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## **YIHAI INTERNATIONAL HOLDING LTD.**

**頤海國際控股有限公司**

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

**(Stock Code: 1579)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yihai International Holding Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with comparative figures for the same period of 2024.

#### **GROUP FINANCIAL HIGHLIGHTS**

- Revenue was RMB6,612.6 million in 2025, a 1.1% increase from RMB6,539.6 million in 2024.
- Gross profit was RMB2,165.0 million in 2025, a 5.8% increase from RMB2,045.8 million in 2024.
- Net profit was RMB903.5 million in 2025, a 13.0% increase from RMB799.5 million in 2024.
- Net profit attributable to owners of the Company was RMB854.0 million in 2025, a 15.5% increase from RMB739.4 million in 2024.
- Earnings per share (both basic and diluted) in 2025 were RMB0.88.

## Consolidated Balance Sheet

	Note	As at 31 December	
		2025	2024
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,123,630	1,943,138
Right-of-use assets		283,030	264,891
Intangible assets		7,412	10,250
Deferred income tax assets		81,750	71,162
Financial assets at fair value through profit or loss		354,999	356,227
Term deposits with the maturity over one year		–	104,835
Other non-current assets	4	<u>20,308</u>	<u>69,852</u>
<b>Total non-current assets</b>		<u><u>2,871,129</u></u>	<u><u>2,820,355</u></u>
<b>Current assets</b>			
Inventories		521,861	465,531
Trade receivables	5	256,349	285,405
Other financial assets at amortised cost		13,701	17,707
Other current assets	4	132,640	96,155
Term deposits with the maturity within one year		54,461	227,254
Restricted cash		5,023	5,020
Cash and cash equivalents		<u>2,084,546</u>	<u>1,881,867</u>
<b>Total current assets</b>		<u><u>3,068,581</u></u>	<u><u>2,978,939</u></u>
<b>Total assets</b>		<u><u>5,939,710</u></u>	<u><u>5,799,294</u></u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	6	67	67
Shares held for restricted share unit scheme		(4)	(4)
Other reserves		333,118	326,688
Retained earnings		<u>4,438,688</u>	<u>4,242,876</u>
<b>Capital and reserves attributable to owners of the Company</b>		<u>4,771,869</u>	<u>4,569,627</u>
Non-controlling interests		<u>173,054</u>	<u>163,533</u>
<b>Total equity</b>		<u><u>4,944,923</u></u>	<u><u>4,733,160</u></u>

## Consolidated Balance Sheet (continued)

		As at 31 December	
	Note	2025	2024
		RMB'000	RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		85,339	67,103
Deferred income tax liabilities		59,708	55,493
Other non-current liabilities		46,091	40,208
		<u>191,138</u>	<u>162,804</u>
<b>Total non-current liabilities</b>		<b><u>191,138</u></b>	<b><u>162,804</u></b>
<b>Current liabilities</b>			
Trade payables	7	403,586	482,210
Other payables and accruals		170,824	180,509
Contract liabilities		65,276	95,771
Lease liabilities		31,231	26,416
Current income tax liabilities		132,732	118,424
		<u>803,649</u>	<u>903,330</u>
<b>Total current liabilities</b>		<b><u>803,649</u></b>	<b><u>903,330</u></b>
		<u>994,787</u>	<u>1,066,134</u>
<b>Total liabilities</b>		<b><u>994,787</u></b>	<b><u>1,066,134</u></b>
		<u>5,939,710</u>	<u>5,799,294</u>
<b>Total equity and liabilities</b>		<b><u>5,939,710</u></b>	<b><u>5,799,294</u></b>

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Revenue	3	6,612,566	6,539,569
Cost of sales	8	<u>(4,447,524)</u>	<u>(4,493,756)</u>
<b>Gross profit</b>		2,165,042	2,045,813
Distribution expenses	8	(768,007)	(771,543)
Administrative expenses	8	(295,293)	(276,687)
Other income and gains – net	9	<u>135,967</u>	<u>110,760</u>
<b>Operating profit</b>		<u>1,237,709</u>	<u>1,108,343</u>
Finance income	10	42,262	74,680
Finance costs	10	<u>(4,538)</u>	<u>(4,910)</u>
Finance income – net	10	<u>37,724</u>	<u>69,770</u>
<b>Profit before income tax</b>		1,275,433	1,178,113
Income tax expense	11	<u>(371,948)</u>	<u>(378,636)</u>
<b>Profit for the year</b>		<u>903,485</u>	<u>799,477</u>
<b>Profit attributable to:</b>			
– Owners of the Company		853,964	739,425
– Non-controlling interests		<u>49,521</u>	<u>60,052</u>
		<u>903,485</u>	<u>799,477</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
– Currency translation differences		<u>3,823</u>	<u>5,123</u>
<b>Other comprehensive income for the year</b>		<u>3,823</u>	<u>5,123</u>
<b>Total comprehensive income</b>		<u>907,308</u>	<u>804,600</u>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		857,787	744,548
– Non-controlling interests		<u>49,521</u>	<u>60,052</u>
		<u>907,308</u>	<u>804,600</u>
<b>Earnings per share attributable to owners of the Company</b>			
<i>(expressed in RMB per share)</i>			
– Basic	12	0.88	0.76
– Diluted	12	<u>0.88</u>	<u>0.76</u>

## 1. GENERAL INFORMATION

Yihai International Holding Ltd. (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the production and sales of hot pot condiment, compound condiment, and convenient ready-to-eat food products in the People’s Republic of China (the “PRC”) and certain overseas countries and regions.

The Company was incorporated in the Cayman Islands on 18 October 2013 as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

The Company’s global offering of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “HKEx” or the “Stock Exchange”) was completed on 13 July 2016 (the “Listing”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors of the Company (the “Board of Directors”) on 24 March 2026.

## 2. BASIS OF PREPARATION

### (a) Compliance with IFRS Accounting Standards and HKCO

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”). IFRS Accounting Standards comprise the following authoritative literature:

- International Financial Reporting Standards (“IFRS”),
- IAS Standards (“IAS”), and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

### (b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

### (c) Amended standards adopted by the Group

The Group has applied the following amended standard for the first time for the annual reporting period commencing 1 January 2025:

Amendments to IAS 21

*Lack of Exchangeability*

The above amended standard is not relevant to the Group and hence did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(d) **New or amended standards and annual improvements not yet adopted**

The following new or amended accounting standards and annual improvements have been published which are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group:

		<b>Effective date</b>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i>	<i>1 January 2026</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Contracts Referencing Nature-dependent Electricity</i>	<i>1 January 2026</i>
Annual improvements	<i>Annual improvements to IFRS Accounting Standards – Volume 11</i>	<i>1 January 2026</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	<i>1 January 2027</i>
IFRS 19 and Amendment to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	<i>1 January 2027</i>
Amendment to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i>	<i>1 January 2027</i>
Amendments to IAS 28 and IFRS 10	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<i>To be determined</i>

These new or amended accounting standards and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions, except that the adoption of IFRS 18 upon its effective date is expected to have certain pervasive impact on the presentation and disclosures of the Group's consolidated financial statements as described below.

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is in the process of assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. Save as the high-level preliminary assessment as disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2024, the following potential impacts have been identified by management based on the on-going assessment performed during the current reporting period:

- It is expected that the consolidated statement of cash flows will be impacted, because interest received will be presented as investing cash flows instead of the current presentation as operating cash flows.

- The Group currently presents an operating profit subtotal in the consolidated statement of profit or loss and other comprehensive income. The Group is performing a detailed assessment to determine the appropriate classification of items to ensure that the operating profit subtotal will comply with the requirements of IFRS 18. The Group expects significant changes in this regard, especially as a result of reclassifying certain foreign exchange gains and losses and the change in fair value of financial assets at fair value through profit or loss within a new ‘investing’ category. Furthermore, the new aggregation and disaggregation requirements will lead into changes to present the most useful structured summary.
- The Group is performing an assessment of the measures that are currently being reported outside the consolidated financial statements and whether or not these meet the definition of a management-defined performance measure.

The Group will apply IFRS 18 from its mandatory effective date of 1 January 2027. At each subsequent reporting period, the Group will provide an update on the progress towards transition to IFRS 18.

### **3. REVENUE AND SEGMENT INFORMATION**

Management determines the operating segments based on the reports reviewed by the chief operating decision makers (the “CODMs”, being the executive directors of the Company) that are used to make strategic decisions. Operating segments are reported in a manner consistent with the internal reporting provided to the CODMs.

The Group’s revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacturing and sales of hot pot condiment, compound condiment, convenient ready-to-eat food products and others to third party and related party customers, which are considered by the CODMs as one segment. The Group’s principal market is Chinese mainland and its sales to overseas customers contributed to less than 10% of the Group’s total revenues for the years ended 31 December 2025 and 2024. Accordingly, no geographical information is presented.

Breakdown of revenue by product categories is as follows:

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>		
Hot pot condiment		
– Third parties	2,476,942	2,332,137
– Related parties	1,560,621	1,753,229
	<u>4,037,563</u>	<u>4,085,366</u>
Subtotal		
Compound condiment		
– Third parties	778,073	721,307
– Related parties	137,729	65,331
	<u>915,802</u>	<u>786,638</u>
Subtotal		
Convenient ready-to-eat food products		
– Third parties	1,431,437	1,449,352
– Related parties	132,707	155,334
	<u>1,564,144</u>	<u>1,604,686</u>
Subtotal		
Others		
– Third parties	95,057	62,879
	<u>95,057</u>	<u>62,879</u>
<b>Total</b>	<b><u>6,612,566</u></b>	<b><u>6,539,569</u></b>

Revenue from sales attributable to related parties accounted for approximately 27.7% and 30.2% of the Group's total revenue for the years ended 31 December 2025 and 2024, respectively.

#### 4. OTHER ASSETS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Value-added tax recoverable	88,029	67,362
Prepayments for property, plant and equipment	20,308	69,852
Prepayments for purchase of raw materials	20,164	1,922
Prepayments for marketing and consulting expenses	14,393	17,230
Prepayments for short-term leases of warehouses and staff quarters	3,278	2,186
Others	6,776	7,455
	<u>152,948</u>	<u>166,007</u>
Less: non-current items	<u>(20,308)</u>	<u>(69,852)</u>
Other current assets	<u>132,640</u>	<u>96,155</u>

#### 5. TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
Third parties	63,671	48,424
Related parties	192,866	237,169
	<u>256,537</u>	<u>285,593</u>
Less: provision for impairment	<u>(188)</u>	<u>(188)</u>
Trade receivables – net	<u>256,349</u>	<u>285,405</u>

- (i) The majority of the Group's third party sales are conducted through receiving advances from customers before delivering the goods to customers, with only a few customers who are granted with credit periods ranged from 30 to 90 days. The related party customers of the Group are granted with credit period of 30 days. Aging analysis based on recognition date of the trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 3 months	<u>256,537</u>	<u>285,593</u>

- (ii) The carrying amounts of trade receivables are considered to be reasonable approximations of their fair values, due to their short-term nature.

- (iii) Impairment

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

## 6. SHARE CAPITAL

	Number of shares	Amount US\$'000
<b>Authorised:</b>		
Ordinary shares of US\$0.00001 each on 1 January 2024, 31 December 2024 and 2025	5,000,000,000	50

### Issued and fully paid ordinary shares:

	Number of ordinary shares	Nominal value of ordinary shares US\$	Equivalent nominal value of ordinary shares RMB'000
Ordinary shares of US\$0.00001 each on 1 January 2024, 31 December 2024 and 2025	1,036,700,000	10,367	67

## 7. TRADE PAYABLES

Trade payables mainly arose from the purchase of materials. The credit terms of trade payables granted by the vendors are usually 30 to 90 days. The carrying amounts of trade payables are considered to be reasonable approximations of their fair values, due to their short-term nature.

At 31 December 2025 and 2024, the aging analysis of trade payables based on invoice dates is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	402,079	480,058
3 to 6 months	877	1,985
6 months to 1 year	630	167
<b>Total</b>	<b>403,586</b>	<b>482,210</b>

## 8. EXPENSES BY NATURE

Expenses included in cost of sales, distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Changes in inventories of finished goods	(42,749)	(39,097)
Raw materials and consumables used	3,685,354	3,845,544
Employee benefit expenses	752,520	673,481
Transportation and related charges	289,997	246,415
Depreciation of property, plant and equipment	188,911	166,870
Utilities	127,085	112,783
Advertising and other marketing expenses	111,476	178,942
Taxes and surcharges	75,552	50,118
Warehouse expenses	58,067	59,727
Travel and entertainment expenses	50,652	52,578
Depreciation of right-of-use assets	36,522	32,477
Technical supporting fees, professional fees and other services fees	36,166	33,465
Maintenance costs	23,578	25,005
Expense relating to short-term leases	12,898	10,579
Amortisation of intangible assets	4,347	6,240
Write-off of obsolete inventories	3,976	3,746
Auditor's remuneration	3,480	3,430
Reversal of impairment on financial assets	(40)	(19)
Other expenses	93,032	79,702
	<u>5,510,824</u>	<u>5,541,986</u>
<b>Total</b>	<b>5,510,824</b>	<b>5,541,986</b>

## 9. OTHER INCOME AND GAINS-NET

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Government grants (Note)	132,148	88,103
Net foreign exchange losses	(13,515)	(5,835)
Changes in fair value of financial assets at fair value through profit or loss	12,867	13,868
Sales of scrap materials	8,612	8,570
Net losses on disposal/write-off of property, plant and equipment and intangible assets	(2,111)	(360)
Net gains on termination of leases	364	485
Donation	(3,267)	(734)
Others	869	6,663
	<u>135,967</u>	<u>110,760</u>
<b>Total other income and gains – net</b>	<b>135,967</b>	<b>110,760</b>

Note:

Government grant is mainly from government grant reward for growing local economic development and amortization of deferred income from assets-related government grants. There are no unfulfilled conditions or other contingencies attaching to the government grants recognised in profit or loss during year ended 31 December 2025 (2024: Nil). The Group did not benefit directly from any other forms of government assistance.

**10. FINANCE INCOME – NET**

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Finance income		
– Interest income	42,262	74,680
Finance costs		
– Interest on lease liabilities	(4,538)	(4,910)
Finance income -net	<u>37,724</u>	<u>69,770</u>

**11. INCOME TAX EXPENSE**

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax		
– Corporate income tax	333,310	301,281
– Withholding tax on profits distributed by subsidiaries	45,011	87,500
	<u>378,321</u>	<u>388,781</u>
Deferred income tax credit	(6,373)	(10,145)
Income tax expense	<u>371,948</u>	<u>378,636</u>

**(a) Cayman Islands income tax**

The Company was incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of local income tax.

**(b) Hong Kong profits tax**

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of a qualifying group entity subject to Hong Kong profit tax will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of other group entities subject to Hong Kong profit tax not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate 16.5%.

**(c) Overseas income tax**

The Company's subsidiaries incorporated overseas (primarily in Singapore, Thailand and Malaysia) are subject to overseas profits tax at the tax rates applicable to the respective jurisdiction of 17% to 30% on estimated assessable profit for the years ended 31 December 2025 and 2024.

**(d) Chinese mainland Corporate Income Tax (“CIT”)**

The income tax provision of the Group in respect of operations in Chinese mainland has been calculated at the tax rate of 25% on the estimated assessable profits for the years ended 31 December 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

**(e) Chinese mainland withholding tax (“WHT”)**

According to the applicable Chinese mainland tax regulations, dividends distributed by a company established in Chinese mainland to a foreign investor with respect to profit derived after 1 January 2008 are generally subject to WHT at the rate of 10%. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between Chinese mainland and Hong Kong, the relevant withholding tax rate will be 5%.

**(f) OECD Pillar Two model rules**

The Group is within the scope of the OECD Pillar Two model rules, and it applies the IAS 12 exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two income taxes. Under the legislation, the Group is liable to pay a top-up tax (if any) for the difference between the Global Anti-Base Erosion Proposal (“GloBE”) effective tax rate for each jurisdiction in which the group entities operate and the 15% minimum rate. As and when any top-up tax is incurred, this will be accounted for as a current income tax for the period to which it relates.

By reference to the Pillar Two transitional safe harbor rules, management has assessed and concluded that there is no impact from exposure to Pillar Two legislation on the Group’s consolidated financial statements for the year ended 31 December 2025.

**12. EARNINGS PER SHARE**

**(a) Basic earnings per share**

Basic earnings per share for each of the years ended 31 December 2025 and 2024 are calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue less shares held for the restricted share unit (“RSU”) scheme of the Company (the “RSU Scheme”) during the year.

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Profit attributable to owners of the Company (RMB’000)	853,964	739,425
Weighted average number of ordinary shares in issue less shares held for the RSU Scheme (thousands)	970,132	970,132
Basic earnings per share (RMB)	<u>0.88</u>	<u>0.76</u>

**(b) Diluted earnings per share**

The RSUs granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from RSUs granted by the Company (collectively forming the denominator for computing the diluted earnings per share). No adjustment is made to earnings (numerator).

	<b>Year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Profit attributable to owners of the Company and profit used to determine diluted earnings per share (RMB'000)	853,964	739,425
Weighted average number of ordinary shares in issue less shares held for the RSU Scheme (thousands)	970,132	970,132
Adjustment for – RSUs (thousands) (note)	–	112
Weighted average number of shares for diluted earnings per shares (thousands)	970,132	970,244
Diluted earnings per share (RMB)	<u>0.88</u>	<u>0.76</u>

Note:

For the year ended 31 December 2025, the Group did not have any dilutive potential shares.

**13. DIVIDENDS**

**(a) Dividends paid or payable to owners of the Company attributable to the current financial year**

	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interim dividend declared and paid during the reporting period of HKD0.3107 (equivalent to RMB0.2836) (2024: RMB0.2825) per ordinary share	274,766	273,508
Proposed final dividend of HKD0.5968 (equivalent to RMB0.5252) per ordinary share (2024: HKD0.4283 (equivalent to RMB0.3950) per ordinary share paid)	<u>509,513</u>	<u>383,202</u>
	<u>784,279</u>	<u>656,710</u>

The proposed final dividend for the year ended 31 December 2025 is not recognized as a liability and reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained earnings during the year ending 31 December 2026.

**(b) Dividends paid to owners of the Company attributable to the previous financial year**

	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Final dividend in respect of the year ended 31 December 2024, approved and paid during the reporting period, of HKD0.4283 (equivalent to RMB0.3950) (2023: RMB0.74) per ordinary share	<u>380,779</u>	<u>719,183</u>

(c) During the years ended 31 December 2025 and 2024, the amounts of dividends paid as disclosed in (b) above are net of the dividends attributable to the shares held for the RSU Scheme of RMB44,982,000 and RMB67,970,000, respectively.

## 2025 PERFORMANCE REVIEW

In 2025, the domestic economy was generally stable, and the growth of residents' incomes remained stable in general, but the growth rate of residents' consumption expenditure slowed down. There remains room for improvement in residents' consumption confidence and power. The foundation for recovery of domestic demand still needs to be consolidated, and the endogenous driving force of the consumer market still needs to be stimulated continuously.

In 2025, adhering to the market-oriented product research and development strategies, the Group continued improving the compatibility of products and channels, deepened refined channel management, and widely explored the business-end market and overseas operations. For the year ended 31 December 2025, the Group's revenue from third-party business amounted to RMB4,781.5 million, representing a year-on-year increase of 4.7%.

With respect to product research and development, the Group bases its efforts on market demand, conducts multi-dimensional analyses of consumer needs across different regions and categories, keeps abreast of evolving market preferences, and utilises market feedback and sales data to drive product upgrades and iterations, enhance R&D efficiency, and improve alignment with market needs. Under this strategy, all product categories to third parties performed well. For example, (i) in terms of hot pot condiments, dipping sauces and beef tallow hot pot soup flavouring product recorded faster growth, among which, the revenue from dipping sauces amounting to RMB512.7 million, representing a year-on-year increase of 16.4% and revenue from beef tallow hot pot soup flavouring product amounting to RMB621.2 million, representing a year-on-year increase of 6.0%; (ii) in terms of compound condiments, the fish seasonings and the spices series further catered to consumer preferences through segmenting consumer needs and consumption scenarios, among which, the revenue from fish seasonings amounted to RMB119.3 million, representing a year-on-year increase of 9.4% and the revenue from the spices amounted to RMB32.0 million, representing a year-on-year increase of 119.2%; and (iii) in terms of convenient ready-to-eat food products, the consumer acceptance of home-cooked series increased, with the revenue amounted to RMB79.1 million, representing a year-on-year increase of 67.5%.

In terms of channel building, the Group focused on the refined and in-depth development of channels and the diversified operation of scenarios. On the one hand, the Group developed differentiated operation plans according to the characteristics of different channels to improve the utilisation efficiency of channel resources. On the other hand, the Group focused on diversified consumption scenarios and launched channel-customised products to accurately target the channel demand. For the year ended 31 December 2025, the revenue from third-party business amounted to RMB4,781.5 million, representing a year-on-year increase of 4.7%, among which, in respect of overseas channel building, we continued expanding the coverage of overseas channels and gradually launched the direct sales integration model in Singapore, Malaysia and Thailand. For the year ended 31 December 2025, the sales revenue from third-party overseas channel amounted to RMB426.0 million, representing a year-on-year increase of 45.4%.

In terms of supply chain management, the Group focused on optimising the allocation of production capacity, and strengthening the synergies of the supply chain. First, we continued improving the capacity layout, fostered the upgrades of technological innovation and process, and increased the level of automation of production lines. The improvement in production efficiency and the reduction in unit labour cost contributed to the continuous improvement of gross profit margin. Moreover, regarding the deployment of the overseas supply chain, with the continuous

release of production capacity of the overseas factories, the radius coverage in overseas supply further expanded, forming a complementary synergy with domestic production bases. This further enhanced the coverage and risk-resistance capabilities of our global supply network, laying a solid foundation for the expansion of our overseas business. Meanwhile, with respect to the business-end supply, relying on an efficient, collaborative, flexible and adaptable supply chain system, the Group was able to meet the individual needs of major business-end customers, and at the same time provide minor business-end customers with a wide range of standardised products. For the year ended 31 December 2025, the sales revenue from third-party business-end customers amounted to RMB300.2 million, representing a year-on-year increase of 73.3%.

## **BUSINESS REVIEW**

For the year ended 31 December 2025, the Group recorded a revenue of RMB6,612.6 million, representing a year-on-year increase of 1.1%, and a net profit of RMB903.5 million, representing a year-on-year increase of 13.0%.

### **Sales Channels**

The Group continued to provide a variety of delicious condiments and a wide range of convenient food to household consumers, catering and food companies, as well as the related parties, being Haidilao International Holding Ltd. (together with its subsidiaries, collectively the “**Haidilao Group**”), SUPER HI INTERNATIONAL HOLDING LTD. (together with its subsidiaries, collectively the “**Super Hi Group**”), Shuhai (Beijing) Supply Chain Management Co., Ltd. (together with its subsidiaries, collectively the “**Shuhai Supply Chain Group**”) and their respective subsidiaries. For the year ended 31 December 2025, the Group’s major products included, among others, hot pot condiments, compound condiments, convenient ready-to-eat food products and snacks. The major channels for sales to third parties included distributors, e-commerce channels and catering customers. The Group’s sales to third-party distributors covered a total of 34 provincial and administrative regions in China as well as other 49 countries and regions overseas.

In 2025, insisting on deepening the refined operation of channels and adhering to the core of developing and expanding third-party sales channels, the Group replaced the traditional bulk listing model with the satisfaction of specific channel needs, which promoted the optimisation and efficient allocation of channel resources, and effectively improved operational efficiency and channel value. Firstly, we implemented a flexible and diversified cooperation mechanism in the KA channel. Through the “two-direct” (direct management and direct distribution) model which connected point of sales directly, we accurately matched channel consumption demand to improve logistics turnover efficiency to facilitate market expansion and improvement in profitability. Secondly, we further deepened channel penetration, and continued to enrich the customised product matrix and diversified pricing system in response to the differences in demand among different channels and regional markets, so as to lay a solid foundation for the downward-reaching market and improve the overall sales situations. At the same time, for the expansion in underpenetrated regions, we took the local core cities as fulcrums and leveraged suitable products to extend its coverage to surrounding urban areas in a way of point to area, driving the growth of the number of distributors and enhancing the market penetration rate. Finally, we continued to empower channel development through the construction of information technology, which accurately captured consumption data, dynamically tracked point of sales situation, and simultaneously monitored the changing trends in consumer market, so as to promote the optimisation of channel strategies and product upgrade to achieve continuous improvement in the channel core competitiveness and

market share. For the year ended 31 December 2025, the sales revenue from third parties amounted to RMB4,781.5 million, representing a year-on-year increase of 4.7%.

In respect of e-commerce channels, in 2025, the Group continuously optimised online products and operating strategies based on actual business needs and market changes. On the one hand, we adopted product-driven development, and developed customised products according to the characteristics of online consumption, so as to drive the significant growth in revenue from e-commerce platforms such as Pinduoduo.com. On the other hand, we no longer put in a significant amount of expenditure, but shifted to a precise promotion approach centered on publicity and empowerment, which improved input-output efficiency. Moreover, the Group gradually launched overseas online business, which further broadened the market coverage of e-commerce channels. Currently, the Group operates 14 flagship stores on e-commerce platforms such as Tmall.com, JD.com, and Pinduoduo.com. For the year ended 31 December 2025, the Group's sales revenue from e-commerce channels amounted to RMB464.9 million, representing a year-on-year increase of 16.6%.

For sales to related parties, the pricing of products transacted with related parties was adaptively adjusted in response to fluctuations in market prices, and the product matrix was also updated and refined in line with changes in consumer tastes. For the year ended 31 December 2025, the sales revenue from the Group's related parties was RMB1,831.1 million, representing a year-on-year decrease of 7.2%.

## **Products**

In 2025, the Group always adhered to the strategy of market-oriented approach for product research and development and independent product selection by sales teams, and deeply engaged in iteration and expansion of product offering, so as to optimise and upgrade the product matrix and steadily improve the ability to adapt to the market. Regarding condiments products, instead of launching new products frequently, we focused on the refining and optimisation of flavours and production techniques to enrich the layer of flavours and improve the consistency of quality. We also expanded the dimension of our product matrix differentiation by offering products of local tastes. Regarding ready-to-eat food products, based on demand analysis of diversified consumption scenarios and consumer groups, as well as multi-dimensional factors such as taste, ingredients and convenience, we promoted continuous product updates and iterations to maintain market freshness and consumers' attention. Regarding business-end products, focusing on basic tastes and leveraging innovation as initiatives, we have built a flexible and diversified product flavour portfolio through customisation or combination of ingredients according to the individual needs of different business-end customers. Therefore, the strengths of our core flavours were demonstrated, and the demand for diverse tastes from our customers was met quickly.

For overseas products, the Group carried out research on the culinary cultures and local customs of the target markets, captured the taste preferences and consumption patterns of local consumers, and actively strove to integrate and transform existing products with local tastes. In addition, we offered localised tastes in response to local food culture, so that the Group was able to expand its presence in overseas markets to a certain extent. In addition, leveraging the advantages in overseas supply chain, the Group further expanded its business in the overseas business-end operation, and established cooperative relationships with local chain restaurants or Chinese food brands in Thailand, Malaysia, the United States and South Korea, etc.

While adhering to the strategy of independent product selection, the Group continued to improve the AI data analysis function. Through the introduction of multi-dimensional platform data resources, the Group captured key information such as sales orders, taste reviews, sales by category. Combined with market consumption feedback and analysis by new AI technology, the data was deeply broken down with the help of algorithms to gain insights into the dynamics of the catering market, the trend of popular dishes and taste preferences, so as to promote the upgrading and iteration of product development and taste, and continuously improve the adaptability in the market and competitiveness of the products.

Currently, hot pot condiments, compound condiments, convenient ready-to-eat food products and snacks are the major products of the Group. For the year ended 31 December 2025, the new products across all categories amounted to more than 60 in total, including new flavours such as regional flavour condiments, crayfish seasonings and fish seasonings, as well as a variety of new convenient ready-to-eat food products. At the same time, considering both market feedbacks and sales situations, we discontinued the sales of certain products and consolidated certain product specifications. For the year ended 31 December 2025, the Group had over 300 types of products (excluding customised products for customers) for sale.

The table below sets forth the data on the Group's revenue, sales volume and average selling price by product categories and distribution channels for the periods as indicated:

	For the year ended 31 December					
	2025			2024		
	Revenue (RMB'000)	Sales volume (tonnes)	Average selling price per kg (RMB)	Revenue (RMB'000)	Sales volume (tonnes)	Average selling price per kg (RMB)
<b>Hot pot condiments<sup>(1)</sup></b>						
Third parties	2,476,942	96,130	25.8	2,332,137	88,385	26.4
Related parties	1,560,621	97,909	15.9	1,753,229	104,341	16.8
Subtotal	<u>4,037,563</u>	<u>194,039</u>	<u>20.8</u>	<u>4,085,366</u>	<u>192,726</u>	<u>21.2</u>
<b>Compound condiments<sup>(2)</sup></b>						
Third parties	778,073	35,139	22.1	721,307	32,484	22.2
Related parties	137,729	10,250	13.4	65,331	3,648	17.9
Subtotal	<u>915,802</u>	<u>45,389</u>	<u>20.2</u>	<u>786,638</u>	<u>36,132</u>	<u>21.8</u>
<b>Convenient ready-to-eat food products<sup>(3)</sup></b>						
Third parties	1,431,437	45,835	31.2	1,449,352	43,425	33.4
Related parties	132,707	8,549	15.5	155,334	9,101	17.1
Subtotal	<u>1,564,144</u>	<u>54,384</u>	<u>28.8</u>	<u>1,604,686</u>	<u>52,526</u>	<u>30.6</u>
<b>Others<sup>(4)</sup></b>	<u>95,057</u>	<u>20,395</u>	<u>4.7</u>	<u>62,879</u>	<u>15,649</u>	<u>4.0</u>
<b>Total</b>	<u>6,612,566</u>	<u>314,207</u>	<u>21.0</u>	<u>6,539,569</u>	<u>297,033</u>	<u>22.0</u>

Notes:

- (1) Including the Group's sales of hot pot soup flavourings and hot pot dipping sauce products
- (2) Mainly including the Group's sales of products such as Chinese-style and Western-style compound condiments, ready-to-eat sauces, chicken powder and spices
- (3) Mainly including the Group's sales of products such as self-serving products (e.g. self-serving small hot pots), instant vermicelli, instant meal, puffed food, etc.
- (4) Mainly including the Group's sales of products such as raw materials for trade and packaged goods

The table below sets forth the revenue of the Company in absolute terms and the percentage of the revenue of the Company by product categories for the periods as indicated:

	<b>For the year ended 31 December</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Revenue (RMB'000)</b>	<b>% of revenue</b>	<b>Revenue (RMB'000)</b>	<b>% of revenue</b>
Revenue from hot pot condiments	<b>4,037,563</b>	<b>61.1%</b>	4,085,366	62.5%
Revenue from compound condiments	<b>915,802</b>	<b>13.8%</b>	786,638	12.0%
Revenue from convenient ready-to-eat food products	<b>1,564,144</b>	<b>23.7%</b>	1,604,686	24.5%
Other revenue	<b>95,057</b>	<b>1.4%</b>	62,879	1.0%
<b>Total revenue</b>	<b><u>6,612,566</u></b>	<b><u>100%</u></b>	<b><u>6,539,569</u></b>	<b><u>100%</u></b>

## FINANCIAL REVIEW

### Revenue

The revenue of the Group increased by 1.1% from RMB6,539.6 million for the year ended 31 December 2024 to RMB6,612.6 million for the corresponding period in 2025.

### Revenue by product

	<b>For the year ended 31 December</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Revenue (RMB'000)</b>	<b>% of revenue from hot pot condiments</b>	<b>Revenue (RMB'000)</b>	<b>% of revenue from hot pot condiments</b>
<b>Revenue from hot pot condiments products</b>				
Revenue from third parties	<b>2,476,942</b>	<b>61.3%</b>	2,332,137	57.1%
Revenue from related parties	<b>1,560,621</b>	<b>38.7%</b>	1,753,229	42.9%
<b>Total revenue from hot pot condiments products</b>	<b><u>4,037,563</u></b>	<b><u>100%</u></b>	<b><u>4,085,366</u></b>	<b><u>100%</u></b>

Revenue from hot pot condiments products decreased by 1.2% from RMB4,085.4 million for the year ended 31 December 2024 to RMB4,037.6 million for 2025, accounting for 61.1% of the revenue for the year ended 31 December 2025. Among this, revenue from sales of hot pot condiments products to related parties decreased by 11.0% as compared to the previous year. The decrease was mainly due to the fact that the demand from related party stores decreased and, at the same time, prices of products sold to related parties were adjusted based on market prices. Revenue from sales of hot pot condiments products to third parties increased by 6.2% as compared to the previous year, which was mainly due to the increase in revenue from hot pot dipping sauce and solid beef tallow products.

	For the year ended 31 December			
	2025	% of revenue from compound condiments	2024	% of revenue from compound condiments
	Revenue (RMB'000)		Revenue (RMB'000)	
<b>Revenue from compound condiments</b>				
Revenue from third parties	778,073	85.0%	721,307	91.7%
Revenue from related parties	137,729	15.0%	65,331	8.3%
<b>Total revenue from compound condiments</b>	<b>915,802</b>	<b>100%</b>	<b>786,638</b>	<b>100%</b>

Revenue from compound condiments increased by 16.4% from RMB786.6 million for the year ended 31 December 2024 to RMB915.8 million for 2025, accounting for 13.8% of the revenue for the year ended 31 December 2025. Among this, revenue from sales of compound condiments to related parties increased by 110.8%, which was mainly due to the supply of new products, including maocai soup base and beef bone soup base, to related parties. Revenue from sales of compound condiments to third parties increased by 7.9%, mainly attributable to the increase in sales revenue from products such as spices.

	For the year ended 31 December			
	2025	% of revenue from convenient ready-to-eat food products	2024	% of revenue from convenient ready-to-eat food products
	Revenue (RMB'000)		Revenue (RMB'000)	
<b>Revenue from convenient ready-to-eat food products</b>				
Revenue from third parties	1,431,437	91.5%	1,449,352	90.3%
Revenue from related parties	132,707	8.5%	155,334	9.7%
<b>Total revenue from convenient ready-to-eat food products</b>	<b>1,564,144</b>	<b>100%</b>	<b>1,604,686</b>	<b>100%</b>

Revenue from convenient ready-to-eat food products decreased by 2.5% from RMB1,604.7 million for the year ended 31 December 2024 to RMB1,564.1 million for 2025, accounting for 23.7% of the revenue for the year ended 31 December 2025. Among this, revenue from sales of convenient ready-to-eat food products to related parties decreased by 14.6%, which was mainly attributable to the fact that we stopped supplying certain prepared food products to related parties in order to optimise our product matrix and production resources allocation, resulting in a decrease in the corresponding revenue. Revenue from sales of convenient ready-to-eat food products to third parties decreased by 1.2%, which was mainly attributable to the decrease in sales revenue from self-serving product series.

### Revenue by distribution network

	For the year ended 31 December			
	2025	% of	2024	% of
	Revenue (RMB'000)	total revenue	Revenue (RMB'000)	total revenue
<b>Related party customers</b>				
Haidilao Group, Super Hi Group and Shuhai Supply Chain Group	<b>1,831,057</b>	<b>27.7%</b>	1,973,894	30.2%
<b>Third party customers</b>				
Distributors	<b>3,443,703</b>	<b>52.1%</b>	3,983,444	60.9%
Direct sales stores in malls and supermarkets	<b>558,571</b>	<b>8.5%</b>	–	0.0%
E-commerce	<b>464,883</b>	<b>7.0%</b>	398,705	6.1%
Catering and food product companies	<b>300,197</b>	<b>4.5%</b>	173,250	2.6%
Others				
Ad hoc sales event	<b>14,155</b>	<b>0.2%</b>	10,276	0.2%
<b>Total revenue</b>	<b><u>6,612,566</u></b>	<b><u>100%</u></b>	<b><u>6,539,569</u></b>	<b><u>100%</u></b>

In 2025, the pricing of products transacted by the Group with related parties was adaptively adjusted with the dynamic changes in market prices, and the product matrix was also updated and refined in line with changes in consumer tastes. For the year ended 31 December 2025, the sales revenue from the related parties was RMB1,831.1 million, representing a year-on-year decrease of 7.2%.

For the year ended 31 December 2025, the sales revenue from distributors was RMB3,443.7 million, representing a year-on-year decrease of 13.5%, which was mainly due to the decrease in revenue from the distributor channel as the Group promoted direct sales business and conducted channel adjustments; for the year ended 31 December 2025, the sales revenue from direct sales stores in malls and supermarkets achieved RMB558.6 million, which was mainly due to the implementation of direct sales management over certain customers which were malls and supermarkets during the year; the sales revenue from e-commerce channels was RMB464.9 million, representing a year-on-year increase of 16.6%, mainly due to the customisation of products for launching on the platform Pinduoduo.com and expansion of overseas e-commerce business; and sales revenue from sales to catering and food product companies was RMB300.2 million, representing a year-on-year increase of 73.3%, mainly due to the revenue growth from the launch of new products such as tomato hot pot soup flavouring in catering field and seasoning powder.

## Revenue by geographic region

The table below sets forth the revenue by geographic regions of the Group for the periods as indicated:

	For the year ended 31 December			
	2025		2024	
	Revenue (RMB'000)	% of total revenue	Revenue (RMB'000)	% of total revenue
Northern China <sup>(5)</sup>	2,743,738	41.5%	2,806,192	42.9%
Southern China <sup>(6)</sup>	3,283,611	49.6%	3,291,858	50.3%
Other markets	585,217	8.9%	441,519	6.8%
<b>Total</b>	<b>6,612,566</b>	<b>100%</b>	<b>6,539,569</b>	<b>100%</b>

Notes:

- (5) Including Heilongjiang, Jilin, Liaoning, Nei Mongol, Beijing, Tianjin, Hebei, Shandong, Shanxi, Henan, Ningxia, Shaanxi, Gansu, Qinghai, Xinjiang and Xizang
- (6) Including Jiangsu, Shanghai, Zhejiang, Anhui, Jiangxi, Fujian, Hubei, Hunan, Guangdong, Chongqing, Guizhou, Guangxi, Sichuan, Yunnan and Hainan

## Cost of Sales

The Group's cost of sales, including raw materials, employee benefit expenses, depreciation and amortisation and utilities, decreased by 1.0% from RMB4,493.8 million for the year ended 31 December 2024 to RMB4,447.5 million for 2025. The decrease in cost of sales was mainly due to the decrease in the price of raw materials and the improvement in production efficiency.

## Gross Profit and Gross Profit Margin

	For the year ended 31 December			
	2025		2024	
	Gross profit (RMB'000)	Gross profit margin %	Gross profit (RMB'000)	Gross profit margin %
<b>Hot pot condiments</b>	<b>1,455,249</b>	<b>36.0%</b>	1,383,417	33.9%
Third parties	1,220,072	49.3%	1,136,363	48.7%
Related parties	235,177	15.1%	247,054	14.1%
<b>Compound condiments</b>	<b>301,676</b>	<b>32.9%</b>	266,172	33.8%
Third parties	279,533	35.9%	253,947	35.2%
Related parties	22,143	16.1%	12,225	18.7%
<b>Convenient ready-to-eat food products</b>	<b>401,425</b>	<b>25.7%</b>	395,745	24.7%
Third parties	381,067	26.6%	372,371	25.7%
Related parties	20,358	15.3%	23,374	15.0%
<b>Others</b>	<b>6,692</b>	<b>7.0%</b>	479	0.8%
<b>Total</b>	<b>2,165,042</b>	<b>32.7%</b>	<b>2,045,813</b>	<b>31.3%</b>

The Group's gross profit increased by 5.8% from RMB2,045.8 million for the year ended 31 December 2024 to RMB2,165.0 million for 2025, and the gross profit margin increased from 31.3% for the year ended 31 December 2024 to 32.7% for 2025. The increase in gross profit margin was mainly due to the decrease in the price of raw materials and the improvement in production efficiency.

### **Distribution Expenses**

The Group's distribution expenses decreased by 0.5% from RMB771.5 million for the year ended 31 December 2024 to RMB768.0 million for 2025. The Group's distribution expenses as a percentage of the Group's revenue decreased from 11.8% for 2024 to 11.6% for 2025.

### **Administrative Expenses**

The Group's administrative expenses increased by 6.7% from RMB276.7 million for the year ended 31 December 2024 to RMB295.3 million for 2025. The Group's administrative expenses as a percentage of the Group's revenue increased from 4.2% for the year ended 31 December 2024 to 4.5% for the year ended 31 December 2025. The increase in administrative expenses was mainly attributable to the increase in management bonuses and the increase in the cloud service fee incurred as the Group carried out digital construction.

### **Other Income and Gains – net**

The Group's net amount of other income and gains increased by 22.8% from RMB110.8 million for the year ended 31 December 2024 to RMB136.0 million for 2025, which was mainly due to the increase in government grants income during the year.

### **Finance Income – net**

The Group's net amount of finance income decreased by 45.9% from RMB69.8 million for the year ended 31 December 2024 to RMB37.7 million for 2025, which was mainly attributable to the decrease in deposit interest rate and the decrease in the average deposit balance.

### **Profit before Income Tax**

As a result of the foregoing, the Group's profit before income tax increased by 8.3% from RMB1,178.1 million for the year ended 31 December 2024 to RMB1,275.4 million for 2025.

### **Income Tax Expenses**

The Group's income tax expenses decreased by 1.8% from RMB378.6 million for the year ended 31 December 2024 to RMB371.9 million for 2025. The effective tax rate decreased from 32.1% for the year ended 31 December 2024 to 29.2% for the year ended 31 December 2025.

### **Net Profit for the Year**

As a result of the foregoing, net profit of the Group increased by 13.0% from RMB799.5 million for the year ended 31 December 2024 to RMB903.5 million for 2025. Basic earnings per share increased from RMB76.2 cents for the year ended 31 December 2024 to RMB88.0 cents for 2025, and net profit margin increased from 12.2% for the year ended 31 December 2024 to 13.7% for 2025.

## Capital Liquidity and Financial Resources

For the year ended 31 December 2025, the Group's operations were mainly funded by the cash generated from its operation. The Group intended to utilise internal resources to provide funds for its expansion and business operations through organic growth and sustainable development.

### Cash and Cash Equivalents

As at 31 December 2025, the Group's cash and cash equivalents were mainly composed of Renminbi, the U.S. dollars and other items. Cash and cash equivalents amounted to approximately RMB2,084.5 million (31 December 2024: RMB1,881.9 million).

### Asset-Liability Ratio

As at 31 December 2025, the Group's asset-liability ratio<sup>(7)</sup> was 16.7% (31 December 2024: 18.4%). The Group did not have any bank borrowings.

Note:

(7) The asset-liability ratio is calculated by dividing total liabilities as at the end of each financial period by total assets.

### Inventories

Inventories mainly include raw materials, work-in-progress and finished goods. As at 31 December 2025, the inventories amounted to approximately RMB521.9 million (31 December 2024: RMB465.5 million), and the turnover days of inventories increased from 34.0 days for the year ended 31 December 2024 to 40.5 days for the year ended 31 December 2025. The increase in turnover days of inventories was mainly due to the fact that the extension of the industrial chain to reduce production costs led to an increase in production stages and intermediate products, which in turn pushed up the overall inventory, and the increase in inventory due to the increase in the number of customisation customers, resulting in the increase in turnover days of inventories.

### Trade Receivables

Trade receivables represent the amounts due from customers in respect of sales of goods in the ordinary course of business. As at 31 December 2025, the trade receivables amounted to approximately RMB256.3 million (31 December 2024: RMB285.4 million). The change was mainly due to the decrease in trade receivables from related party stores. The turnover days of trade receivables decreased from 15.2 days for the year ended 31 December 2024 to 15.0 days for the year ended 31 December 2025.

### Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Due to the cyclical effects of low and peak seasons for production and sales and the seasonal procurement cycle, trade payables amounted to approximately RMB403.6 million as at 31 December 2025 (31 December 2024: RMB482.2 million). The turnover days of trade payables increased from 35.9 days for the year ended 31 December 2024 to 36.3 days for the year ended 31 December 2025.

## **Contingent Liabilities**

As at 31 December 2025, the Group did not have any material contingent liabilities.

## **Charge of Assets**

As at 31 December 2025, the Group did not charge any fixed assets as securities for borrowings.

## **Borrowings**

As at 31 December 2025, the Group did not have any bank borrowings.

## **Debt-to-Equity Ratio**

As at 31 December 2025, the debt-to-equity ratio<sup>(8)</sup> of the Group was 2.4% (2024: 2.0%).

Note:

- (8) Debt-to-equity ratio is calculated by dividing total debt by total equity. Total debt is defined as interest-bearing liabilities including lease liabilities.

## **Risk of Foreign Exchange Rate and Hedging**

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain cash in hand denominated in the U.S. dollars and Hong Kong dollars, and is therefore exposed to foreign exchange risk. The Group has not hedged against its foreign exchange risk. However, the Group will closely monitor the exposure and will take specific measures when necessary to make sure the foreign exchange risk is manageable and within control.

## **Employees and Remuneration Policy**

As at 31 December 2025, the Group had a total of 2,571 employees (excluding temporary workers), comprising 1,828 employees in production, 607 employees in marketing and 136 employees in administration and management related functions.

For the year ended 31 December 2025, the Group's total staff costs amounted to RMB752.5 million, including salaries, wages, allowances and benefits. The Group continued to optimise the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

## **Material Acquisitions and Disposals**

For the year ended 31 December 2025, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

## **FUTURE PROSPECTS**

### **Industry and Business Outlook**

In 2026, with the strengthening and improvement of macroeconomic policies, the national economy will continue its development trend of steady growth and improvement in quality and efficiency. Developing new quality productive forces will drive residents' income and economic growth steadily. The foundation of quality enhancement and capacity expansion of consumer market will continue to be consolidated, leading the consumer market to further develop towards a stable and positive direction.

In 2026, the Group will continue to prioritise product research and development, channel building, and overseas expansion as the Company's strategic focuses.

In terms of product research and development, the Group will adhere to a market-oriented mechanism for product research. The sales team will observe the product demand based on channel performance, consumer behaviour insights and market trends. The research and development team will then carry out research and development accordingly. By implementing an effective market-oriented product selection strategy, product research and development and market demand will be aligned, so that quality products could be launched continuously to meet prevailing consumer demand. On the one hand, we will aim at the uniqueness of the demand of the KA channel. We will no longer be limited to meeting customers' needs for a single SKU, but also provide comprehensive customised services according to customer needs, implement a basket of solutions for compound condiments, establish an exclusive display area, improve product recognition and market competitiveness, so as to achieve win-win situation for both parties. On the other hand, we will continue to deepen the development of our research and development capabilities in the business-end market, and respond to changes in popular flavours in a timely manner by leveraging our research and development advantages in core products and our well-established supply chain production system. At the same time, differentiated operation approaches will be adopted to target different business-end customers. For example, among major business-end customers, we will carry out progressive in-depth exploration and realise their needs for customised products to strengthen cooperation stickiness, while for minor business-end customers, we will focus on aligning the taste of standard products with market development, enhancing the compatibility of standard products and the number of minor business-end customers, so as to further increase market penetration and market share.

In terms of channel building, the Group will continue to deepen its reach into lower-tier channels, optimise the operation model of distributors and establish a refined channel operation system. Firstly, we will carry out different forms of collaboration for different channels, and gradually form a synergetic development between the distributor operation model and the "two direct" operation model (direct management and direct distribution) of some KA channels, so as to improve the operational efficiency of the channels and profitability and expand the management and coverage over points of sales. In addition, we will implement the application of AI technology in channels, and leverage on data analysis tools to refine customer profiles and gain insights into product sales trends, market competitive landscape and changes in consumer demand, providing data support for the optimisation of channel management strategies, inventory control and new product promotion. In respect of team management across channels, we will further improve the mechanism for partner assessment and the admission and elimination mechanism for distributors, optimise the parameters of the assessment during the process, and balance the pressure of assessment with the enthusiasm of the team.

Regarding overseas business, the Group will focus on the simultaneous development of products and channels. In terms of products, on the one hand, we will continue to transform the domestic classic flavours and carry out promotion in overseas market to consolidate the existing customer base; on the other hand, we will deeply develop local flavours, fully conduct the adaptation and upgrading of product flavours, and cultivate the market acceptance for local flavoured products in order to further increase market share. In terms of the development of overseas channels, the Group will continue to try to penetrate the untapped overseas market and increase the global presence. For the overseas markets that we have entered, we will develop the direct sales model in some of the suitable regions to increase the coverage of overseas regions and the number of product terminals. At the same time, we will strengthen the construction of overseas business-end operation segment, provide customised condiment solutions for catering customers, forming a differentiated competitive advantage. While expanding the existing business-end operation, we will further accumulate experience through business-end customisation and market verification, so that the products can be transformed into customer-end products in a timely manner to achieve two-way empowerment.

### **Material Investments and Prospects**

During the Reporting Period, the Group did not hold any material investments.

### **Future Plans for Material Investments**

The Group will continue to look for potential strategic investment opportunities extensively, aiming high-profit targets that can bring synergies to the Group in the aspects of, among other things, product research and development, product portfolio, channel expansion and cost control.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company has adopted and applied the principles and code provisions as set out in the part 2 of the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and has complied with the code provisions in the part 2 of the Corporate Governance Code for the year ended 31 December 2025.

### **Compliance with the Model Code**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2025.

The Company’s employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. The Company was not aware of any non-compliance of the Model Code by the employees for the year ended 31 December 2025.

### **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities (including any sale of treasury shares) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury share.

## **Audit Committee**

The audit committee of the Board (the “**Audit Committee**”), comprising all independent non-executive Directors, currently being Ms. Cui Jin (the chairman), Mr. Wang Xin and Ms. Li Ping, has considered and reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control, risk management and financial reporting with the management, including the review of the audited consolidated results of the Group for the year ended 31 December 2025. The Audit Committee considers that the annual financial results for the year ended 31 December 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **Scope of Work of PricewaterhouseCoopers**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out on pages 2 to 14 of this announcement have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and therefore no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

## **The Restricted Share Unit Scheme**

The Company has approved and adopted a restricted share unit scheme (the “**RSU Scheme**”) on 24 February 2016. The Company complies with the provisions of the Chapter 17 of the Listing Rules effective from the financial year commencing from 1 January 2023 subject to the transitional arrangements provided for the RSU Scheme, being a share award scheme. As at the date of this announcement, the RSU Scheme has expired. During the Reporting Period, no restricted share units (the “**RSU(s)**”) were granted by the Company, and there were no outstanding RSUs under the RSU Scheme as at the beginning or the end of the Reporting Period.

## **The 2026 Share Award Scheme**

The Company has approved and adopted a share award scheme (the “**2026 Share Award Scheme**”) by a resolution of the Board on 27 January 2026. The 2026 Share Award Scheme constitutes a share scheme under Chapter 17 of the Listing Rules and is subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, the 2026 Share Award Scheme does not involve awards granted by way of issue of new Shares or transfer of treasury Shares. Accordingly, the 2026 Share Award Scheme does not constitute a scheme involving issue of new Shares within the meaning of Chapter 17 of the Listing Rules and the adoption of which did not be subject to the approval of the Shareholders. Please refer to the Company’s announcement dated 27 January 2026 for details.

According to the scheme rules of the 2026 Share Award Scheme, the trustee holding the Shares in relation to the unvested awards under the 2026 Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner’s direction and such a direction is given.

As at the date of this announcement, the number of Awards available for grant under the 2026 Share Award Scheme mandate is 103,670,000 Shares, representing 10% of the issued Shares of the Company (excluding treasury shares, if any). As at the date of this announcement, there is no grant under the 2026 Share Award Scheme.

## **Events after the End of the 31 December 2025**

Save as disclosed in this announcement, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2025 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board has proposed the payment of a final dividend of HK\$0.5968 (equivalent to RMB0.5252) per share for the year ended 31 December 2025, subject to the approval of the Shareholders at the annual general meeting (the “AGM”) of this year to be held on Tuesday, 26 May 2026. The final dividend will be distributed in Hong Kong Dollars and is calculated based on the average benchmark exchange rate of RMB against Hong Kong Dollars announced by the People’s Bank of China in the five working days prior to but excluding the date of the Board meeting held on Tuesday, 24 March 2026. The proposed dividends will be paid to the Shareholders whose names appear on the register of members of the Company on Thursday, 4 June 2026. Subject to the Shareholders’ approval at the AGM, the final dividend is expected to be paid to the Shareholders on or before Monday, 22 June 2026.

## **CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE**

The register of members of the Company will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Tuesday, 26 May 2026. The Shareholders whose names appear on the register of members of the Company on Tuesday, 26 May 2026 (the “**Record Date**”) will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Tuesday, 19 May 2026.

The register of members of the Company will also be closed from Monday, 1 June 2026 to Thursday, 4 June 2026, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend. The Shareholders whose names appear on the register of members of the Company on Thursday, 4 June 2026 will be entitled to the final dividend. In order to be eligible to be entitled to the final dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, 29 May 2026.

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

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.yihchina.com](http://www.yihchina.com)).

The annual report for the year ended 31 December 2025 containing all the information required by the Listing Rules will be despatched (if so requested by Shareholders) to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

By Order of the Board  
**Yihai International Holding Ltd.**  
**Sean Shi**  
*Chairman*

Hong Kong, 24 March 2026

*As at the date of this announcement, the executive Directors of the Company are Mr. Sean Shi, Mr. Guo Qiang, Mr. Sun Shengfeng, Ms. Shu Ping and Mr. Zhao Xiaokai; the non-executive Director of the Company is Mr. Zhang Yong; and the independent non-executive Directors of the Company are Ms. Cui Jin, Mr. Wang Xin and Ms. Li Ping.*