounted for a share of approximately 15.9% whereas the Target Group held a share of approximately 8.6% share; subsequent to the Acquisition, the combined market share will reach approximately 24.5%, ranking first in the insecticide market segment. In the household cleaning market segment, the Group accounted for a share of approximately 11.2% whereas the Target Group held a share of approximately 5.2%; subsequent to the Acquisition, the combined market share will reach over 16.4%, securing the second position in the market segment.

3. Achieving product category leadership and consolidating market position: Through the Acquisition, the Group will swiftly increase its market share in categories such as household insecticides and household cleaning, further consolidating its leading industry position.

4. Enhancement of revenue and profitability, and improvement of the Group's overall financial performance: The Target Company has maintained robust financial metrics.

Upon Completion, it will contribute to expanding the Group's revenue scale and profitability, delivering sustainable long-term value for the Group and its Shareholders.

The Directors are of the opinion that the Agreement and the Acquisition are (i) on normal commercial terms after arm's length negotiations between the parties to the Agreement; and (ii) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's financial statements. It is expected that the Company will be able to record additional revenue stream from the Target Group upon the Completion.

The details of the financial effect of the Acquisition on the financial position of the Group together with the bases and assumption taken into account in preparing the unaudited pro forma financial information of the Enlarged Group are set out in Appendix III to this circular for illustration purpose only.

Assets and Liabilities

The total assets and total liabilities of the following table sets forth the financial effects of the Acquisition on the Enlarged Group identified in the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, assuming the Completion had taken place on 30 June 2025, as compared to the financial position of the Group as at 30 June 2025:

	The Group as at 30 June 2025	The Target Group as at 30 September 2025	Pro forma adjustments	Upon the Completion (pro forma Enlarged Group)	Change
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*%*
Net assets	3,052,577	175,653	(178,827)	3,049,403	(0.1)
Total assets	3,676,888	225,365	(120,691)	3,781,562	2.8
Total liabilities	624,311	49,712	58,136	732,159	17.3

Earnings

Following the Completion, the Target Company will become a subsidiary of the Company and the financial results, including but not limited to the revenue, costs and profit of the Target Group will be consolidated into the consolidated financial statements of the Group starting from the Completion. The net profit (after tax) of the Group for the financial year ended 31 December 2024 was approximately RMB195.2 million. The net profit (after tax) of the Target Group for the year ended 31 December 2024 and the nine months ended 30 September 2025 was approximately RMB85.6 million and RMB77.3 million, respectively.

INFORMATION OF THE PARTIES

The Purchaser and the Group

The Purchaser is a limited liability company established under the laws of the PRC and is a wholly-owned subsidiary of the Company. The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Group is principally engaged in the development and manufacturing of a range of home care products, pet products, and personal care products, and operates dozens of offline pet stores that sell live pets and provide pet grooming and beauty services.

The Vendors

The Vendors comprises 12 individuals, namely Zuo Yulong (左玉龍), Liu Xuchun (柳緒春), Bai Shuchang (白述昌), He Jianwei (賀建偉), He Jianning (何建寧), Hu Jianguo (胡建國), Xin Chuansan (辛傳三), Shi Jingshan (石景山), Yuan Xinyue (袁新樂), Wang Xuemin (王學民), Zhou Ziyan (周紫燕) and Zhang Kunyuan (張坤元). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

The Target Company

The Target Company is a company established under the laws of the PRC with limited liability and is principally engaged in research, development, production and sales of household insecticides, detergents, daily chemical products and aerosol products. It is owned as to approximately 30.0971%, 12.6214%, 8.7379%, 7.7670%, 6.7961%, 5.8252%, 5.8252%, 5.8252%, 5.8252%, 3.8835%, 3.8835% and 2.9126% by Zuo Yulong (左玉龍), Liu Xuchun (柳緒春), Bai Shuchang (白述昌), He Jianwei (賀建偉), He Jianning (何建寧), Hu Jianguo (胡建國), Xin Chuansan (辛傳三), Shi Jingshan (石景山), Yuan Xinyue (袁新樂), Wang Xuemin (王學民), Zhou Ziyan (周紫燕) and Zhang Kunyuan (張坤元) respectively.

Financial information of the Target Company

Set out below is certain audited consolidated financial information of the Target Company for the two years ended 31 December 2023 and 31 December 2024 and nine months ended 30 September 2025 respectively as extracted from the audited financial statements of the Target Company prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

	For the year ended 31 December 2023	**For the year ended 31 December 2024**	**For the nine months ended 30 September 2025**
	(Audited)	(Audited)	(Audited)
	RMB'000	*RMB'000*	*RMB'000*
Revenue	438,844	468,091	354,671
Profit before tax and extraordinary items	91,407	116,014	102,640
Profit after tax and extraordinary items	63,914	85,041	77,258

As at 30 September 2025, the audited consolidated total asset value and net asset value of the Target Company were approximately RMB225 million (equivalent to approximately HK$248 million) and RMB176 million (equivalent to approximately HK$194 million), respectively.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 25% but is less than 100%, such transactions constitute a major transaction for the Company and are therefore subject to the reporting, announcement, and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval in lieu of convening a general meeting if (a) no shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Agreement and the transactions contemplated thereunder; and (b) written approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the issued Shares giving the right to attend and vote at general meetings to approve the Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders and their close associates has any material interest in the Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Agreement and the transactions contemplated thereunder. As such, the Acquisition may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting, the Company has obtained Shareholder's written approval from Cheerwin Global, holding 74.25% of the issued Shares as at the date of the Latest Practicable Date, for approving the Agreement and the transactions contemplated thereunder. As such, the Company is not required to convene an extraordinary general meeting for approving the Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Directors consider that the Acquisition, the terms of the Agreement and the transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole and would recommend the Shareholders to vote in favour of the resolutions to approve the Acquisition if it had been necessary to hold a general meeting for such purpose.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Cheerwin Group Limited
Chen Danxia
Executive Director, Chairman and Chief Executive Officer

1 FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025 are disclosed in the Company's 2022, 2023 and 2024 annual reports and the 2025 interim report, respectively. The Company's 2022, 2023 and 2024 annual reports and the 2025 interim report are published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of the Company (www.cheerwin.com):

a) annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 60 to 140)
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042603259.pdf;

b) annual report of the Company for the year ended 31 December 2023 published on 30 April 2024 (pages 60 to 138):
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043001015.pdf;

c) annual report of the Company for the year ended 31 December 2024 published on 29 April 2025 (pages 61 to 136):
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042900773.pdf;

d) interim report of the Company for the six months ended 30 June 2025 published on 29 September 2025 (pages 26 to 48):
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0925/2025092500706.pdf.

2 INDEBTEDNESS STATEMENT

As at the close of business on 15 January 2026, being the latest practicable date for ascertaining certain information relating to the indebtedness statement prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

Borrowings

As at the close of business on 15 January 2026 (being the latest practicable date for determining the indebtedness of the Enlarged Group), the Enlarged Group had the total borrowings amounting to RMB 10,000,000 secured by a building owned by the Group and details of which are as follows:

	RMB'000
Bank borrowings	
– Secured and guaranteed	10,000
Total	10,000

Lease liabilities

As at 15 January 2026, the Enlarged Group had lease liabilities of approximately RMB47,922,000 related to the lease of various offices, warehouses and retail stores for its operation. The entire lease liabilities were unguaranteed. The lease liabilities of RMB27,312,000 were secured by rental deposits of the Enlarged Group and the remaining lease liabilities of RMB20,610,000 were unsecured.

Except as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have, as at 15 January 2026, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

3 WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Consideration, the effect of the Acquisition, the present financial resources available to the Enlarged Group including but not limited to cash flow generated by its principal operations and cash and cash equivalents available, the Enlarged Group will have sufficient working capital for its business for at least twelve months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4 MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Group have been made up.

5 ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Save for the Acquisition, since 31 December 2024, being the date to which the latest published audited accounts of the Group have been made up, no member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditor's report or next published accounts of the Group. The aggregate of the remuneration payable to and benefits in kind received by the Directors will not be varied in consequence of the Acquisition.

6 FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Acquisition presents a great opportunity for the Group to increase its overall competitiveness and strengthen its growth momentum by expanding its business layout to meet the ever-changing demands which is crucial facing market uncertainty.

The Enlarged Group is committed to expanding in the household care segment and implementing strategic upgrade. Through the combination of the Target Group's technical capabilities and the Group's expertise in the provision of the comprehensive household care segment services, the Enlarged Group is expected to be able to quickly establish a competitive advantage in the industry, expand its high-quality customer base, and achieve greater economic benefits.

Since the Target Group generates stable income and relatively higher profit margin, it is expected that substantial revenue and profits will be brought into the Enlarged Group soon after the Completion. Accordingly, the Group believes that its long-term business strategy can be substantiated and realised through the Acquisition, and that the business synergies created between the Group and the Target Group would allow the Enlarged Group to stand in good position as disclosed in the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" under the "LETTER FROM THE BOARD" of this circular. The Board is optimistic about the future development in the household care business as well as the profitability of the Enlarged Group.

The following is the text of a report received from Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Target Company, for the purpose of incorporation in this circular.

bakertilly
天職國際

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HEBEI KANGDA CO., LTD* AND ITS SUBSIDIARY TO THE DIRECTORS OF CHEERWIN GROUP LIMITED

Introduction

We report on the historical financial information of Hebei Kangda Co., Ltd* (河北康達有限公司) (the "**Target Company**") and its subsidiary (together, the "**Target Group**") set out on pages II-5 to II-43, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 September 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 (the "**Relevant Periods**") and material accounting policy information and other explanatory information (the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-43 forms an integral part of this report, which has been prepared for inclusion in the circular of Cheerwin Group Limited (the "**Company**") dated 13 February 2026 (the "**Circular**") in connection with the acquisition of 100% equity interest of the Target Group by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Target Company determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

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' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 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 of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 September 2025 and of the financial performance and cash flows of the Target Group for the Relevant Periods in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 3 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about the dividends declared or paid by the Target Company in respect of the Relevant Periods.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 13 February 2026
Wan Wing Ping
Practising certificate number P07471

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 Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with accounting policies which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the 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 AND OTHER COMPREHENSIVE INCOME

(EXPRESSED IN RENMINBI)

		Year ended 31 December			Nine months ended 30 September	
		2022	2023	2024	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*5*	523,331	438,844	468,091	443,088	354,671
Cost of sales		(253,369)	(202,906)	(213,485)	(200,671)	(168,844)
Gross profit		269,962	235,938	254,606	242,417	185,827
Other income	*7*	2,549	3,434	3,505	2,179	1,229
Other gains and losses	*8*	(865)	(87)	23	35	(4)
Impairment losses (recognised) reversed in respect of trade receivables, net of reversal		(4,730)	1,544	(4,625)	(2,687)	41
Selling and distribution expenses	*9*	(99,444)	(93,084)	(73,798)	(59,284)	(40,591)
Administrative expenses		(63,724)	(56,338)	(63,697)	(39,227)	(43,862)
Finance costs	*10*	(182)	–	–	–	–
Profit before tax		103,566	91,407	116,014	143,433	102,640
Income tax expense	*11*	(28,623)	(26,330)	(30,411)	(35,232)	(25,386)
Profit and total comprehensive income for the year/period	*12*	74,943	65,077	85,603	108,201	77,254

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(EXPRESSED IN RENMINBI)

	Notes	As at 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	As at 30 September 2025 RMB'000
Non-current assets					
Property, plant and equipment	*16*	62,174	58,112	54,535	51,229
Right-of-use assets	*17*	16,410	15,894	15,379	14,992
Intangible assets	*18*	3,113	2,701	2,299	2,008
Deferred tax assets	*19*	858	119	3,576	3,936
		82,555	76,826	75,789	72,165
Current assets					
Inventories	*20*	36,025	29,709	32,465	11,903
Trade, bills and other receivables	*21*	77,648	13,563	11,143	6,905
Cash and bank balances	*22*	310,225	293,059	323,449	131,332
Income tax recoverable		–	882	–	3,060
		423,898	337,213	367,057	153,200
Current liabilities					
Trade and other payables	*23*	50,642	25,628	42,516	41,662
Contract liabilities	*24*	267,178	218,631	197,056	7,291
Income tax payable		10,216	1,115	11,465	759
		328,036	245,374	251,037	49,712
Net current assets		95,862	91,839	116,020	103,488
Net assets		178,417	168,665	191,809	175,653
Capital and reserves					
Paid-up capital	*25*	5,680	5,680	5,680	5,680
Reserves		172,737	162,985	186,129	169,973
Total equity		178,417	168,665	191,809	175,653

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN RENMINBI)

	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000* *(Note)*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2022	5,680	1,958	132,784	58,616	199,038
Profit and total comprehensive income for the year	–	–	–	74,943	74,943
Dividends recognised as distribution *(Note 14)*	–	–	–	(95,564)	(95,564)
At 31 December 2022 and 1 January 2023	5,680	1,958	132,784	37,995	178,417
Profit and total comprehensive income for the year	–	–	–	65,077	65,077
Dividends recognised as distribution *(Note 14)*	–	–	–	(74,829)	(74,829)
At 31 December 2023 and 1 January 2024	5,680	1,958	132,784	28,243	168,665
Profit and total comprehensive income for the year	–	–	–	85,603	85,603
Dividends recognised as distribution *(Note 14)*	–	–	–	(62,459)	(62,459)
At 31 December 2024	5,680	1,958	132,784	51,387	191,809

	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory reserve *RMB'000 (Note)*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2025	5,680	1,958	132,784	51,387	191,809
Profit and total comprehensive income for the period	–	–	–	77,254	77,254
Dividends recognised as distribution *(Note 14)*	–	–	–	(93,410)	(93,410)
At 30 September 2025	5,680	1,958	132,784	35,231	175,653
At 1 January 2024 (audited)	5,680	1,958	132,784	28,243	168,665
Profit and total comprehensive income for the period (unaudited)	–	–	–	108,201	108,201
Dividends recognised as distribution *(Note 14)* (unaudited)	–	–	–	(62,459)	(62,459)
At 30 September 2024 (unaudited)	5,680	1,958	132,784	73,985	214,407

Note: The amount mainly represents statutory reserve of the companies registered in The People's Republic of China (the "**PRC**"). According to the relevant laws in the PRC, companies established in the PRC are required to transfer their net profit after tax, as determined under the PRC accounting regulations, to a non-distributable reserve fund before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN RENMINBI)

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Operating activities					
Profit before tax	103,566	91,407	116,014	143,433	102,640
Adjustments for:					
Interest income	(1,636)	(2,521)	(2,759)	(2,179)	(1,229)
Finance costs	182	–	–	–	–
Depreciation of property, plant and equipment	5,260	4,870	4,573	4,115	3,373
Depreciation of right-of-use assets	515	516	515	387	387
Amortisation of intangible assets	493	412	402	304	291
Loss/(gain) on disposal of property, plant and equipment, net	178	(39)	(17)	(32)	–
Impairment losses (reversed)/recognised on					
– trade receivables	(4,730)	1,544	(4,625)	(2,687)	41
– other receivables	(70)	8	29	21	1
Operating cash flows before movements in working capital	103,758	96,197	114,132	143,362	105,504
Decrease in trade and other receivables	50,437	62,533	7,016	7,578	4,196
Decrease/(increase) in inventories	16,812	6,316	(2,756)	13,970	20,562
Increase/(decrease) in trade and other payables	3,715	(7,504)	16,888	13,116	(854)
Increase/(decrease) in contract liabilities	92,654	(48,547)	(21,575)	(212,852)	(189,765)
Cash generated from/(used in) operations	267,376	108,995	113,705	(34,826)	(60,357)
Income tax paid	(19,938)	(35,574)	(22,636)	(18,655)	(39,512)
Net cash generated from/(used in) operating activities	247,438	73,421	91,069	(53,481)	(99,869)

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Investing activities					
Interest received	1,636	2,521	2,759	2,179	1,229
Purchase of property, plant and equipment	(1,090)	(834)	(1,615)	(1,314)	(67)
Proceeds from disposal of property, plant and equipment	6	65	636	652	–
Net cash generated from investing activities	552	1,752	1,780	1,517	1,162
Financing activities					
Repayment of other borrowings	(16,000)	–	–	–	–
Dividend paid	(78,054)	(92,339)	(62,459)	(62,459)	(93,410)
Interest paid	(182)	–	–	–	–
Net cash used in financing activities	(94,236)	(92,339)	(62,459)	(62,459)	(93,410)
Net increase/(decrease) in cash and cash equivalents	153,754	(17,166)	30,390	(114,423)	(192,117)
Cash and cash equivalents at beginning of the year/period	156,471	310,225	293,059	293,059	323,449
Total cash and cash equivalents at end of the year/period	310,225	293,059	323,449	178,636	131,332
Analysis of the balances of cash and cash equivalents					
Cash and bank balances	310,225	293,059	323,449	178,636	131,332

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

(EXPRESSED IN RENMINBI)

1 GENERAL INFORMATION

Hebei Kangda Co., Ltd* (河北康達有限公司) (the "**Target Company**") was incorporated in the PRC as a limited liability company on 19 April 1996. Its registered office is located at No. 118, Tiane Middle Street, Baoding, Hebei Province, the PRC.

The Target Company and its subsidiary (together, "**the Target Group**") are principally engaged in the manufacturing and trading of insecticide aerosol, household cleaning products, electric mosquito repellent and smokeless mosquito coil in the PRC.

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

2 APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with the IFRS Accounting Standards, which are effective for accounting period beginning on 1 January 2025 throughout the Relevant Periods.

New and amendments to IFRS Accounting Standards that have been issued but not yet effective

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

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

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

[3] To be determined.

The directors of the Target Company anticipate that the application of the above new and amendments to IFRS Accounting Standards will have no material impact on the Target Group's financial position and financial performance in the foreseeable future.

3 BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and an entity controlled by the Target Company. Control is achieved when the Target 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 Target 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.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the reporting period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

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

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

Revenue from contracts with customers

The Target Group recognises 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 customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Sales of goods

The Target Group sells insecticide aerosol, household cleaning products, electric mosquito repellent and smokeless mosquito coil to customers. Revenue is recognised when control of the goods has transferred according to respective agreed terms of delivery. Revenue is recognised at a point in time when the customer obtains control of the distinct goods.

For contracts that contain variable consideration (e.g. sales returns or volume rebates), the Target Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Target Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Target Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

The Target Group recognises a refund liability (included in trade and other payables) if the Target Group expects to refund some or all of the consideration received from customers.

For a sale of products with a right of return, the Target Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Target Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Leases

Definition of a lease

The Target Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other reporting periods and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss. 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.

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 as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses/revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Impairment on property, plant and equipment and right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Target Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Target Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a Target Group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial assets at fair value through profit or loss.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of each reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Target Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade, bills and other receivables and cash and bank balances) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for trade and bills receivables.

For all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Target Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Target Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 3, the directors of the Target Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

Credit-impaired trade receivables and trade receivables with significant balances are assessed for ECL individually. In addition, for trade receivables which are individually insignificant, collective assessment is performed by grouping debtors based on the Target Group's internal credit ratings. The loss rates are based on internal credit ratings as grouping of various debtors taking into consideration the Target Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

Assessment is done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The information about the Target Group's trade receivables and the ECL assessment is disclosed in Notes 21 and 31, respectively. As at 31 December 2022, 2023 and 2024 and 30 September 2025, the carrying amounts of the Target Group's trade receivables were approximately RMB63,838,000, RMB7,855,000, RMB2,750,000 and RMB1,963,000 net of allowance for credit losses of approximately RMB3,360,000, RMB413,000, RMB2,918,000 and RMB2,877,000 respectively.

Variable consideration for volume rebates

The Target Group includes in the transaction price some or all of an amount of variable considerations only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Target Group estimates variable consideration to be included in the transaction price for the sales of products with volume rebates.

The Target Group's volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Target Group assesses the expected annualised volume rebates regularly and accrued sales rebates are adjusted accordingly. Estimates of expected annualised volume rebates are sensitive to changes in circumstances and the Target Group's past experience regarding rebate entitlements may not be representative of a customer's actual rebate entitlements in the future. As at 31 December 2022, 2023 and 2024 and 30 September 2025, the amounts recognised as accrued sales rebates for the expected volume rebates were approximately RMB3,524,000, RMB2,072,000, RMB12,829,000 and RMB14,503,000 respectively.

5 REVENUE

Disaggregation of revenue from contracts with customers:

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services					
Revenue by types of products					
Insecticide aerosol	201,829	174,515	192,793	192,752	157,429
Household cleaning products	171,178	137,026	144,342	119,464	88,996
Electric mosquito repellent	101,016	87,196	81,415	81,323	65,225
Smokeless mosquito coil	49,308	40,107	49,541	49,549	43,021
	523,331	438,844	468,091	443,088	354,671
Geographical market					
Mainland China	523,331	438,844	468,091	443,088	354,671
Timing of revenue recognition					
A point in time	523,331	438,844	468,091	443,088	354,671

Transaction price allocated to the remaining performance obligation for contracts with customers

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the Target Group had aggregate amount of the transaction price allocated to remaining performance obligations (unsatisfied or partially unsatisfied) amounted to approximately RMB267,178,000, RMB218,631,000, RMB197,056,000 and RMB7,291,000 respectively. The amounts were equivalent to the contract liabilities as at 31 December 2022, 2023 and 2024 and 30 September 2025, which represented payments received from customers by the Target Group while the underlying goods are yet to be delivered.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022, 2023 and 2024 and 30 September 2025 and the expected timing of recognising revenue are as follows:

	Year ended 31 December			Nine months ended 30 September
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	266,310	217,666	195,986	6,157
More than one year	868	965	1,070	1,134
	267,178	218,631	197,056	7,291

6 SEGMENT INFORMATION

Revenue and operating results of the Target Group are reported to the executive directors of the Target 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 Target Group's accounting policies. No other analysis of the Target 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 Target 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.

Geographical information

All of the revenue of the Target Group is derived from Mainland China based on location of the operations for years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2024 and 2025.

All the Target Group's non-current assets (excluding deferred tax assets) as at 31 December 2022, 2023 and 2024 and 30 September 2025 are located in Mainland China based on geographical location of the assets.

Information about major customers

No revenue from transactions with any single external customer amounted to 10% or more of the Target Group's revenue for the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2024 and 2025.

7 OTHER INCOME

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bank interest income	1,636	2,521	2,759	2,179	1,229
Government grants*	913	913	746	–	–
	2,549	3,434	3,505	2,179	1,229

* Government grants related to financial rewards granted by government authorities in the PRC to recognise outstanding performance and encourage substantial development in the relevant industry.

8 OTHER GAINS AND LOSSES

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Loss/(gain) on disposal of property, plant and equipment, net	178	(39)	(17)	(32)	–
Impairment losses recognised/(reversed) on other receivables	70	(8)	(29)	(21)	(1)
Penalty expenses	347	45	25	18	5
Others	270	89	(2)	–	–
	865	87	(23)	(35)	4

9 SELLING AND DISTRIBUTION EXPENSES

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Staff costs	46,836	41,553	39,546	30,842	17,833
Promotion expenses	39,973	40,236	23,487	20,222	16,440
Transportation and storage expenses	1,858	1,408	1,671	1,390	1,463
Marketing expenses	10,392	9,729	9,084	6,821	4,841
Others	385	158	10	9	14
	99,444	93,084	73,798	59,284	40,591

10 FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on:					
Loans from other borrowings	182	–	–	–	–

11 INCOME TAX EXPENSE

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Enterprise Income Tax ("**EIT**")					
Current tax	29,321	25,591	33,868	38,610	25,746
Deferred tax *(Note 19)*	(698)	739	(3,457)	(3,378)	(360)
	28,623	26,330	30,411	35,232	25,386

No provision for Hong Kong Profits Tax has been made as the Target Group had no assessable profit generated in Hong Kong for the years ended 31 December 2022, 2023, 2024 and nine months ended 30 September 2024 and 2025.

Under the Law of the PRC on EIT (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the tax rate of the Target Group is 25% during the years ended 31 December 2022, 2023, 2024 and nine months ended 30 September 2024 and 2025.

Income tax expense for the Relevant Periods can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before tax	103,566	91,407	116,014	143,433	102,640
Tax at the domestic income tax rate of 25%*	25,892	22,852	29,004	35,858	25,660
Tax effect of expenses not deductible for tax purpose	5,419	5,531	6,280	2,794	432
Tax effect of income not taxable for tax purpose	(2,688)	(2,053)	(4,873)	(3,420)	(706)
Income tax expense for the year/period	28,623	26,330	30,411	35,232	25,386

* The domestic tax rate (which is the EIT rate) in the jurisdiction where the operation of the Target Group is substantially based is used.

12 PROFIT FOR THE YEAR/PERIOD

Profit for the year/period are arrived at after charging:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of inventories recognised as an expense	253,369	202,906	213,485	200,671	168,844
Directors' emoluments *(Note 13)*:	2,080	2,080	2,080	1,562	1,600
Other staff costs:					
Salaries and other allowances	81,858	71,090	79,398	52,444	41,763
Contributions to retirement benefit schemes	13,769	13,783	15,118	9,537	14,748
Total staff cost *(Note)*	97,707	86,953	96,596	63,543	58,111
Depreciation of property, plant and equipment	5,260	4,870	4,573	4,115	3,373
Depreciation of right-of-use assets	515	516	515	387	387
Amortisation of intangible assets	493	412	402	304	291
Total depreciation and amortisation	6,268	5,798	5,490	4,806	4,051
Auditor's remuneration	170	170	170	170	170

Note:

Total staff costs have been charged to the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Staff costs included in cost of inventories	6,520	5,760	5,511	2,309	4,049
Selling and distribution expenses	46,836	41,553	39,546	30,842	17,833
Administrative expenses	44,351	39,640	51,539	30,392	36,229
	97,707	86,953	96,596	63,543	58,111

13 DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the Relevant Periods, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Directors' fees	**Salaries and allowances**	**Retirement benefit scheme contributions**	**Performance related bonus**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Directors					
Zuo Yulong	–	552	–	46	598
Liu Xuchun	–	432	–	36	468
Bai Shuchang	–	312	–	26	338
He Jianwei	–	312	–	26	338
He Jianning	–	312	–	26	338
	–	1,920	–	160	2,080

	Directors' fees	Salaries and allowances	Retirement benefit scheme contributions	Performance related bonus	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Directors					
Zuo Yulong	–	552	–	46	598
Liu Xuchun	–	432	–	36	468
Bai Shuchang	–	312	–	26	338
He Jianwei	–	312	–	26	338
He Jianning	–	312	–	26	338
	–	1,920	–	160	2,080

	Directors' fees	Salaries and allowances	Retirement benefit scheme contributions	Performance related bonus	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Directors					
Zuo Yulong	–	552	–	46	598
Liu Xuchun	–	432	–	36	468
Bai Shuchang	–	312	–	26	338
He Jianwei	–	312	–	26	338
He Jianning	–	312	–	26	338
	–	1,920	–	160	2,080

	Directors' fees	Salaries and allowances	Retirement benefit scheme contributions	Performance related bonus	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2024					
Directors					
Zuo Yulong	–	414	–	35	449
Liu Xuchun	–	324	–	27	351
Bai Shuchang	–	234	–	20	254
He Jianwei	–	234	–	20	254
He Jianning	–	234	–	20	254
	–	1,440	–	122	1,562

	Directors' fees	Salaries and allowances	Retirement benefit scheme contributions	Performance related bonus	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Nine months ended 30 September 2025					
Directors					
Zuo Yulong	–	414	–	46	460
Liu Xuchun	–	324	–	36	360
Bai Shuchang	–	234	–	26	260
He Jianwei	–	234	–	26	260
He Jianning	–	234	–	26	260
	–	1,440	–	160	1,600

The directors' emoluments shown above were for his services in connection with the management of the affairs of the Target Company and the Target Group.

During the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2024 and 2025, no director of the Target Company waived or agreed to waive any emoluments, and no emoluments was paid to the directors of the Target Company as an inducement to join or upon joining the Target Group or as compensation for loss of office.

Employees' emoluments

The five highest paid employees of the Target Group for the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2024 and 2025 were all directors of the Target Company, details of whose emoluments are set out above.

14 DIVIDENDS

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Dividends recognised as distributions during the year/period	95,564	74,829	62,459	62,459	93,410

15 EARNINGS PER SHARE

No earnings per share information for the Relevant Periods is presented as its inclusion, for the purpose of this report, is not meaningful.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements *RMB'000*	Plant and machinery *RMB'000*	Motor vehicles *RMB'000*	Firefighting and laboratory equipment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2022	107,148	28,690	6,622	5,606	4,920	152,986
Additions	984	–	–	50	56	1,090
Disposal	–	(576)	–	–	(17)	(593)
At 31 December 2022 and 1 January 2023	108,132	28,114	6,622	5,656	4,959	153,483
Additions	603	127	–	14	90	834
Disposals	–	(294)	–	(6)	(224)	(524)
At 31 December 2023 and 1 January 2024	108,735	27,947	6,622	5,664	4,825	153,793
Additions	48	768	239	530	30	1,615
Disposals	(42)	(271)	(1,147)	(4)	(601)	(2,065)
At 31 December 2024 and 1 January 2025	108,741	28,444	5,714	6,190	4,254	153,343
Additions	–	5	–	–	62	67
Disposals	–	–	–	–	(3)	(3)
At 30 September 2025	108,741	28,449	5,714	6,190	4,313	153,407
Accumulated depreciation:						
At 1 January 2022	48,316	22,943	6,291	4,731	4,177	86,458
Depreciation charge for the year	3,651	1,269	–	154	186	5,260
Eliminated on disposals	–	(393)	–	–	(16)	(409)
At 31 December 2022 and 1 January 2023	51,967	23,819	6,291	4,885	4,347	91,309
Depreciation charge for the year	3,680	941	–	116	133	4,870
Eliminated on disposals	–	(291)	–	(6)	(201)	(498)
At 31 December 2023 and 1 January 2024	55,647	24,469	6,291	4,995	4,279	95,681
Depreciation charge for the year	3,714	718	5	66	70	4,573
Eliminated on disposals	–	(258)	(1,089)	(4)	(95)	(1,446)
At 31 December 2024 and 1 January 2025	59,361	24,929	5,207	5,057	4,254	98,808
Depreciation charge for the period	2,815	451	43	46	18	3,373
Eliminated on disposals	–	–	–	–	(3)	(3)
At 30 September 2025	62,176	25,380	5,250	5,103	4,269	102,178

	Buildings and leasehold improvements	Plant and machinery	Motor vehicles	Firefighting and laboratory equipment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying values:						
At 31 December 2022	56,165	4,295	331	771	612	62,174
At 31 December 2023	53,088	3,478	331	669	546	58,112
At 31 December 2024	49,380	3,515	507	1,133	–	54,535
At 30 September 2025	46,565	3,069	464	1,087	44	51,229

The above items of property, plant and equipment are depreciated on a straight-line basis over the following years after taking into account the residual values:

	Useful lives
Buildings and leasehold improvements	20 years
Plant and machinery	3 to 10 years
Motor vehicles	4 years
Firefighting and laboratory equipment	3 to 10 years
Others	3 to 5 years

17 RIGHT-OF-USE ASSETS

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amounts:				
Leasehold lands	16,410	15,894	15,379	14,992

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation recognised in profit or loss:				
Leasehold lands	515	516	515	387

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expense relating to short-term leases	2,303	2,001	1,913	1,272
Total cash outflow for leases	2,303	2,001	1,913	1,272
Additions to right-of-use assets	–	–	–	–

Lump sum payments were made upfront to acquire the land use rights in the PRC, where the Target Group's manufacturing facilities are primarily located.

The Target Group has obtained the land use right certificates for all leasehold lands as at 31 December 2022, 2023, 2024 and 30 September 2025.

The Target Group regularly entered into short-term leases for offices and vehicles. As at 31 December 2022, 2023 and 2024 and 30 September 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

18 INTANGIBLE ASSETS

The Target Group's intangible assets comprise purchased computer software.

	Computer software *RMB'000*	Brand names *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2022, 31 December 2022 and 1 January 2023	5,574	117	5,691
Disposals	(1,509)	–	(1,509)
At 31 December 2023 and 1 January 2024	4,065	117	4,182
Disposals	–	(117)	(117)
At 31 December 2024 and 1 January 2025	4,065	–	4,065
Disposals	(184)	–	(184)
At 30 September 2025	3,881	–	3,881
Amortisation			
At 1 January 2022	1,985	100	2,085
Charge for the year	481	12	493
At 31 December 2022 and 1 January 2023	2,466	112	2,578
Charge for the year	407	5	412
Eliminated on disposals	(1,509)	–	(1,509)
At 31 December 2023 and 1 January 2024	1,364	117	1,481
Charge for the year	402	–	402
Eliminated on disposals	–	(117)	(117)
At 31 December 2024 and 1 January 2025	1,766	–	1,766
Charge for the period	291	–	291
Eliminated on disposals	(184)	–	(184)
At 30 September 2025	1,873	–	1,873
Carrying values			
At 31 December 2022	3,108	5	3,113
At 31 December 2023	2,701	–	2,701
At 31 December 2024	2,299	–	2,299
At 30 September 2025	2,008	–	2,008

Purchased computer software and brand names are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

19 DEFERRED TAX ASSETS

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	858	119	3,576	3,936

The following are the major deferred tax assets recognised and movements thereon during each reporting period:

	Accrued sales rebates	Impairment loss on trade receivables	Impairment loss on other receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	–	160	–	160
Credited to profit or loss	–	681	17	698
At 31 December 2022 and 1 January 2023	–	841	17	858
Charged to profit or loss	–	(737)	(2)	(739)
At 31 December 2023 and 1 January 2024	–	104	15	119
Credited/(charged) to profit or loss	2,838	626	(7)	3,457
At 31 December 2024 and 1 January 2025	2,838	730	8	3,576
Credited/(charged) to profit or loss	370	(10)	–	360
At 30 September 2025	3,208	720	8	3,936

20 INVENTORIES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	14,457	12,404	10,689	5,407
Work in progress	11,530	9,180	10,809	5,153
Finished goods	10,038	8,125	10,967	1,343
	36,025	29,709	32,465	11,903

21 TRADE, BILLS AND OTHER RECEIVABLES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	67,198	8,268	5,668	4,840
Less: Allowance for credit losses	(3,360)	(413)	(2,918)	(2,877)
	63,838	7,855	2,750	1,963
Bill receivables	9,929	2,357	4,325	–
Total trade receivables	73,767	10,212	7,075	1,963
Prepayments	948	877	1,060	581
Deposits	821	800	294	294
Other tax recoverable	1,596	1,292	2,387	3,765
Other receivables*	586	444	360	333
	3,951	3,413	4,101	4,973
Less: Allowance for credit losses	(70)	(62)	(33)	(31)
Total other receivables	3,881	3,351	4,068	4,942
Total trade, bills and other receivables	77,648	13,563	11,143	6,905

* Others receivables represent advances to staff and payments on behalf of staff for other miscellaneous expense, which are unsecured, non-interest bearing and repayable in 12 months.

As at 1 January 2022, account receivables from contracts with customers amounted to RMB101,456,000 (net of allowance for credit losses of RMB637,000).

The Target Group generally requires advance payments from majority of its customers before delivery of goods. For certain customers, the Target Group allows credit terms of 45 to 90 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			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	12,946	2,417	4,504	773
1 to 2 years	29,479	398	–	–
Over 2 years	31,342	7,397	2,571	1,190
	73,767	10,212	7,075	1,963

As at 31 December 2022, 2023, 2024 and 30 September 2025, included in the Target Group's trade receivables balance are debtors with aggregate carrying amounts of RMB31,342,000, RMB7,397,000, RMB2,571,000, and RMB1,190,000 which are past due as at the end of each reporting period. The directors of the Target Company are of the opinion that there has not been a significant change in credit quality and the balances are still considered fully recoverable considering factors such as historical settlement patterns from and on-going business relationship with these customers. Repayments were made continuously during the Relevant Periods, and the entire balances were fully settled prior to the date of this accountants' report.

Details of impairment assessment of trade, bills and other receivables are set out in Note 31.

22 CASH AND BANK BALANCES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	310,225	293,059	323,449	131,332
	310,225	293,059	323,449	131,332

As at 31 December 2022, 2023, 2024 and 30 September 2025, cash at banks earns interest at rates based on daily bank deposit rates ranging from 0% to 0.05%. The bank balances are deposited with creditworthy banks with no history of default.

23 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Account payables				
– Related parties	–	–	354	15
– Third parties	15,998	15,213	20,989	15,566
	15,998	15,213	21,343	15,581
Accrued sales rebates *(Note)*	3,524	2,072	12,829	14,503
Other accrued expenses	2,238	1,792	1,081	832
Accrued staff payroll and welfare	3,333	3,110	3,670	6,922
Dividends payable	17,510	–	–	–
Other tax payables	4,661	267	347	558
Other payables	3,378	3,174	3,246	3,266
	50,642	25,628	42,516	41,662

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

The credit period of trade payables is normally within 15 to 90 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			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	11,957	12,305	16,535	4,944
31 to 60 days	3,209	2,648	3,319	2,710
61 to 90 days	183	91	499	2,506
Over 90 days	649	169	990	5,421
	15,998	15,213	21,343	15,581

24 CONTRACT LIABILITIES

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advances from customers				
– finished goods	267,178	218,631	197,056	7,291

As at 1 January 2022, contract liabilities amounted to RMB174,524,000.

Contract liabilities, that are not expected to be settled within the Target Group's normal operating cycle, are classified as current and non-current based on the Target Group's earliest obligation to transfer goods or services to the customers.

The Target Group generally requires advance payments from majority of its customers before delivery of goods. This will give rise to a contract liability at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount received.

The following table shows how much of the revenue recognised for the years ended 31 December 2022, 2023, 2024 and nine months ended 2025 relates to the contract liabilities at the beginning of the year/period:

	Year ended 31 December			Nine months ended 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised during the year/the period	173,656	266,310	217,666	195,986

25 PAID-UP CAPITAL

	RMB'000
Registered and paid-up capital	
At 1 January 2022, 31 December 2022, 2023, 2024 and 30 September 2025	5,680

26 STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE TARGET COMPANY

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Investment in a subsidiary	2,000	2,000	2,000	2,000
Property, plant and equipment	62,023	57,868	53,581	50,367
Right-of-use assets	16,410	15,894	15,379	14,992
Intangible assets	3,113	2,701	2,299	2,008
Deferred tax assets	858	119	3,576	3,936
	84,404	78,582	76,835	73,303
Current assets				
Inventories	31,977	25,052	21,421	9,864
Trade and other receivables	118,904	48,911	45,151	7,557
Cash and bank balances	307,308	290,051	320,374	129,243
Income tax recoverable	–	882	–	3,060
	458,189	364,896	386,946	149,724
Current liabilities				
Trade and other payables	92,786	54,351	63,497	62,112
Contract liabilities	267,178	218,631	197,056	7,291
Income tax payable	3,178	–	10,315	–
	363,142	272,982	270,868	69,403
Net current assets	95,047	91,914	116,078	80,321
Net assets	179,451	170,496	192,913	153,624
Capital and reserves				
Share capital	5,680	5,680	5,680	5,680
Reserves	173,771	164,816	187,233	147,944
Total equity	179,451	170,496	192,913	153,624

Movements of reserves of the Target Company are as follows:

	Capital reserve *RMB'000*	Statutory reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2022	1,958	132,784	63,987	198,729
Profit and total comprehensive income for the year	–	–	70,606	70,606
Dividends recognised as distribution	–	–	(95,564)	(95,564)
At 31 December 2022 and 1 January 2023	1,958	132,784	39,029	173,771
Profit and total comprehensive income for the year	–	–	65,874	65,874
Dividends recognised as distribution	–	–	(74,829)	(74,829)
At 31 December 2023 and 1 January 2024	1,958	132,784	30,074	164,816
Profit and total comprehensive income for the year	–	–	84,876	84,876
Dividends recognised as distribution	–	–	(62,459)	(62,459)
At 31 December 2024 and 1 January 2025	1,958	132,784	52,491	187,233
Profit and total comprehensive income for the period	–	–	54,121	54,121
Dividends recognised as distribution	–	–	(93,410)	(93,410)
At 30 September 2025	1,958	132,784	13,202	147,944
At 1 January 2024 (audited)	1,958	132,784	30,074	164,816
Profit and total comprehensive income for the period	–	–	81,993	81,993
Dividends recognised as distribution	–	–	(62,459)	(62,459)
At 30 September 2024 (unaudited)	1,958	132,784	49,608	184,350

27 CAPITAL COMMITMENTS

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Target Group did not have any material capital commitments.

28 RETIREMENT BENEFIT SCHEME

The employees of the Target Group in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The Target Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Target Group with respect to the retirement benefit plan is to make the specified contributions. For the years ended 31 December 2022, 2023, 2024 and nine months ended 30 September 2024 and 2025, the total expenses recognised in the consolidated statements of profit or loss and other comprehensive income amounted to approximately RMB13,769,000, RMB13,783,000, RMB15,118,000, RMB9,537,000 and RMB14,748,000 respectively.

29 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statements of cash flows as cash flows from financing activities.

	At 1 January 2022	Financing cash flows	Interest accrual	Dividends declared	At 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other borrowings	16,000	(16,182)	182	–	–

30 CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of net debt, which includes net of cash and bank balances and equity attributable to owners of the Target Company, comprising issued paid-in capital and reserves as disclosed in consolidated statements of changes in equity.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Target Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debts.

31 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 30 September
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	385,329	304,453	331,145	133,891
Financial liabilities				
Financial liabilities at amortised cost	36,886	18,387	24,589	18,847

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, trade and other payables and cash and bank balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Target Group's activities expose the Target Group primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The Target Group is not exposed to significant foreign exchange risk as it transacts mainly in RMB.

Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 22 for details). The Target Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Target Group currently does not have an interest rate hedging policy. As the management of the Target Group considered such exposure to cash flow interest rate risk is minimal, accordingly, no sensitivity analysis is presented.

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposures are primarily attributable to trade, bills and other receivables and bank balances. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Target Group performed impairment assessment for financial assets under ECL model. Information about the Target Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade and bills receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Target Group reviews the recoverable amount of each individual significant trade debt at the end of each reporting period to ensure that adequate impairment loss is recognised for irrecoverable amount. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

In addition, the Target Group performs impairment assessment under ECL model on trade and bills receivables with significant balances and credit-impaired individually and/or collectively. Except for credit-impaired trade receivables, trade receivables with significant balances, which is assessed for impairment individually, the remaining trade receivables are based on shared credit risk characteristics by reference to internal credit ratings and past due exposure for the customers. As at 31 December 2022, 2023 and 2024 and 30 September 2025, trade receivables with significant balances of approximately RMB32,992,000, RMB7,786,000, RMB5,480,000 and RMB4,026,000, respectively, were assessed individually. Details of the quantitative disclosures are set out below in this note.

The Target Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% of the total trade receivables as at 31 December 2022, 2023 and 2024 and 30 September 2025.

Other receivables

The Target Group assessed the loss allowance for other receivables on 12m ECL basis as the Target Group has considered that credit risks on these financial assets have not increased significantly since initial recognition. In determining the ECL, the Target Group has taken into account the historical default experience and forward looking information as appropriate. The Target Group has considered the consistently low historical default rate in connection with payments and the Target Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Details of the quantitative disclosures are set out below in this note.

Cash and bank balances

The credit risks on cash and bank balances are limited because the counterparties are authorised banks in the PRC with high credit ratings assigned by international credit-rating.

The Target Group assessed 12m ECL for cash and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and bank balances and cash is considered to be insignificant.

The Target Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	**Description**	**Trade receivables**	**Other financial assets**
Low risk	The counterparty has either a low risk of default and does not have any past-due amounts or frequently settles after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit-impaired	Lifetime ECL – not credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Target Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Target Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount As at 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	As at 30 September 2025 RMB'000
Financial assets at amortised cost							
Trade receivables	*21*	Low risk *(Note 1)*	Lifetime ECL – not credit impaired (collective assessment)	34,206	482	188	814
			Lifetime ECL – not credit impaired (individual assessment)	32,992	7,786	2,707	1,253
	21	Loss *(Note 1)*	Lifetime ECL - credit impaired (individual assessment)	–	–	2,773	2,773
Bill receivables		*(Note 2)*	12m ECL	9,929	2,357	4,325	–
Other receivables	*21*	*(Note 2)*	12m ECL	1,407	1,244	654	627
Bank balances	*22*	*(Note 2)*	12m ECL	310,225	293,059	323,449	131,332
				388,759	304,928	334,096	136,799

Notes:

1. For not credit-impaired trade receivables, the Target Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Target Group determines the ECL on a collective and individual basis, grouped by internal credit rating and past due status of respective receivable. In addition, credit-impaired trade receivables are assessed for ECL individually. The information about the credit risk exposure on the Target Group's trade receivables is set out below.

Internal credit rating

As part of the Target Group's credit risk management, the Target Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on collective and individual basis within lifetime ECL (not credit-impaired).

	As at 31 December 2022		2023		2024		As at 30 September 2025	
	Average loss rate	Gross carrying amount RMB'000	Average loss rate	Gross carrying amount RMB'000	Average loss rate	Gross carrying amount RMB'000	Average loss rate	Gross carrying amount RMB'000
Low risk	5%	67,198	5%	8,268	5%	2,895	5%	2,067

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information that is available without undue cost or effort. The management of the Target Group is of the opinion that there is no material change in the observed default rates of its customers throughout each of the reporting periods and after considering the forward looking information, same average loss rate was adopted throughout

the reporting period. The Target Grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the years ended 31 December 2022, 2023 and 2024, and the nine months ended 30 September 2025, the Target Group recognised/(reversed) credit loss allowance of approximately RMB2,723,000, RMB(2,947,000), RMB(268,000) and RMB(41,000) based on collective assessment respectively.

The following tables show the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach using internal credit rating:

	Lifetime ECL (credit-impaired) *RMB'000*	**Lifetime ECL (not credit-impaired)** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	–	637	637
– Impairment losses recognised	2,007	2,723	4,730
– Write-offs	(2,007)	–	(2,007)
At 31 December 2022 and 1 January 2023	–	3,360	3,360
– Impairment losses recognised/(reversed)	1,403	(2,947)	(1,544)
– Write-offs	(1,403)	–	(1,403)
At 31 December 2023 and 1 January 2024	–	413	413
– Impairment losses recognised/(reversed)	4,893	(268)	4,625
– Write-offs	(2,120)	–	(2,120)
At 31 December 2024 and 1 January 2025	2,773	145	2,918
– Impairment losses reversed	–	(41)	(41)
– Write-offs	–	–	–
At 30 September 2025	2,773	104	2,877

The Target Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

2. For the purposes of internal credit risk management, the Target Group has applied the general approach in IFRS 9 to measure the loss allowance of bill receivables, other receivables and bank balances at 12m ECL as there is no significant increase in credit risk since initial recognition.

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience and forward-looking information, the Target Group recognised/(reversed) credit loss allowance of approximately RMB70,000, RMB(8,000), RMB(29,000) and RMB(1,000) for the years ended 31 December 2022, 2023 and 2024, and the nine months ended 30 September 2025, respectively.

The credit risk on bill receivables (which are bank-issued instruments) and bank balances is limited because the counterparties are banks with good reputation.

Liquidity risk

In the management of liquidity risk, the Target Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are at variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	On demand or within 1 year *RMB'000*	**1 – 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total undiscounted cash flows** *RMB'000*	**Total carrying amount** *RMB'000*
As at 31 December 2022					
Trade and other payables	36,886	–	–	36,886	36,886

	On demand or within 1 year *RMB'000*	**1 – 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total undiscounted cash flows** *RMB'000*	**Total carrying amount** *RMB'000*
As at 31 December 2023					
Trade and other payables	18,387	–	–	18,387	18,387

	On demand or within 1 year *RMB'000*	**1 – 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total undiscounted cash flows** *RMB'000*	**Total carrying amount** *RMB'000*
As at 31 December 2024					
Trade and other payables	24,589	–	–	24,589	24,589

	On demand or within 1 year *RMB'000*	**1 – 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total undiscounted cash flows** *RMB'000*	**Total carrying amount** *RMB'000*
As at 30 September 2025					
Trade and other payables	18,847	–	–	18,847	18,847

(b) Fair value measurements of financial instruments

The management considers that the carrying amounts of the financial assets and financial liabilities of the Target Group recorded at amortised cost in the Historical Financial Information at the end of each reporting period approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

32 RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the Historical Financial Information, the Target Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Transactions with a related company *(Note)*					
– Purchases of materials	8,398	7,261	7,294	4,880	5,695

Note: The entity has been identified as a related party of the Target Group as it is under the common control by the controlling shareholders.

The above purchase transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

Compensation of key management personnel of the Target Group

The remuneration of directors and other members of key management is set out in Note 13.

33 PARTICULARS OF THE SUBSIDIARY OF THE TARGET COMPANY

Particulars of the subsidiary as at 31 December 2022, 2023, 2024 and 30 September 2025 are as follows:

Name of subsidiary	Place and date of establishment/ incorporations and place of operation	Registered capital and paid-up capital	Equity interest attributable to the Target Company as at 31 December 2022	31 December 2023	31 December 2024	30 September 2025	Principal activities
保定康達氣霧劑製造有限公司 (Baoding Kangda Aerosol Manufacturing Co., Ltd*)	The PRC 22 June 2011	RMB2,000,000	100%	100%	100%	100%	Manufacture and sales of insecticide products

* The English name of the Chinese company marked with "*" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as its official English translation.

The above table lists the only subsidiary which, in the opinion of the directors of the Target Company, principally affected the results or assets of the Target Group.

None of the subsidiary had issued any debt securities at the end of the year.

34 SUBSEQUENT FINANCIAL STATEMENTS

No audited consolidated financial statements have been prepared by the Target Group in respect of any period subsequent to 30 September 2025.

* *English translation, as the case may be, is for identification only.*

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(I) Basis of preparation

The following is a summary of the unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Cheerwin Group Limited (the "**Company**"), its subsidiaries (collectively referred to as the "**Group**"), and Hebei Kangda Co., Ltd (the "**Target Company**") and its subsidiary (collectively hereinafter referred to as the "**Target Group**") (the Group and the Target Group are collectively referred to as the "**Enlarged Group**"), which has been prepared on the basis of the notes set forth below for the purpose of illustrating the effects of the acquisition of the entire equity interest of the Target Company (the "**Acquisition**"), as if the Acquisition had taken place on 30 June 2025.

The Unaudited Pro Forma Financial Information has been prepared based on the interim condensed consolidated statement of financial position of the Group as at 30 June 2025 set out in the published reviewed interim financial statements of the Company for the six months ended 30 June 2025 and the consolidated statement of financial position of the Target Group as at 30 September 2025 included in the Accountants' Report as set out in Appendix III to this Circular after giving effect to the unaudited pro forma adjustments that are (i) directly attributable to the Acquisition and not relating to other future events or decisions and (ii) factually supportable, as described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in the published reviewed interim financial statements of the Group for the six months ended 30 June 2025, the historical financial information of the Target Group as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

(II) Unaudited Pro Forma Financial Information

	The Group as at 30 June 2025	The Target Group as at 30 September 2025	Unaudited pro forma adjustments		Unaudited pro forma total for the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	
NON-CURRENT ASSETS					
Property, plant and equipment	143,517	51,229	8,369	–	203,115
Right-of-use assets	53,776	14,992	59,138	–	127,906
Intangible assets	–	2,008	81,845	–	83,853
Deposit paid for acquisition of property, plant and equipment	356	–	–	–	356
Deferred tax assets	63,684	3,936	–	–	67,620
Time deposit	308,433	–	–	–	308,433
Interests in associates	3,283	–	–	–	3,283
Goodwill	–	–	133,131	–	133,131
Financial assets at fair value through profit or loss ("**FVTPL**")	111,923	–	–	–	111,923
	684,972	72,165	282,483	–	1,039,620
CURRENT ASSETS					
Inventories	153,345	11,903	–	–	165,248
Trade and other receivables	152,424	6,905	–	–	159,329
Income tax recoverable	–	3,060	–	–	3,060
Other financial assets at amortised cost	296,271	–	–	–	296,271
Amounts due from related parties	48,341	–	–	–	48,341
Financial assets at fair value through profit or loss ("**FVTPL**")					
Time deposit	1,405,850	–	–	–	1,405,850
Bank balances and cash	935,685	131,332	(400,000)	(3,174)	663,843
	2,991,916	153,200	(400,000)	(3,174)	2,741,942
Total Assets	3,676,888	225,365	(117,517)	(3,174)	3,781,562

	The Group as at 30 June 2025	The Target Group as at 30 September 2025	Unaudited pro forma adjustments		Unaudited pro forma total for the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note (1)	*Note (2)*	*Note (3)*	*Note (4)*	
CURRENT LIABILITIES					
Trade and other payables	389,360	41,662	–	–	431,022
Contract liabilities	46,925	7,291	–	–	54,216
Dividend payable	89,857	–	–	–	89,857
Amounts due to related parties	33,137	–	–	–	33,137
Lease liabilities	21,401	–	–	–	21,401
Income tax payables	14,462	759	–	–	15,221
	595,142	49,712	–	–	644,854
NON-CURRENT LIABILITIES					
Deferred tax liabilities	–	–	37,338	–	37,338
Lease liabilities	29,169	–	–	–	29,169
Contingent consideration as liability at fair value through profit or loss	–	–	20,798	–	20,798
	29,169	–	58,136	–	87,305
Total Liabilities	624,311	49,712	58,136	–	732,159
Net assets	3,052,577	175,653	(175,653)	(3,174)	3,049,403

Notes:

(1) The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as set out in the published interim report of the Company for the six months ended 30 June 2025.

(2) The amounts are extracted from the accountants' report of the Target Group as set out in Appendix II to this Circular. They represent the assets and liabilities of the Target Group as at 30 September 2025 assuming the Acquisition had taken place on 30 June 2025.

(3) On 31 December 2025, an indirect wholly-owned subsidiary of the Group, and shareholders of the Target Company (the "**Vendors**") entered into a sale and purchase agreement (the "**Acquisition Agreement**"). Pursuant to the Acquisition Agreement, the Group has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell 100% equity interest in the Target Company held by them directly at a cash consideration. The Acquisition is a business combination and accounted for using the acquisition method in accordance with IFRS 3 Business Combinations.

The consideration comprises (i) the initial consideration of RMB400 million (equivalent to approximately HK$440 million) (the "**Initial Consideration**"); and (ii) the contingent consideration subject to the performance of the Target Group for the year ending 31 December 2026 (the "**Final Consideration**"). The Initial Consideration and the Final Consideration shall be payable by the Group to the Vendors in cash.

As agreed between the Vendors and the Group, the Initial Consideration shall be adjusted based on the audited net profit attributable to the parent company after deducting non-recurring items for the year ending 31 December 2026 (the "**Adjusted Net Profit**").

If the Adjusted Net Profit exceeds RMB60 million (inclusive) (the "**Excess**"), the Group will pay the Vendors an amount equal to RMB25 million plus 30% of the Excess, and the aggregate of such payment will be capped at RMB50 million. If the Adjusted Net Profit does not reach RMB60 million (the "**Deficit**"), the Group will pay the Vendors an amount equal to RMB25 million minus the Deficit. If the Deficit is more than RMB25 million, the Vendors will not pay the difference to the Group.

Details on the identifiable assets and liabilities of the Target Group acquired by the Group at the date of the Acquisition are illustrated below:

	RMB'000
Consideration:	
Initial Consideration in cash	400,000
Contingent Consideration at fair value through profit or loss	20,798
	420,798
Less: net assets of the Target Group as at 30 September 2025 *(note i)*	(175,653)
Less: fair value adjustments to tangible assets and intangible assets identified from the Acquisition *(note ii)*	(149,352)
Add: deferred tax liabilities arising from the recognition of intangible assets *(note ii)*	37,338
Pro forma goodwill arising from the Acquisition *(note iii)*	133,131

Notes:

(i) The amount represents the net assets of the Target Group as at 30 September 2025 which is extracted from the accountants' report of the Target Group as set out in Appendix II to this circular.

(ii) The amounts comprise (i) a brand name of the Target Group, which was separately identified as an intangible asset, and (ii) the fair value adjustments pertaining to property, plant and equipment and land use rights in the PRC. The directors of the Company have estimated the fair value adjustments of these items to be RMB149,352,000. Deferred tax liabilities are calculated at the People's Republic of China (the "**PRC**") Enterprise Income Tax rate of 25%.

(iii) The amounts of goodwill and fair values of the identifiable assets and liabilities of the Target Group are subject to change upon the results of the valuation assessment of the fair values of the identifiable assets and liabilities of the Target Group on the date of the Acquisition. Consequently, the goodwill resulting from the actual allocation of the purchase price at the date of the Acquisition will likely result in different amount from the pro forma goodwill amount stated in the Unaudited Pro Forma Financial Information.

In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the directors of the Company had performed an impairment assessment of the goodwill, in accordance with International Accounting Standard ("**IAS**") 36 "Impairment of Assets" and concluded that there would have no impairment of this item.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss will be recognised. The directors of the Company are in the opinion that no impairment indicator identified. However, should there be any adverse changes to the business of the Target Group, including but not limited to, any subsequent adverse changes in the operation, impairment may be required to be recognised against these items in accordance with IAS 36. The directors of the Company confirmed that they will adopt consistent approach to assess impairment of these items in subsequent periods in accordance with the requirements of IAS 36.

(4) The adjustment represents the estimated payments of the remaining professional fees in connection with the Acquisition which is charged to profit or loss.

(5) No adjustment has been made to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2025.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Cheerwin Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Cheerwin Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2025 and related notes as set out on pages III-1 to III-5 of Appendix III to the circular issued by the Company dated 13 February 2026 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-5 of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Acquisition (as defined in the Circular) on the Group's financial position as at 30 June 2025 as if the Acquisition had taken place at 30 June 2025. As part of this process, information about the Group's assets and liabilities on as at 30 June 2025 has been extracted by the Directors from the interim condensed consolidated financial statements of the Company for the six months ended 30 June 2025, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 February 2026

Set out below is the management discussion and analysis of the Target Group for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025 (the "**Relevant Periods**") which shall be read in conjunction with the historical financial information of the Target Group as set out in Appendix II to this circular. The full text of such audit report is set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company was incorporated in the PRC as a limited liability company on 19 April 1996. Its registered office is located at No. 118, Tiane Middle Street, Baoding, Hebei Province, the PRC. The Target Company and its subsidiary Baoding Kangda Aerosol Manufacturing Co., Ltd* (保定康達氣霧劑製造有限公司) are principally engaged in the manufacturing and trading of insecticide aerosol, household cleaning products, electric mosquito repellent and smokeless mosquito coil in the PRC.

FINANCIAL REVIEW

Revenue

The Target Group sells insecticide aerosol, household cleaning products, electric mosquito repellent and smokeless mosquito coil to customers. For the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the Target Group's revenue amounted to approximately RMB523.3 million, RMB438.8 million, RMB468.1 million, RMB443.1 million and RMB354.7 million, respectively. All of the revenue of the Target Group is derived from Mainland China based on location of the operations for years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2024 and 2025.

The following shows the breakdown of the revenue during the Relevant Periods:

	Year ended 31 December			Nine months ended 30 September	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services					
Revenue by types of products					
Insecticide aerosol	201,829	174,515	192,793	192,752	157,429
Household cleaning products	171,178	137,026	144,342	119,464	88,996
Electric mosquito repellent	101,016	87,196	81,415	81,323	65,225
Smokeless mosquito coil	49,308	40,107	49,541	49,549	43,021
	523,331	438,844	468,091	443,088	354,671

The Target Group's revenue for the year ended 31 December 2024 increased by approximately RMB29.2 million, or 6.7%, as compared to the year ended 31 December 2023. The increase in revenue was primarily attributable to the increase in demand of insecticide aerosol, household cleaning products and smokeless mosquito coil offsetting the decrease in demand of electric mosquito repellents as the Target Group actively engaged in initiatives to acquire and onboard new customers driving demand of certain products and therefore the revenue.

For the nine months ended 30 September 2025, the Target Group recorded a revenue of approximately RMB354.7 million, representing a decline of approximately 20.0% over the same period in previous year. The decrease of the revenue is due to the decline in the general demand of insecticide aerosol, household cleaning products, electric mosquito repellents and smokeless mosquito coil, mainly attributable to an intensified downstream competition in the industry in 2025.

Despite the intensified downstream competition in the industry in 2025, the Company has observed signs of market recovery in the industry as early as the beginning of 2026. According to the operational data obtained by far, the revenue of the Target Group in January 2026 reflect an improvement as compared to the same period in 2025. This performance may suggest a gradual enhancement in industry demand and market stability; however, the Group will still need to monitor this trend continuously in 2026.

Home insecticides and related home care products consistently are essential consumer goods in daily residential life, exhibiting a degree of market demand stability. Additionally, the Company is of the view that these products are subject to certain entry barriers in formulation development, production compliance, safety standards, brand building, and channel management, which helps prevent disorderly competition and provides ongoing development opportunities for enterprises with scale and comprehensive capabilities.

In a context of intensifying industry competition, sustainable corporate development increasingly relies on optimizing channel structures, expanding regional layouts, and managing product portfolios effectively. Through the Acquisition, the Group can leverage the advantages in branding, supply chain, and nationwide channels to complement the operational foundation of the Target Group in regional markets, thereby formulating more targeted channel expansion and regional development plans to systematically uncover ongoing growth opportunities within the industry.

Based on these factors, the Company believes that despite the Target Group experiencing temporary revenue fluctuations for nine months ended 30 September 2025, from a medium to long-term perspective, the Acquisition will facilitate the Group to refine regional layouts, enhance channel efficiency, and bolster overall competitiveness in the household care sector.

Cost of sales

For the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the Target Group incurred cost of sales of approximately RMB253.4 million, RMB202.9 million, RMB213.5 million, RMB200.7 million and RMB168.8 million, respectively, the change of which is in line with the change of the revenue during the Relevant Periods.

Gross profit and gross profit margin

The following table shows the breakdown of gross profit and gross profit margin of the Target Group during the Relevant Periods:

	Year ended 31 December			Nine months ended 30 September	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	523,331	438,844	468,091	443,088	354,671
Cost of sale	(253,369)	(202,906)	(213,485)	(200,671)	(168,844)
Gross profit	269,962	235,938	254,606	242,417	185,827
Gross profit margin	51.6%	53.8%	54.4%	54.7%	52.4%

The Target Group maintained a general gross profit margin of more than 50% during the Relevant Periods. The gross profit margin of the Target Group for the year ended 31 December 2024 was approximately 54.4%, representing an increase of approximately 0.6 percentage points from approximately 53.8% for the year ended 31 December 2023. The gross profit margin of the Target Group for the nine months ended 30 September 2025 was approximately 52.4%, representing a slight decrease of approximately 2.3 percentage points from approximately 54.7% for the nine months ended 30 September 2024 as the promotion campaigns of the Target Group generally took place at the first half of the year causing a generally slightly lower gross profit margin in this period.

Selling and distribution expenses

Selling and distribution expenses of the Target Group mainly comprise staff costs, promotion expenses, transportation and storage expenses, marketing expenses and others.

The Target Group's selling and distribution expenses for the year ended 31 December 2024 amounted to approximately RMB73.8 million, representing a decrease of approximately RMB19.3 million, or 20.7%, from approximately RMB93.1 million for the year ended 31 December 2023. The decrease was mainly attributable to a decline in promotion expenses of approximately RMB16.7 million.

The Target Group's selling and distribution expenses for the nine months ended 30 September 2025 amounted to approximately RMB40.6 million, representing a decrease of approximately RMB18.7 million, or 31.5%, from approximately RMB59.3 million for the nine months ended 30 September 2024. The decrease was mainly due to the decrease in staff costs, promotion expenses and marketing expenses of approximately RMB13.0 million, RMB3.8 million and RMB2.0 million respectively, recognised for the nine months ended 30 September 2025 as compared to the nine months ended 30 September 2024.

Profit before tax and net profit

As a result of the foregoing, for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2024 and 2025, the Target Group recorded the profit before tax of approximately RMB103.6 million, RMB91.4 million, RMB116.0 million, RMB143.4 million and RMB102.6 million, respectively. For the corresponding periods, it recorded net profit of approximately RMB74.9 million, RMB65.1 million, RMB85.6 million, RMB108.2 million and RMB77.3 million, respectively.

Asset position

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the total assets of the Target Group were approximately RMB506.5 million, RMB414.0 million, RMB442.8 million and RMB225.4 million, respectively. As at the same dates, the net assets of the Target Group were approximately RMB178.4 million, RMB168.7 million, RMB191.8 million and RMB175.7 million, respectively. The decrease in the net assets of the Target Group from approximately RMB191.8 million as at 31 December 2024 to approximately RMB175.7 million as at 30 September 2025 is due to the decrease in cash and bank balances by approximately RMB192.1 million and decrease in inventories by approximately RMB20.6 million which was partially offset by the decrease in contract liabilities by approximately RMB189.8 million, as advance payments were typically collected, and inventories were procured by customers closer to the year end, resulted in elevated year-end balances of the relevant cash and bank accounts, as well as inventories, as of 31 December 2024.

SEGMENT INFORMATION

During the Relevant Periods, the Target Group had only one reportable operating segment, being the sale of insecticide aerosol, household cleaning products, electric mosquito repellent and smokeless mosquito coil. As such, no segmental information thereof is presented.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Target Group financed its operations and capital expenditure primarily by internally generated funds from operations.

Gearing ratio

The gearing ratio is calculated as net debt divided by total capital. The net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As at 31 December 2022, 2023, 2024 and 30 September 2025, the Target Group had no borrowings and therefore the gearing was nil during the Relevant Periods.

Trade, bills and other receivables

As at 31 December 2022, 2023, 2024 and 30 September 2025, trade, bills and other receivables of the Target Group amounted to approximately RMB77.6 million, RMB13.6 million, RMB11.1 million and RMB6.9 million, respectively. The Target Group generally requires advance payments from majority of its customers before delivery of goods. For certain customers, the Target Group allows credit terms of 45 to 90 days from the invoice date for trade receivables.

Trade and other payables

As at 31 December 2022, 2023, 2024 and 30 September 2025, trade and other payables of the Target Group amounted to approximately RMB50.6 million, RMB25.6 million, RMB42.5 million and RMB41.7 million, respectively. The decrease in the trade and other payables of the Target Group as at 30 September 2025 as compared with that as at 31 December 2024 was mainly attributable to a relatively smaller amount of purchase as at 30 September 2025 as compared with that as at 31 December 2024. The credit period of trade payables is normally within 15 to 90 days from the invoice date.

FUNDING AND TREASURY POLICY

The treasury and funding policies of the Target Group primarily focus on liquidity management to maintain an optimum level of liquidity. As at 31 December 2022, 2023, 2024 and 30 September 2025, cash at banks earns interest at rates based on daily bank deposit rates ranging from 0% to 0.05%. The bank balances are deposited with creditworthy banks with no history of default.

FOREIGN EXCHANGE RISK

During the Relevant Periods, the Target Group had no significant foreign currency risk as all of its operations, assets and liabilities are denominated in RMB which is also its functional currency. The Target Group did not hedge foreign exchange risks and had no capital instruments and financial instruments for hedging purposes throughout the Relevant Periods.

DIVIDEND

The Target Group recognised dividends of approximately RMB95.6 million, RMB74.8 million, RMB62.5 million and RMB93.4 million to the then shareholders for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, respectively. As at 30 September 2025, all dividends declared have been paid.

CAPITAL EXPENDITURE

The capital expenditures of the Target Group are used principally in connection with purchase of office facilities, equipments and vehicles, etc.. The Target Group recorded capital expenditures of approximately RMB1.1 million, RMB0.8 million, RMB1.6 million and RMB67,000, for the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, respectively.

CHARGE ON ASSETS

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Target Group did not have any charge on its assets.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Target Group as at 31 December 2022, 2023 and 2024 and 30 September 2025 were 1407, 1352, 1245 and 689 respectively and the staff costs for the year ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025 were approximately RMB97.7 million, RMB87.0 million, RMB96.6 million and RMB58.1 million respectively. The decrease in staff costs aligned with the decrease in the total number of employees as at the respective period ends as the Target Group transferred some offline sales functions to its distributors to improve its operational efficiency and optimise its sales model. Remuneration for employees of the Target Group was determined based on their job nature, personal performance and the market trends. Remuneration for employees of the Target Group mainly includes wages and bonuses. The Target Group determined employee remuneration based on market standards, personal qualifications, experience, skills, performance and contributions. The Target Group regularly reviews its remuneration and benefits policies, as well as the individual performance of its employees, to ensure that they are fairly paid. The Target Group also contributes to the employees' social security benefits schemes in accordance with the PRC Labour Law and local government regulations, and these social security contributions include pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund. The Target Group also provides trainings to employees in accordance with relevant laws and regulations.

CAPITAL STRUCTURE

As at 31 December 2022, 2023, 2024 and 30 September 2025, the capital structure of the Target Group comprised issued share capital and reserves.

CAPITAL COMMITMENTS

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Target Group did not have any material capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2022, 2023, 2024 and 30 September 2025, the Target Group had no material contingent liabilities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

As at 31 December 2022, 2023 and 2024 and 30 September 2025, the Target Group had no significant investment. For the years ended 31 December 2022, 2023 and 2024 and the nine months ended 30 September 2025, the Target Group made no material acquisition or disposal.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the Latest Practicable Date, the Target Group had no future plan for material investments or capital assets.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2025 of the property interests of the Group.



Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A 12/F Kiu Fu Commercial Building,
300 Lockhart Road, Wan Chai,
Hong Kong

13 February 2026

The Board of Directors
Cheerwin Group Limited
No.2, Luju Roda, Liwan District,
Guangzhou City,
Guangdong Province,
The PRC

Dear Sirs,

Instructions, Purpose and Valuation Date

Asia-Pacific Consulting and Appraisal Limited ("APA" or "we") is instructed by Cheerwin Group Limited to provide valuation service on the properties held by Hebei Kangda Co., Ltd (the "Company") for disclosure purpose. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing our opinion on the market value of the property interests as at 31 December 2025 (the "Valuation Date").

Basis of Valuation

Our valuation of the property interests represents the market value which we would define as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Methods of Valuation

Due to the nature of the buildings and structures of the properties and the particular location in which they are situated, it is unlikely to find relevant market comparable sales readily available, and thus the buildings and structures of the property have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. In arriving at the value of the land portion, reference has been made to the sales evidence available in the locality. The depreciated replacement cost of the property interests is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the RICS Valuation - Professional Standards published by the Royal Institution of Chartered Surveyors, the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates and other title documents relating to the property interests and have made relevant enquiries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment. We have relied to a very considerable extent on the information given by the Group, and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld. We have relied considerably on the advice given by the Company's PRC legal adviser — Beijingshi Yingke (Guangzhou) Law Firm, concerning the validity of the property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents and official site plans handed to us are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties unless we have been otherwise instructed. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

The site inspection was carried out on 8 January 2026 by Ms. Ivy Liu who has obtained the master degree with a specialization in Professional Accounting and has over 7 years' experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are enclosed hereby for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G.D. Cheng
MRICS
Executive Director

Note: David G.D. Cheng is a Chartered Surveyor who has 25 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

SUMMARY OF VALUES

Property interests held by Company in the PRC

No.	Property	Property held for owner-occupation in the PRC *RMB*	Market value in existing state as at the Valuation Date *RMB*
1.	Headquarters of the Company located at No. 55 Jindi Road, Baoding City, Hebei Province, The PRC (河北康達有限公司總部)	4,344,000	4,344,000
2.	Old plant site of the Company located at 217-1 Longfei Road North China Industrial Park, Qiyi East Road, Baoding City, Hebei Province, The PRC (河北康達有限公司老廠)	34,258,000	34,258,000
3.	New plant site of the Company located at No. 115 Lugang Road, Baoding City, Hebei Province, The PRC (河北康達有限公司新辦公樓)	24,802,000	24,802,000
4.	Property located at No. 9 Jinmu Street, Traditional Chinese Medicine, Industry Park, An'guo City Baoding City, Hebei Province, The PRC (安國市中藥產業園區)	64,249,000	64,249,000
5*	10 right-of-use assets located in multiple provinces across PRC	Right of use asset	No Commercial Value
	Total:	127,653,000	127,653,000

**Notes:*

1. The Company, as the lessee, leases 10 office premises in multiple provinces across PRC as at the valuation date. This information is disclosed for reference only. For full particulars, please refer to the certificate No.5.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
1.	Headquarters of the Company located at No. 55 Jindi Road, Baoding City, Hebei Province, The PRC (河北康達有限公司總部)	The property comprises 4 buildings and an ancillary structure erected on a parcel of land with a total site area of approximately 3,128.50 sq.m. completed in various stages by 1994. The 4 buildings have a total gross floor area of approximately 2,804.12 sq.m., including an office building and three ancillary management buildings. The structure is composed of walls. The land use rights of the property have been granted for a term expiring on 15 September 2044 for industry use.	The property is currently occupied by the Company as office use.	4,344,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Baoding Guoyong (2004) Zi Di No. 1306002545, the land use rights of a parcel of land with a total site area of approximately 3,128.50 sq.m. have been granted to the Company for a term expiring on 15 September 2044 for industry use.

2. Pursuant to a Building Ownership Certificate – C Zi Di No.301729, 4 buildings with a total gross floor area of approximately 2,804.12 sq.m. are vested in the Company.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Company lawfully owns the land use rights and building ownership of the property. Verification confirms that the building ownership is free from encumbrances.

4. A summary of major certificates/approvals is shown as follows:

   a. State-owned Land Use Rights Certificate — Yes

   b. Building Ownership Certificate — Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
2.	Old plant site of the Company located at 217-1 Longfei Road North China Industrial Park, Qiyi East Road, Baoding City, Hebei Province, The PRC (河北康達有限公司老廠)	The property comprises 25 buildings and various ancillary structures erected on a parcel of land with a total site area of approximately 67,169.60 sq.m. completed in various stages from 1996 to 2002. The 25 buildings have a total gross floor area of approximately 17,227.3 sq.m., mainly including industrial buildings and ancillary management buildings. The structures mainly include roads, tank farm, boundary walls. The land use rights of the property have been granted for a term expiring on 24 January 2046 for industry use.	As at the valuation date, the property was vacant.	34,258,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Baoding Guoyong (2004) Zi Di No. 1306002544, the land use rights of a parcel of land with a total site area of approximately 67,169.60 sq.m. have been granted to the Company for a term expiring on 24 January 2046 for industry use.

2. Pursuant to 3 Building Ownership Certificates – B Zi Di No. 201236, B Zi Di No. 201237, and Baoding City Fang Quan Zheng Xinshi District Zi Di No. U01000180, buildings with a total gross floor area of approximately 11,690.14 sq.m. are vested in the Company.

3. For the remaining 3 buildings with a total gross floor area of approximately 5,537.16 sq.m., we have not been provided with any title certificates.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Company lawfully owns the land use rights and building ownership of the property. Verification confirms that the building ownership is free from encumbrances.

5. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the 3 buildings of the property mentioned in note No.4 whose proper title certificates have not been obtained. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the Valuation Date would be RMB699,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

6. A summary of major certificates/approvals is shown as follows:

   a. State-owned Land Use Rights Certificate — Yes

   b. Building Ownership Certificate — Portion

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
3.	New plant of the Company located at No. 115 Lugang Road, Baoding City, Hebei Province, The PRC (河北康達有限公司新辦公樓)	The property comprises 3 buildings and various ancillary structures erected on a parcel of land with a total site area of approximately 17,219.00 sq.m. completed in various stages by 2019. The 3 buildings have a total gross floor area of approximately 6,814.87 sq.m., mainly including industrial buildings and ancillary management buildings. The structures mainly include roads, parking lot, walls and main gate. The land use rights of the property have been granted for a term expiring on 13 July 2056 for industry use.	As at the valuation date, the property was vacant.	24,802,000

Notes:

1. Pursuant to a Real Estate Title Certificate - Ji (2023) Baoding City Bu Dong Chan Quan Di No. 0056476, the land use rights of a parcel of land with a site area of approximately 17,219.00 sq.m. have been granted to the Company for a term expiring on 13 July 2056 for industry use, and 2 buildings with a gross floor area of approximately 6,786.87 sq.m. is owned by the Company.

2. For the remaining building with a gross floor area of approximately 28 sq.m., we have not been provided with any title certificates.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Company lawfully owns the land use rights and building ownership of the property. Verification confirms that the building ownership is free from encumbrances.

4. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to a building of the property mentioned in note 2 whose proper title certificates have not been obtained. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them (excluding land element) as at the Valuation Date would be RMB107,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

5. A summary of major certificates/approvals is shown as follows:

   a. Real Estate Title Certificate Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
4.	Property located at No. 9 Jinmu Street, Traditional Chinese Medicine, Industry Park, An'guo City Baoding City, Hebei Province, The PRC (安國市中藥產業園區)	The property comprises 13 buildings and various ancillary structures erected on a parcel of land with a total site area of approximately 83,888.41 sq.m. completed in various stages from 2010 to 2018. The 13 buildings have a total gross floor area of approximately 33,071.51 sq.m., mainly including industrial buildings and ancillary management buildings. The structures mainly include power transmission and transformation project, roads, outdoor works and main gate. The land use rights of the property have been granted for a term expiring on 28 February 2059 for industry use.	The property is currently occupied by the Company as production workshop and other ancillary facilities.	64,249,000

Notes:

1. Pursuant to a Real Estate Title Certificate - Ji (2023) Anguo City Bu Dong Chan Quan Di No. 0012035, the land use rights of a parcel of land with a site area of approximately 83,888.41 sq.m. have been granted to the Company for a term expiring on 28 February 2059 for industry use, and 13 buildings with a gross floor area of approximately 33,071.51 sq.m. is owned by the Company.

2. Pursuant to a Tenancy Agreements entered into between the Company and its subsidiary Baoding Kangda Aerosol Manufacturing Co., Ltd.("Baoding Kangda"), the properties along with machineries, equipments, facilities and others are leased to Baoding Kangda with the expiry date on 31 December 2025. The total annual rent is RMB4,000,000, comprising RMB1,500,000 for the properties and RMB2,500,000 for the machineries, equipments, facilities, and others.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The Company lawfully owns the land use rights and building ownership of the property. Verification confirms that the building ownership is free from encumbrances.

4. A summary of major certificates/approvals is shown as follows:

   a. Real Estate Title Certificate — Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
5.	10 right-of-use assets located in multiple provinces across PRC	As the lessee, the Company holds 10 right-of-use assets located across PRC. The lease term for all assets is uniform, from January 1, 2025 to December 31, 2025, with a total leased area of 452 sq.m. for office use. For specific details, please refer to Note.	The properties is currently occupied by the Company as office use.	No Commercial Value

Note: Details of the 10 right-of-use assets are listed as follows:

No.	Lessor	Leased Subject Information	Lease Term	Rental
1	Xingtai Jianhua Trading Co., Ltd.	No. 2 Courtyard, North of 107 National Highway, Qiaodong District, Xingtai City; 30 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB500
2	Hangzhou Weisheng Trading Co., Ltd.	No. 46, Laoya Bridge, Tangxian Street, Linping District, Hangzhou City; 40 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB4,100
3	Handan Jiaxing Trading Co., Ltd.	4th Floor, Department Store, Longwang Mingcheng, Maoyi Road, Hanshan District, Handan City;33 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB600
4	Shijiazhuang Zhongshan Daily Chemical Co., Ltd.	No. 588, Heping East Road, Chang'an District, Shijiazhuang City; 39 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB1,767
5	Shaanxi Zhongshen Trading Co., Ltd.	Unit 11002, Floor 10, Building 32, Hailun International, East Section of Xiying Road, Yanta District, Xi'an City; 50 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB2,100
6	Hunan Tianheng Trading Co., Ltd.	Room 329, Tianheng Hotel, Gaoqiao Market, Yuhua District, Changsha City; 80 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB950
7	Jinan Hengxin Hengyang Kemao Co., Ltd.	No. 5, Row 6, Dongfang Trade Center, North of Zhushun Road, Licheng District, Jinan City; 30 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB2,600
8	Shandong Weifang Department Store Group Co., Ltd. Qingdao Branch	Building No. 2, No. 4 Pingxiang Road, Sifang District, Qingdao City; 30 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB2,000
9	Beijing Yide Huifeng Trading Co., Ltd.	No. 15, Industrial Zone, Qingyundian Town, Daxing District, Beijing City; 80 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB8,000
10	Chongqing Feiheng Trading Co., Ltd.	Unit 1506, Dongyuan Center, Hongshi Road, Jiangbei District, Chongqing City; 40 sq.m., for office use	1 January 2025 to 31 December 2025	Monthly rent: RMB2,600

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DISCLOSURE OF INTERESTS

(a) Directors and the chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to Section 352 of the SFO, or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") are as follows:

Long Position in Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding[4]
Chen Danxia	Beneficial owner	4,793,500 (L)	0.36%
Wang Dong[2]	Beneficial owner	401,000 (L)	0.03%
Zhong Xuyi[3]	Beneficial owner	150,000 (L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Ms. Wang Dong holds 251,000 Shares and she is interested in 150,000 underlying Shares. Such underlying Shares are the relevant Shares that may be allotted and issued to her upon the fully exercise of all the outstanding share options granted to her under the Share Option Scheme as at the Latest Practicable Date.

(3) Mr. Zhong Xuyi is interested in 150,000 underlying Shares. Such underlying Shares are the relevant Shares that may be allotted and issued to him upon the fully exercise of all the outstanding share options granted to him under the Share Option Scheme as at the Latest Practicable Date.

(4) As at the Latest Practicable Date, the Company had 1,333,333,500 ordinary Shares in issue.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders and other persons

As at the Latest Practicable Date, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO or which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Nature of interest	Number of Shares held	Approximate percentage of shareholding[4]
Ms. Ma Huizhen ("**Ms. Ma**")[2]	Interest of corporation controlled/Interest of spouse	990,000,000 (L)	74.25%
Ms. Li Ruohong ("**Ms. Li**")[3]	Interest of corporation controlled/Interest of spouse	990,000,000 (L)	74.25%
Mr. Chen Kaixuan[3]	Interest of corporation controlled/Interest of spouse	990,000,000 (L)	74.25%
Mr. Chen Kaichen[2]	Interest of corporation controlled/Interest of spouse	990,000,000 (L)	74.25%
Cheerwin Global[4]	Beneficial interest	990,000,000 (L)	74.25%

Notes:

(1) The letter "L" denotes the person's long position in such shares of the Company.

(2) Ms. Ma and Mr. Chen Kaichen are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.

(3) Ms. Li and Mr. Chen Kaixuan are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.

(4) The entire issued share capital of Cheerwin Global is beneficially owned by Ms. Ma, Ms. Li, Mr. Chen Kaichen and Mr. Chen Kaixuan who are deemed to be interested in the Shares held by Cheerwin Global pursuant to SFO.

(5) As at the Latest Practicable Date, the Company had 1,333,333,500 ordinary Shares in issue.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

3 COMPETING BUSINESS

As at the Latest Practicable Date, the Directors are not aware that any of them or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group, or had or might have any other conflicts of interest with the Enlarged Group pursuant to Rule 8.10 of the Listing Rules.

4 INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 December 2024, the date of which the latest published audited consolidated financial statements of the Company were made up.

5 SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract with the Enlarged Group which does not expire or which is not determinable by such member of the Enlarged Group within a year without payment of any compensation, other than statutory compensation.

6 EXPERTS AND CONSENT

The following sets out the qualifications of the experts who have given opinion or advice, which is contained in this circular:

Name	Qualification(s)
Deloitte Touche Tohmatsu	Certified public accountants of the Company
Baker Tilly Hong Kong Limited	Certified public accountants of Target Company
Asia-Pacific Consulting and Appraisal Limited	Independent professional valuer

Each of the above experts has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts had no direct or indirect interest in any member of the Enlarged Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of the above experts had no interest, direct or indirect, in any assets which had been, since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Enlarged Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group.

7 MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

8 MATERIAL CONTRACTS

As at the Latest Practicable Date, the Agreement was the only material contract (not being contracts entered into in the ordinary course of business) entered into by any member of the Enlarged Group within two years preceding the date of this circular.

9 GENERAL

a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

b) The head office of the Company in the PRC is situated at No. 2, Luju Road, Liwan District Guangzhou, Guangdong Province, China.

c) The principal place of business of the Company in Hong Kong is situated at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

d) The Hong Kong share registrar of the Company is Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

e) The joint company secretaries of the Company are Ms. Leung Shui Bing, who is a Chartered Secretary, Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and Mr. Zheng Canjie.

f) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

10 DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cheerwin.com) from the date of this circular and up to and including the date which is 14 days from the date of this circular:

(a) the Agreement;

(b) the accountant's report on historical financial information of the Target Group, the text of which is set out in Appendix II to this circular;

(c) the report on the compilation of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(d) the Property Valuation Report, the text of which is set out in Appendix V to this circular; and

(e) the written consent referred to in the section headed "6. EXPERTS AND CONSENT" in this appendix.