MAOGEPING

BEAUTY

MAO GEPING COSMETICS CO., LTD.
毛戈平化妝品股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1318)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

The board of directors (the "**Board**") of Mao Geping Cosmetics Co., Ltd. (the "**Company**") hereby announces the audited results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2025. This announcement, containing the full text of the 2025 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of annual results.

The Group's final results for the year ended December 31, 2025 have been reviewed by the audit committee of the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.maogeping.com). The Company's 2025 annual report will be published on the aforesaid websites in due course.

By order of the Board
Mao Geping Cosmetics Co., Ltd.
MAO Geping
Chairman of the Board and Executive Director

Hong Kong
March 26, 2026

As of the date of this announcement, the board of directors of the Company comprises: (i) Mr. MAO Geping, Ms. WANG Liqun, Ms. MAO Niping, Ms. MAO Huiping, Mr. WANG Lihua and Ms. SONG Hongquan as executive directors; and (ii) Mr. GU Jiong, Mr. HUANG Hui and Mr. LI Hailong as independent non-executive directors.

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2025
Annual Report

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. MAO Geping (毛戈平) *(Chairman of the Board)*
Ms. WANG Liqun (汪立群)
Ms. MAO Niping (毛霓萍)
Ms. MAO Huiping (毛慧萍)
Mr. WANG Lihua (汪立華)
Ms. SONG Hongquan (宋虹佺)

Independent Non-executive Directors

Mr. GU Jiong (顧炯)
Mr. HUANG Hui (黃輝)
Mr. LI Hailong (李海龍)

Audit Committee

Mr. GU Jiong (顧炯) *(Chairperson)*
Mr. HUANG Hui (黃輝)
Mr. LI Hailong (李海龍)

Nomination Committee

Mr. MAO Geping (毛戈平)
Ms. MAO Niping (毛霓萍)
Mr. GU Jiong (顧炯)
Mr. HUANG Hui (黃輝)
Mr. LI Hailong (李海龍) *(Chairperson)*

Remuneration Committee

Mr. MAO Geping (毛戈平)
Ms. MAO Huiping (毛慧萍)
Mr. GU Jiong (顧炯)
Mr. HUANG Hui (黃輝)
Mr. LI Hailong (李海龍) *(Chairperson)*

Joint Company Secretaries

Mr. DONG Leqin (董樂勤)
Ms. ZHANG Xiao (張瀟) *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Authorized Representatives

Ms. MAO Niping (毛霓萍)
Ms. ZHANG Xiao (張瀟)

Principal Bank

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No. 280–1, Jianguo South Road
Shangcheng District
Hangzhou, Zhejiang
PRC

Registered Office

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Hangzhou, Zhejiang
PRC

Headquarters and Principal Place of Business in the PRC

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Shangcheng District
Hangzhou, Zhejiang
PRC

Principal Place of Business in Hong Kong

40/F, Dah Sing Financial Centre
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Wanchai
Hong Kong

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Compliance Adviser

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Company's Website

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Stock Code

01318

FIVE-YEAR FINANCIAL SUMMARY

	Year ended December 31,				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**5,050,455**	3,884,694	2,885,964	1,829,112	1,577,347
Cost of sales	**(796,770)**	(607,176)	(437,719)	(295,834)	(261,341)
Gross profit	**4,253,685**	3,277,518	2,448,245	1,533,278	1,316,006
Profit before tax	**1,607,151**	1,176,751	887,864	466,987	443,885
Profit for the year	**1,205,440**	881,329	663,470	352,095	330,943
Total comprehensive income for the year	**1,204,577**	881,329	663,470	352,095	330,943
Dividends	**352,935**	1,000,000	250,000	–	40,000
Earnings per share (RMB yuan)	**2.46**	2.18	3.31	1.76	1.66
Dividends per share (RMB yuan)	**0.72**	2.47	1.25	–	0.20

	As at December 31,				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**5,532,985**	4,473,469	2,094,568	1,555,910	1,130,944
Total liabilities	**863,061**	969,946	546,582	421,394	348,523
Net assets	**4,669,924**	3,503,523	1,547,986	1,134,516	782,421
Return on equity (%)	**29.5%**	34.9%	49.5%	36.7%	52.0%
Return on total assets (%)	**24.1%**	26.8%	36.3%	26.2%	35.9%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Mao Geping Cosmetics Co., Ltd., I hereby present to you the annual report of the Group for the year ended December 31, 2025.

As a leading premium beauty group in China, we have consistently integrated traditional oriental aesthetic concepts into our products and services using modern artistic expressions. By leveraging the unique aesthetic concepts of our founder and the team, our internationally leading quality control capabilities, and our presence in mid-to-high-end department stores, we have established differentiated competitive advantages. We deeply integrate the aesthetic expression of the three dimensions of philosophy, technique and products into every link of R&D, teaching, production, sales and service, and through the meticulous craftsmanship of the whole chain, fully present the aesthetic value that can be perceived.

In 2025, building upon our profound heritage in color cosmetics and skincare, we are delighted to embark on a new chapter in fragrance aesthetics by launching two high-end perfume series, namely "Guoyun Ningxiang (國韻凝香)" and "Eastern Whisper Enlightenment (聞道東方)". Rooted in the integration of Eastern and Western cultures, our product design draws deeply from cultural elements, while our artistic conception is inspired by Eastern philosophy. We draw inspirations from Eastern philosophical thinking in our conceptual creation, distilling cultural essence into every detail, reinterpreting traditional aesthetics through a contemporary approach, so that fragrance becomes a tangible carrier of Eastern artistry, delivering an oriental aesthetic experience of artistic conception for our consumers, and embodying oriental aesthetics and philosophical thinking in a concrete form. We have also collaborated with Chinese National Geography Magazine on a co-branded Earth Eyeshadow Series (大地眼影系列), transforming the natural hues of the Eastern land into vivid expressions for Eastern facial features, and infusing the warmth and rhythm of the land under our feet into the aesthetic expression of Eastern women. Our co-branded series, through innovation in cultural integration and IP collaboration, convey our brand's cultural connotations and value propositions, enrich our brand's essence, and shape our brand image.

For a brand, culture is not merely an object to be displayed or repeated, but rather an ever-evolving form of beauty and wisdom, constantly reinterpreted in the context of contemporary life. A brand's engagement with culture goes beyond preserving its outward forms, it lies in upholding its essence and ensuring that it remains vibrant and relevant today. On the 2025 Belt and Road International Day, we launched the third installment of our "Beauty Inheriting the Orient (美承東方)" brand cultural practice project, Flowers of the Wilderness (《荒野之花》). Inspired by the historical narrative of Princess Liu Jieyou (劉解憂) and Feng Liao (馮嫽), who carried out marital diplomacy and fostered friendly relations with the Western Regions during the Western Han Dynasty, we have translated Eastern cultural insights into time, resolve, and inner strength into expressions accessible and relatable to contemporary audiences, and have embedded them into our brand's value proposition and worldview, further strengthening our cultural depth and aesthetic height while continuously elevating the brand's spiritual barriers.

We have spared no effort in expanding our presence in high-end department store channels by launching our counters in premium locations including Beijing SKP, Hangzhou Tower, Hangzhou MIXC, Starlight 68 Plaza in Chongqing and Harbour City in Hong Kong during the Reporting Period, among which the counter in Harbour City marks our first brand image counter in Hong Kong, representing a key milestone in our brand's internationalization process. In addition, we opened our first brand image flagship store at Hubin Pedestrian Street, a fashionable landmark in Hangzhou. By integrating Hangzhou's Song Dynasty culture with new technologies, we have created an innovative and immersive experience space for consumers. As of December 31, 2025, we operate 445 brand counters across 131 cities nationwide, and our counters are staffed with over 3,300 professional beauty advisors. Through our offline counters and these beauty advisors, we maintained zero-distance contact with our users, offering them an exceptional beauty experience. Regarding product categories, we have been continuously enriching and expanding our product matrix. As of December 31, 2025, our product portfolio comprised 469 SKUs across three categories, namely color cosmetics, skincare and fragrance.

Our makeup artistry training business continued to expand during the Reporting Period. In October 2025, the tenth school of MAOGEPING Beauty Education Institute officially opened in Guangzhou, China. We also successively upgraded the school environment and teaching facilities at our Chongqing, Chengdu, and Hangzhou branches. Furthermore, we further expanded our training programs to cover makeup services for workplace and daily life scenarios, focusing on building a dual-core service system that helps students achieve a leap from professional skills to career development. With our professional and systematic educational philosophy and diversified course offerings, our makeup artistry training institutes attract thousands of makeup enthusiasts annually to participate in our beauty education programs. During the Reporting Period, our ten schools enrolled a total of 6,591 students.

We place great emphasis on public welfare initiatives and the integration of industry and education. Following the fire incident at Wang Fuk Court in Tai Po, Hong Kong, we promptly donated RMB5 million to the Tai Po Wang Fuk Court Assistance Fund to provide emergency assistance to those affected. In addition, during the Reporting Period, MAOGEPING Education Charity Foundation (毛戈平教育公益基金) donated RMB5 million to Aksu Vocational and Technical College to establish the MAOGEPING Beauty Education Exchange Center (毛戈平美妝教育交流中心). MAOGEPING Beauty Education Institute jointly established the MAOGEPING Industry College (毛戈平產業學院) with Zhejiang Vocational Academy of Art, marking a new step in integrating industry and education and innovating talent cultivation models for beauty artistry.

Attributed to the above efforts, we have seen remarkable growth in our operating results. Our total revenue increased from RMB3,884.7 million in 2024 to RMB5,050.5 million in 2025, representing an increase of 30.0%. Our net profit increased from RMB881.3 million in 2024 to RMB1,205.4 million in 2025, representing an increase of 36.8%. Thanks to our excellent sales performance, we have been consolidating our market-leading position and brand equity in the high-end beauty industry.

Finally, on behalf of our Group and the Board of Directors, I would like to express our gratitude to all users for their continuous support to the Company and love for the brand. We also extend our appreciation to all our partners, investors, and shareholders for their trust, and to all employees for their dedication and contribution. Looking forward, we will further optimize our talent acquisition and incentive mechanisms to attract more international talents to join our beauty business. We will persist in strengthening product research and development and channel construction to enrich our brand and product matrix. We will continuously sharpen our brand competitiveness with attractive products, advanced technologies and satisfactory services to enhance the global recognition and reputation of our brand. We aspire to build an international high-end beauty group originating from China, rewarding our Shareholders and investors with stable and sustainable business performance.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Cosmetics products can be divided into five categories: skincare, personal care, color cosmetics, perfume and others. Beauty products refer to cosmetics that can improve the condition of the skin and emphasize or alter the appearance of the face or body, mainly including skincare products and color cosmetics products.

Premium beauty brands are positioned to meet the demands of consumers for prestige, high quality, and exclusivity through perceived-value products and services. Typically, premium brands command a price range that is at least 50% higher than the industry average, and their products are selectively distributed, often found in high-end department stores. These premium brands have a distinguished brand image with a focus on uniqueness, aesthetics and lifestyle. The majority of leading premium beauty brands were founded by celebrities or artists who use their names as brand names. Mass-market brands are generally committed to offering affordable products with strong value for money. They often have broader distribution channels. According to data from Euromonitor[1], the market size of premium beauty and personal care in China, in terms of retail sales, grew rapidly from RMB179.54 billion in 2020 to RMB207.34 billion in 2025 with a CAGR of 2.9%, and is expected to further grow at a CAGR of 4.0% to reach RMB252.70 billion by 2030.

Beauty products in China are sold through online and offline channels. Offline channels mainly include department stores, cosmetics specialty stores, supermarkets and other offline channels. Other offline channels mainly include pharmacies and duty-free stores. The department store of offline channels refers to a retail establishment offering a wide range of mid to high-end consumer goods across different areas of the store, which is an important part of offline channels. The department store segment can not only meet consumers' shopping needs, but also provide customers with premium consumption experience by showcasing brand concepts through exquisite displays and professional consulting services. The influence accumulated by beauty brands in offline channels can further empower online sales. Online channels mainly include integrated e-commerce platforms, emerging e-commerce platforms and other online channels. Representative examples of integrated e-commerce platforms are Tmall and JD.com, and representative examples of emerging e-commerce platforms are Douyin and Kuaishou. Other online channels mainly include official websites of brand owners, and cross-border e-commerce platforms.

1 With a history spanning over 50 years, Euromonitor International has established itself as a world leader in strategic market intelligence. Leveraging its in-house team of analysts based in local markets globally, the company provides a comprehensive suite of data, including 15 years of historical data and 5-year future market forecasts across 30 industries in 100 countries. Its insights cover company and brand shares, channel performance, and emerging category trends, ensuring the authoritative and globally relevant perspective of its research.

2 Source: Data from Euromonitor International (Shanghai) Co., Ltd., Beauty and Personal Care 2026 edition data (pre-release data exported in March 2026), calculated based on 2025 retail sales value. Brand data is counted by Global Brand Name (GBN). Future forecast growth rates include inflation factors.

3 Premium Beauty and Personal Care is the aggregation of premium colour cosmetics, fragrances, deodorants, skin care, sun care, baby and child-specific products, bath and shower and hair care. The distinction between mass market and premium is normally price and label/positioning and distribution.

MANAGEMENT DISCUSSION AND ANALYSIS

According to key data on China's cosmetics industry for 2025 released by the China Association of Fragrance Flavour and Cosmetic Industries, the total transaction volume of China's cosmetics industry across all channels reached RMB1,104.245 billion in 2025, representing a year-on-year increase of 2.83%, of which the market share of domestic brands rose further from 55.20% in 2024 to 57.37% in 2025. By channel, online transaction volume amounted to RMB721.773 billion, accounting for 65.36%, representing a year-on-year increase of 4.45%. Offline transaction volume reached RMB382.472 billion, accounting for 34.64%, remaining largely unchanged year-on-year. In terms of brand performance, the number of brands with a transaction volume of RMB100 million and above increased from 819 in 2024 to 839 in 2025. Among the top 500 brands in 2025, over 60% maintained positive growth, while only approximately 25.96% of the brands beyond the top 500 maintained positive growth. Throughout the year, 26,900 brands were phased out, while 17,100 new brands entered the market. The number of newly filed/registered raw materials increased from 6 in 2021 to 169 in 2025, representing a 27-fold increase over five years.

The data above demonstrates that against the backdrop of profound adjustments in the global economic landscape, China's cosmetics market continues to exhibit robust resilience in its development, with domestic beauty brands steadily strengthening their competitive edge. In terms of channel landscape, with the improvement of a series of online regulatory regulations including the Measures for the Supervision and Management of Live Streaming E-commerce (《直播電商監督管理辦法》) and the Measures for the Administration of Online Livestream Marketing (《網絡直播營銷管理辦法》), a fair competition ecosystem between online and offline channels has gradually taken shape, and online and offline channels have moved toward a new pattern of integrated development. In terms of brand structure, the market has continued its trend towards high-end, centralized direction. Resources have been flowing to leading brands, while smaller brands at the lower end have accelerated their exit from the market, leading to a steady improvement in overall brand quality. Meanwhile, continuous innovation in design and raw materials has endowed cosmetics with richer cultural attributes and differentiated product efficacy, continuously satisfying and stimulating the diversified needs of consumers. As a result, the cosmetics industry is moving towards a new stage of high-quality development.

Makeup artistry training refers to education programs that are designed for program participants to learn makeup knowledge and skills, and such training aims to help program participants to work in the beauty industry or other related industries, such as beauty advisors, styling designers, etc. According to Frost & Sullivan, as the consumer market for color cosmetics is expanding, the audience for makeup continues to grow and the demand for beauty services in people's daily lives is increasing. This will accelerate the growth of the makeup artistry industry and boost the demand for beauty professionals. Especially with the increase in the categories of makeup products, the level of expertise required to create high-quality makeup looks is increasing. It is expected that the industry will be consolidated and the market size will maintain relatively rapid growth.

BUSINESS REVIEW

Principal Activities

We are committed to offering consumers a comprehensive beauty experience characterized by high-quality beauty products, professional makeup artistry training, and experiential and personalized customer service.

Beauty Brands and Products

Drawing upon the aesthetic philosophy of our founder, we have created beauty products that capture the essence of light and shadow makeup artistry and oriental aesthetics to bring out the best makeup effects. Our beauty brands include MAOGEPING and Love Keeps, offering a selective portfolio of color cosmetics, skincare products and fragrance to meet the needs of different consumer demographics. As our flagship brand, the MAOGEPING brand contributed the major portion of revenue from product sales of the Group for the year ended December 31, 2025.

Upholding a premium brand positioning, we offer color cosmetics products inspired by Mr. Mao Geping's foundational philosophy in light and shadow makeup artistry and oriental aesthetics, as well as skincare and fragrance lines that integrate high-quality formulas with select ingredients. Our color cosmetics primarily include makeup products for foundation, highlighting and contouring, lips and eyes. Our skincare products primarily include face creams, eye care, facial masks, serums and cleansers, while our fragrance products include the "Guoyun Ningxiang (國韻凝香)" perfume series commemorating the 60th anniversary of Sino-French diplomatic relations, the "Eastern Whisper Enlightenment (聞道東方)" perfume series co-branded with the Cultural and Creative Institute of the Palace Museum, and home fragrance products. As of December 31, 2025, our product portfolio comprised 469 SKUs across three categories, namely color cosmetics, skincare and fragrance.

The following table sets forth the total sales volume and average selling prices of our products by product category for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	Unit in thousands	RMB per unit	Unit in thousands	RMB per unit
Color cosmetics	16,988.9	176.4	12,979.5	177.5
Skincare	5,704.7	328.3	4,577.6	312.2
Fragrance	109.4	309.5		
Overall	22,803.0	215.0	17,557.1	212.6

Notes:

(1) The average selling price refers to the prices of products sold through all sales channels, including direct sales to consumers, as well as sales made to retailers and distributors.

The average selling prices are generally lower than the high end of the listed price range primarily due to: (i) lower prices of products sold to retailers and distributors than that to consumers as we offer discounts for bulk purchases, which is in line with typical industry practice; and (ii) the calculation of average selling price excludes Value Added Tax but includes adjustments for sales discounts, loyalty points, and other promotional activities that affect the final selling price.

Color Cosmetics

Our color cosmetics offering encompasses a wide range of foundation, highlighting and contouring, eye and lip makeup products, meticulously designed to cater to the unique skin conditions, facial structures and aesthetic preferences of Chinese consumers. By incorporating elements of light and shadow and traditional Chinese cultural elements into our product design, we create visually appealing and culturally relevant product series that capture the essence of oriental beauty. Moreover, we have launched limited editions of color cosmetics, such as Eastern Aura Elegance (氣蘊東方) series, which encapsulate industry trends, celebrate traditional cultures, and incorporate advanced technology for enhanced application and wear. As of December 31, 2025, we offered 381 SKUs in color cosmetics.

Foundation

To cater to consumers' needs for a complete makeup routine from pre-makeup care to setting and contouring, we have introduced a comprehensive set of foundation products including primer, concealer, foundation, and setting powder. In particular, our foundation products are formulated with select ingredients to create a cream texture that provides a natural and long-lasting finish suitable for our consumers. Below sets forth our representative foundation products:

Luxury Caviar Flawless Cushion Liquid Foundation

Ivory Skin Primer Cream

Luminous Perfect Cream Foundation

Luminous Moisture Liquid Foundation

Highlighting and Contouring

Our highlighting and contouring products, particularly the Light and Shadow Collection (光影系列), are designed with textures and shades to help shape defined facial contours for consumers. The Light Highlighting Cream Foundation (光影塑顏高光粉膏) is one of our representative color cosmetics products and has been on the market for over a decade. This cream foundation has evolved through extensive market testing and continuous iterations, and is in its fourth generation product as of the date of this report. Based on the philosophy of light and shadow makeup artistry, the Light Highlighting Cream Foundation is designed to create a sculpted porcelain look. It features a dual-dimension design that allows for a combination of matte and shimmer finishes. This product provides natural brightness and enhances facial features, achieving an optimal base for a variety of makeup styles. Below sets forth our representative products in the Light and Shadow Collection (光影系列):

3D Light Highlighting Cream Foundation

Radiance Sculpting Duo Highlight Palette

3D Light Three-color Shading Compact

3D Light Nose Bridge Lifting Palette

MANAGEMENT DISCUSSION AND ANALYSIS

Eye Makeup

We have introduced a select range of eye makeup products including eyeshadows, eyeliners and mascaras to meet the evolving beauty preferences of customers. Our eyeshadows are available in an assortment of shimmer and matte finishes across a diverse color spectrum, catering to different makeup styles and occasions and allowing for creative and personalized eye looks, thus broadening the scope for self-expression and creativity in daily makeup routines. During the Reporting Period, our new Celestial Radiance Eyeshadow (referred to as "Starry Sky Eyeshadow (星空眼影)") and the new Sculpture Bright Eyeshadow (referred to as "Earth Eyeshadow (大地眼影)") co-branded with Chinese National Geography magazine were met with widespread market acclaim upon their launch. Below sets forth our representative eye makeup products:


Sculpture Bright Eyeshadow


Celestial Radiance Eyeshadow


Sculpture Exquisite Liquid Eyeliner


Sculpture Water-proof Mascara

Lip Makeup

Our lip makeup range is meticulously formulated to enhance the natural hue of lips, suitable for different makeup styles and occasions. We are also exploring new textures in lip makeup products to provide a novel sensory experience. Below sets forth our representative lip makeup products:


Feathery Air Matte Lip Glaze

Crystal Shine Hydrating Lip Gloss


Allure Moisturizing Lipstick


Allure Velvety Lipstick

Our color cosmetics product lines also feature limited editions that encapsulate industry trends, celebrate traditional cultures, and incorporate advanced technology for enhanced application and wear. Below sets forth our representative limited-edition products, Eastern Aura Elegance, Asian Games Tribute, Splendid Aura, and Splendid Crystal collections.

The” Eastern Aura Elegance “collection was created in collaboration with the Cultural and Creative Institute of the Palace Museum. This collection adheres to the concept of integrating traditional culture into modern aesthetics and contemporary fashion, elegantly infuses rich oriental elements into modern aesthetic concepts, masterfully incorporating the centuries-long legacy of the Palace Museum and the quintessence of traditional oriental aesthetics into its products. As MAOGEPING’s pinnacle in oriental aesthetics, Eastern Aura Elegance, the collection crafts products that validate and perpetuate culture. The interpretation of oriental culture, fused with cosmetic technology, has earned the collection widespread acclaim and a devoted brand following. Below sets forth our representative products in the “Eastern Aura Elegance” collection:

Frolicsome Royal Kitty Eyeshadow Palette

Sunny Spring with Flying Butterfly Rouge

Calligraphy And Bamboo Charming Dual Color Highlight Palette

Dancing Crane Eternity Pressed Powder

The “Asian Games Tribute” collection is a limited edition of color cosmetics we’ve launched in collaboration with the Hangzhou Asian Games Organizing Committee. With the most representative “water culture” of Hangzhou as the creative theme, taken from traditional elements and the beautiful scenery of Hangzhou, this collection is in line with the atmosphere of the Asian Games, and has created beautiful memories of Hangzhou’s “water charm” and the “Hangzhou Asian Games”. Below sets forth our representative products in the “Asian Games Tribute” collection:

Light Lily Gentle Glorious Blusher

Cloud and Tide Highlighting Pressed Powder

Lakeside Moonlight Multi-purpose Eyeshadow Palette

Fiery Dragon Satin Lipstick

The "Splendid Aura" collection is a co-branded product series launched by us and TEAM CHINA during the 2024 Paris Olympics. MAOGEPING Beauty has integrated the cultural landmarks of Chinese and French cities, elements of competitive spirit, and the cool postures of athletes into the patterns of flower windows. Through the "flower windows" of the East and the West, we can see more beautiful "light and shadow". Below sets forth our representative products in the "Splendid Aura" collection:

Splendid Aura Auspicious Dragon Radiance Pressed Powder

Splendid Aura Auspicious Dragon Radiance Pressed Powder

Splendid Aura Artistry Eye & Cheek Palette

Splendid Aura Smooth Hydrating Liquid Foundation

Leveraging our brand's years of experience and technology in sports beauty, we once again partnered with TEAM CHINA in 2026 to launch the "Splendid Crystal" commemorative product series during the Olympic Winter Games Milano Cortina 2026. This collection captures the fiery passion from the ice and snow arena, transforming it into exquisite beauty essentials. It empowers athletes to compete with poise and grace, showcasing eastern elegance as they strive for glory on the field. Below sets forth our representative products in the "Splendid Crystal" collection:

Splendid Crystal Ice Dance Gradient Blush

Splendid Crystal Starlit Five-Color Eyeshadow Palette

Splendid Crystal Alpine Glow Highlighting Powder

Splendid Crystal Divine Palatial Pressed Powder

During the Reporting Period, our foundation and light-and-shadow products continued to demonstrate strong performance, with multiple products achieving retail sales exceeding RMB100 million. Among them, the Luminous Light Veiling Pressed Powder, the Ivory Skin Primer Cream, and the Luxury Caviar Flawless Cushion Liquid Foundation each surpassed RMB300 million in retail sales. At the same time, we continued to refine and expand our full-spectrum product portfolio within the color cosmetics category. Our newly launched eye makeup products in 2025, namely the Starry Sky Eyeshadow and Earth Eyeshadow, achieved retail sales of over RMB6 million and RMB9 million during the Reporting Period, respectively. For the year ended December 31, 2025, our revenue from sales of color cosmetics products amounted to RMB2,996.3 million, representing a year-on-year increase of 30.0%. According to the official rankings on the Douyin platform, we secured the top position in the domestic color cosmetics category during the 3·8 Shopping Festival (3·8好物節), 6·18 Shopping Festival (6·18好物節), and Double 11 Shopping Festival (雙11好物節) on Douyin Mall.

Skincare Products

We firmly believe that maintaining superior skin condition is the foundation for achieving optimal makeup results. Drawing on our extensive experience in product design, development, distribution and branding, coupled with a loyal consumer base established in the color cosmetics sector, we have established a comprehensive skincare product matrix. Our skincare offerings comprehensively span face creams, eye care, facial masks, serums and cleansers, designed to meet the diverse skin types and skin care requirements of consumers. As of December 31, 2025, we offered 56 SKUs in skincare.

Black Gold Series

The Black Gold Series is our high-end skincare line. During the Reporting Period, we revitalized and upgraded the Black Gold Series by deep collaboration with leading international skincare laboratories. This comprehensive enhancement encompasses efficacy, ingredients, patented technologies, and packaging. We proudly introduce the new Premium Nutritive Revitalizing Lotion (黑金煥顏鎏光菁華水), delivering enhanced multi-dimensional anti-aging power. Below sets forth our Black Gold series products:

Premium Nutritive Revitalizing Lotion

Premium Nutritive Repairing Essence

Premium Nutritive Light Moisturizing Cream

Premium Nutritive Deep Moisturizing Cream

Radiant Revitalizing Series

The Radiant Revitalizing Series is MAOGEPING brand's newly launched premium skincare line. Featuring patented extracts from flowers of the snowy polar regions, the series harnesses the power of renewal. With a snow-like texture that melts into skin, it enhances skin's natural beauty and sustains a youthful, luminous glow. Below sets forth our Radiant Revitalizing series products:

Radiant Revitalizing Multi-Action Lotion

Radiant Revitalizing Multi-Action Eye Concentrate

Radiant Revitalizing Multi-Action Essence

Radiant Revitalizing Multi-Action Cream

Luxury Caviar Series

The Luxury Caviar series concentrates the dual essences of Siberian sturgeon caviar and rare ginseng root, blending Eastern and Western skincare wisdom to deeply and intensively repair the skin's foundation, restoring youthful elasticity and radiant luminosity. Our star product, the Luxury Caviar Facial Mask, has been one of our best-selling skincare products since its launch. By improving the skin condition, it provides an optimal base for makeup application, synergistically enhancing the effects of our color cosmetics. Below sets forth our luxury caviar series products:

Luxury Caviar Facial Mask

Luxury Caviar Eye Mask

Luxury Caviar Lotion

Luxury Caviar Multi- Functional Ampoule Essence

Regenerating Series

The Regenerating series draws inspiration from camellia, infused with multiple meticulously refined precious extracts to nourish from within and repair from without. Preserve youthful skin condition, improve facial roughness and hydration levels in early-aging skin, and enhance overall elasticity and barrier resilience. Skin becomes increasingly resilient, supple, and luminous. Below presents our Regenerating series products:

Regenerating Radiance Lotion

Regenerating Radiance Repair Serum

Regenerating Radiance Black Cream

Regenerating Radiance Repair Essence

Spark Shining Series

The Spark Shining Series is a root-inspired skincare line co-launched by our brand and Team China. Its ingredients are derived from the essence of Eastern botanical roots, which are extracted and compounded from mountain herbs and Eastern herbal roots. Enriched with ginseng essence and niacinamide, it synergistically repairs, soothes and deeply hydrates the skin, enhancing plumpness and revealing a radiant, luminous glow from within. Below sets forth our products in the Spark Shining Series:

Spark Shining Hydrating Soothing Lotion

Spark Shining Hydrating Soothing Emulsion

Spark Shining Hydrating Soothing Serum

Spark Shining Hydrating Soothing Cream

During the Reporting Period, our skincare product line was further enriched and refined to meet the diverse needs of different consumer groups, and as a result, a number of our star products achieved strong sales performance. For the year ended December 31, 2025, our Black Gold Series generated retail sales over RMB150 million. Among our star products, the Luxury Caviar Facial Mask and Luxury Caviar Eye Mask, achieved retail sales over RMB1 billion and RMB100 million, respectively, while the Regenerating Radiance Black Cream achieved retail sales over RMB300 million. For the year ended December 31, 2025, our revenue from sales of skincare products amounted to RMB1,873.0 million, representing a year-on-year increase of 31.1%.

Fragrance

Carrying forward Mr. Mao Geping's contemporary interpretation of Eastern philosophy, we opened a new chapter in fragrance aesthetics during the Reporting Period by dedicatedly launching the "Guoyun Ningxiang (國韻凝香)" and the "Eastern Whisper Enlightenment (聞道東方)" perfume series. These launches not only enriched our product matrix but also enhanced our brand's appeal and competitive positioning within the broader cosmetics market. As of December 31, 2025, we offered 32 SKUs in fragrance.

Inspired by the 60th anniversary of Sino-French diplomatic relations, the "Guoyun Ningxiang (國韻凝香)" series draws upon centuries of cultural exchange between the two nations and the Chinese vase, an enduring "Oriental Emblem" of the Silk Road. It embodies modern craftsmanship in form capturing the ethereal spirit of Eastern aesthetics. The series artfully crafts three exclusive, limited-edition fragrances by harnessing the essences of the Chinese national flower, the peony; the French national flower, the iris; and the rose, symbolizing Sino-French friendship. Thus, the "Majestic Peony", the "Beloved Rose", and the "Noble Iris" were born. In the embrace of a world-enchanting scent, we pay tribute to the enduring and profound friendship between China and France. Our Guoyun Ningxiang (國韻凝香) perfume series is set forth below:

Majestic Peony Perfume

Beloved Rose Perfume

Noble Iris Perfume

The "Eastern Whisper Enlightenment (聞道東方)" is a fragrance series co-created with the Cultural and Creative Institute of the Palace Museum. The series features a total of 13 SKUs under three thematic pillars: Natural Realm, Humanistic Realm, and Philosophical Realm. Rooted in Eastern philosophy the series draws inspiration from the "Theory of Realms" articulated by modern Chinese scholar Wang Guowei. The series deconstructs the philosophy of oriental perfumery through three dimensions of crafted ambience: the Realm of Matter, the Realm of Emotion, and the Realm of Conception. Each dimension selects representative elements from China's natural landscapes, cultural heritage, and philosophical thought. Below sets forth some of our products in the "Eastern Whisper Enlightenment (聞道東方)" perfume series:

Sublime Summit

Dewy Dawn Rose

Magnolia Majesty

Flickering Beam

For the year ended December 31, 2025, our revenue generated from the sales of fragrance products amounted to RMB33.8 million, marking a promising start.

Makeup Artistry Training

Dedicated to raising the standard of makeup artistry and aesthetic literacy in China, we had established ten Institutes of Makeup Artistry in China as of the date of this report, namely Hangzhou, Beijing, Shanghai, Chengdu, Shenzhen, Guangzhou, Chongqing, Wuhan, Qingdao and Zhengzhou, with the Guangzhou School officially opening in October 2025. We offer comprehensive in-person makeup training programs at these institutes to disseminate our deep-rooted knowledge in makeup artistry and Mr. Mao's aesthetic philosophy to budding makeup artists and beauty enthusiasts. As of December 31, 2025, we had 275 training personnel at our training institutes. Throughout 2025, our ten training institutes enrolled a total of 6,591 students. In addition, we place great emphasis on public welfare initiatives and the integration of industry and education. During the Reporting Period, MAOGEPING Education Charity Foundation donated to Aksu Vocational and Technical College to establish the MAOGEPING Beauty Education Exchange Center (毛戈平美妝教育交流中心). We dispatched a teaching team comprising four experts from our Art Committee for the inaugural program to ensure training quality. Adopting a teaching model that combines theory and practice, the program helps students enhance their professional makeup skills through systematic instruction, empowering women in Southern Xinjiang to embark on a promising new career in the beauty industry. In December 2025, MAOGEPING Beauty Education Institute jointly established the MAOGEPING Industry College (毛戈平產業學院) with Zhejiang Vocational Academy of Art. Together, they will develop cutting-edge curricula to support students in developing from technically skilled practitioners into inter-disciplinary professionals, and jointly cultivate a new generation of beauty professionals equipped with both artistic literacy and technological innovation capabilities, marking a new step in integrating industry and education and innovating talent cultivation models for beauty artistry.

Our makeup artistry training programs are designed for a variety of participants, including novices aspiring to makeup-related careers, industry professionals seeking high skill levels, and individuals with foundational makeup knowledge aiming to enhance their skills. We primarily offer long-term and short-term makeup artistry training programs. Our long-term makeup artistry training programs generally focus on makeup artistry skills as well as image design and artistic creativity, aiming to cultivate professionals with a comprehensive skill set, specializing in advanced character image design with innovative thinking capabilities through systematic training. Short-term programs, such as comprehensive makeup and styling, fashion lifestyle and creative styling, generally emphasize practicality and applicability. Our programs are closely aligned with market demands and current fashion trends, striving to meet the employment needs of program participants aspiring to become makeup artists and stylists. In addition, we also offer interest-oriented classes for program participants seeking to improve their makeup skills and personal image.

In 2025, we prioritized the development of a dual-core model, introducing the innovative "Dual-Core Makeup Modelling Course (化妝造型雙核課程)" training and development concept. This initiative aims to establish a complete pathway from "zero-basics entry to professional advancement and then to employment and monetization", ultimately cultivating high-caliber industry professionals who possess both solid technical skills and strong market adaptability. The courses covered in dual-core teaching and training model are divided into two major categories: the distinctive dual-core courses offered by the five institutes and the Makeup Modelling Course. The dual-core courses innovatively integrate the dual-core training model of "professional skills" and "practical marketing". On the one hand, systematic and progressive professional training helps students consolidate their basic makeup and styling skills and achieve technical breakthroughs from beginner to proficient level. On the other hand, marketing competencies required by the market are integrated into the whole learning process, covering core online and offline scenarios including content operation, traffic conversion and client communication, empowering students with the dual competitiveness of "skills + operation". In addition, upon graduation, students will also receive support from a professional team established by the "Career Development Department (職業發展部)" of our institute, which consists of industry professionals specializing in the career development of makeup and styling artists. Through a dual "online + offline" assistance model, the team assists students in their career development and provides long-term assistance and empowerment for the sustainable development of graduates in the industry. While promoting the career growth of our graduates, we also contribute to nurturing more high-caliber professional talents for the makeup and styling industry.

The following table sets forth the major categories and typical duration of our training programs offered during the Reporting Period:

Categories of Makeup Artistry Training Programs	Typical Duration
Image design and artistic creativity course	10 months
Makeup modelling course	5 months
Light and shadow/fashion and beauty course	3 months
Fashion and beauty course	2 months
Other short-term interest-oriented courses	Within 2 months

We have adopted a standardized pricing policy for all courses except for short-term interest-oriented courses, ensuring consistency of pricing across all training institutes. We comprehensively consider a number of factors, including course content, course duration, market demand, operational costs, geographic location of the institutes and the income level of the city when determining the price for each course. For short-term interest-oriented courses, the pricing is determined by each institute and may vary across locations. These courses are designed to cater to the needs of diverse participants and may vary in content and duration from one institute to another, reflecting local preferences and specialties. This flexible pricing structure allows us to adapt to local market conditions and demands, ensuring that our offerings remain competitive and relevant. During the Reporting Period, the price of our courses ranged from approximately RMB500 to RMB38,800.

Product Design and Development

Our success stems from our robust product design and development capabilities, driven by our product development team's comprehensive expertise and meticulous approach to create high-quality beauty products.

Our Product Development Team. Our product design and development efforts are spearheaded by Mr. MAO Geping who possesses profound knowledge of light and shadow makeup artistry, oriental aesthetics and beauty product design and development. We have established a product development team consisting of the Art Committee comprising makeup artists of our makeup artistry training institutes, and a core product design and development team responsible for the overall product design and development process. The two teams collaborate closely to guide the direction of product design and development, while engaging ODM providers to collectively transform our core aesthetic concepts and market insights into product solutions. As of December 31, 2025, our product development team was comprised of 79 seasoned personnel, with 84% holding a bachelor's degree or higher. These team members bring an average of over 14 years of experience in fields like molecular biology and chemical engineering, having held leading positions in multinational pharmaceutical companies and biotechnology firms. In addition, our makeup artistry training programs provide a valuable source of new talents for our product development team, supporting the continuity and growth of our creative capabilities. By nurturing skilled professionals who embody our brand philosophy and aesthetics, we maintain a strong foundation for future product development.

Our Comprehensive Expertise. Our comprehensive expertise drives our ability to create products of exceptional functionality and performance. In particular, our knowledge of product ingredients, formulas and design allows us to create products with good functionality and performance. We select quality raw materials and use advanced formulation techniques to develop products that cater to the specific needs and preferences of our target consumers, particularly those with Asian skin types and beauty standards. Our aesthetic philosophies, particularly in light and shadow makeup artistry and oriental aesthetics, differentiate us from other premium international cosmetics brands. By incorporating elements of light and shadow and traditional Chinese cultural elements into our product design, we create visually appealing and culturally relevant product collections that capture the essence of oriental beauty. In addition, our professional makeup application techniques, developed through years of experience, confer us valuable insights into makeup looks and product usage occasions. This understanding allows us to develop products that perform well and offer versatility and ease of use, enabling our consumers to achieve their desired looks.

Strategic Partnerships with ODM Providers. To enhance our product design and development capabilities, we have forged strategic partnerships with reliable ODM providers, leveraging their technical expertise, manufacturing facilities and quality control processes to support our product design and development initiatives. Our product development team identifies qualified ODM providers aligned with our product design and development philosophy, communicates design and development requirements, and collectively develops product formulas with these suppliers. We also maintain oversight and involvement throughout the product development cycle, from initial concept to final production. Our product development team works closely with our ODM providers, providing specifications, conducting quality checks, testing product protocols and making necessary adjustments to ensure that the final products meet our standards and align with our brand vision. Our collaboration with ODM providers allows us to focus on our core competencies in product conceptualization, design and branding while ensuring that our products are manufactured to high standards of quality and consistency. We generally enter into long-term agreements with our ODM providers for product design and development. Pursuant to the agreements, ODM providers are involved in the research and development and, where applicable, the production of cosmetics and cosmetic raw materials.

Current R&D Approach and Future Strategy. Our current product design and development approach primarily involves guiding the overall direction while engaging ODM providers to conduct detailed R&D and product design work. Under the strategic guidance of our product development team, we leverage the resources of ODM Providers. According to third-party data, engaging ODM Providers for product design, development, and production is an established practice within the cosmetics industry. This approach allows companies to focus on core competencies such as branding, marketing, and overall product strategy while benefiting from the specialized capabilities of ODM partners. To enhance our in-house R&D capabilities, we have developed a comprehensive strategy aimed at strengthening our product innovation capabilities, competitive position, and long-term growth. This strategy includes increasing our involvement in key R&D steps, prioritizing high-potential product lines, expanding our research facilities both domestically and internationally, and integrating R&D with our developing in-house manufacturing capabilities.

Product Development Process. Our product design and development process is thorough and time-intensive, typically spanning six to eight months, with some limited-edition products requiring 10 to 12 months. This approach ensures that every product undergoes testing and refinement before reaching our consumers, ensuring good quality, performance, and aesthetics. Our product design and development process typically encompasses new product project initiation, comparable product analysis, product design and development, product testing, sample testing, and mass production.

Aesthetics- and Functionality-Driven Product Design. Recognizing the dual function of aesthetics and utility in product appearance design, we emphasize the importance of both visual appeal and practicality in our product presentations. Our commitment to creating a unique brand identity is reflected in our product aesthetics and packaging designs. These designs have developed through generations of proprietary molds, incorporating elements of Chinese architecture to deepen cultural resonance. As of December 31, 2025, this approach to packaging has earned us 49 design patents and MUSE Design Awards (Platinum Winner), evidencing our brand's distinctiveness and sophistication.

Our Product Design and Development Achievements. Our commitment to product design and development has yielded positive results. For example, based on our expertise in light and shadow makeup artistry, we pioneered the development of the highlighting and contouring products in China, notably with the Light and Shadow Collection that was specifically designed to suit Chinese skin tones among all domestic beauty brands, according to Frost & Sullivan. In 2025, we developed and upgraded a total of over 70 new SKUs for MAOGEPING and Love Keeps, with 37 newly filed cosmetics.

Production and Supply Chain Management

Procurement

We primarily procure raw materials for color cosmetics and skincare products, packaging materials and outsourced finished products including certain makeup tools such as brushes, eyebrow pencils and sponges. We have established a centralized supplier management system and implemented a rigorous supplier selection and evaluation procedure. We have a dedicated department responsible for reviewing the qualifications of suppliers, periodically evaluating their performance and updating the list of suppliers. We meticulously select our suppliers by taking into account a number of factors, including their product quality and efficacy, production facility conditions, warehouse management capabilities, quality control and production equipment management capabilities. We also conduct thorough onsite inspections before engagement to ensure their standards meet our requirements and align with our business objectives and customer needs. For qualified suppliers, our procurement department is responsible for establishing and maintaining supplier lists and conducting performance evaluation on existing suppliers on their product quality and timeliness in delivery. We reserve the right to terminate our relationship with suppliers who do not meet our internal standards.

Production

To ensure optimal efficiency and uphold stringent quality control standards, we have selectively partnered with reliable ODM/OEM providers for product production. We retain decisive authority over the products' attributes, efficacy and aesthetic presentation in such partnership. Our efforts are concentrated on refining essential cosmetic parameters, such as hue, oil-water balance, pliancy, viscosity and surfactant levels, to ensure our products suit the skin types and cosmetic needs and preferences of Chinese consumers. We also invest in the innovative packaging designs, engaging patterns, tactile experiences, creative narratives and tailored product forms to refine product appearances, captivating consumers and underscoring the intrinsic value of our offerings. Through such strategic partnership with ODM/OEM providers, we implement specialized production and processing protocols that not only reinforce quality control but also encourage a competitive dynamic among our ODM/OEM providers.

We carefully consider a variety of factors when selecting ODM/OEM providers, including price, product quality, production capacity, delivery scheme, geographic position, financial condition and reputation. In addition, we adjust production volume by certain ODM/OEM providers from time to time, which reduces our reliance on any single provider. During the Reporting Period, we maintained good relationships with multiple ODM/OEM providers. However, in event that we need to engage a replacement service provider, there are sufficient ODM/OEM providers with comparable production capabilities.

Our Production Expansion Plan

We plan to establish an in-house production base to build up our independent production capacity. As of the date of this report, we had one production facility under construction in Hangzhou, China, which is expected to commence operation by mid-2026. This facility will focus on color cosmetics and skincare products, with a designed annual production capacity of approximately 15.4 million units. Our in-house production strategy and R&D capabilities will gradually evolve through different stages. Initially, we will focus on accumulating research experience and filling and packaging semi-finished products to refine our process and establish a solid foundation for future production. In the next phase, we will transition to manufacturing and packaging of self-developed products, integrating our R&D efforts with the production processes. Leveraging our advanced R&D and production capabilities, we can gradually shift part of our outsourced production to in-house production. In the long run, we will focus more on the production and packaging of our core products including our best-selling and self-developed skincare products and color cosmetics. We plan to retain in-house production and packaging of these core products to maintain quality control, safeguard intellectual property and enhance our competitive edge, while outsourcing other products to ODM/OEM providers to optimize resource allocation and operational efficiency. Despite the upfront investment, we aim to maintain strict control over production costs and believe that the long-term benefits, including enhanced quality control, intellectual property protection and greater innovation flexibility, would outweigh the initial investments, collectively strengthening our competitive edge and enabling swift responses to market trends. Additionally, with established in-house R&D and production capabilities, we can effectively facilitate and provide technical support for our ODM/OEM providers in product production. This selective in-house production is intended to serve specific strategic needs rather than replace the extensive scale of ODM/OEM production. This will allow us to directly control product quality and adapt more swiftly to market trends, enhancing our ability to meet consumer demands promptly and effectively. Moreover, the gradual shift towards in-house production is anticipated to optimize our cost structure over time, boosting operational efficiency and potential margin improvement as we scale up production capabilities, reduce external dependencies, cut costs and enhance turnaround times.

Warehousing and Logistics

We primarily engage third-party logistics service providers to provide warehousing facilities and delivery services. We select logistics service providers based on their reputation, scale of operations, track record and price. We typically enter into long-term agreements with our logistics service providers. Our logistics service providers bear the risks associated with the delivery of our products and the liability for product damages occurring during the transportation process and are required to purchase necessary insurance.

OUR SALES NETWORK

We sell our products through an extensive sales network integrating offline and online channels. Our offline channels include (i) direct sales primarily via our self-operated counters; (ii) sales to a premium multinational beauty retailer; and (iii) sales to offline distributors. Our self-operated counters are strategically located in department stores which we select specifically to reinforce the image and value of our brand. Adhering to an experiential marketing strategy, our counters are designed to feature a designated makeup station, supported by well-trained beauty advisors skilled in makeup knowledge and techniques to offer consumers professional makeup trials that augment the effects of our products.

Our counter network consists of self-operated counters and distributor-operated counters, which collectively form a comprehensive retail ecosystem operated under a consistent set of standards. As of December 31, 2025, we had 412 self-operated counters and 33 distributor-operated counters in 131 cities across the country. Such a counter network enables us to expand our product coverage, foster direct consumer relationships and enhance brand visibility. As of December 31, 2025, we had over 3,300 beauty advisors staffed at our counters nationwide, which constituted one of the largest counter-based service teams among all domestic and international beauty brands in China, committed to delivering an experiential consumer experience with high-quality customer services.

Our counters are carefully designed to offer customized consultations and proficient makeup trial services, creating an experiential and personalized shopping experience for consumers. The following pictures showcase our counter designs at Wulin Intime in Hangzhou and MIXC in Hangzhou:

For the years ended December 31, 2025 and 2024, the average revenue of the same comparable counters of our self-operated counters was as follows:

	For the year ended December 31,	
	2025	2024
	RMB million	RMB million
Number of the same comparable counters[1]	**320**	320
Total revenue of the same comparable counters	**1,792.5**	1,545.4
Average revenue of the same comparable counters	**5.6**	4.8

(1) Refers to the number of counters that have been continuously operated throughout the current year/period and the previous year/period.

Our online channels cover e-commerce platforms such as Tmall, Xiaohongshu, Douyin, JD.com and Taobao, and we conduct product sales via online channels in two ways, including (i) direct sales via online stores; and (ii) sales to online distributors. We have established a strong presence across multiple online platforms. In particular, MAOGEPING enjoys an extensive social media following that highlights our engagement and influence. For instance, we had attracted over 1.10 million followers and received over 2.9 million likes and collections on Xiaohongshu as of February 28, 2026. Our profile on Douyin amassed over 6.22 million followers and over 3.88 million likes, while our online store on Tmall boasted over 8 million fans.

Building on the solid brand image, product strengths and consumer trust established in our offline channels, coupled with online marketing strategies based on content sharing, our brand reputation and consumer favorability have continued to rise. This has resulted in higher repurchase rates among existing customers and improved conversion rates for new customers, driving sustained expansion of our online business. Our online product sales revenue grew from RMB1,784.3 million in 2024 to RMB2,477.1 million in 2025.

Branding and Marketing

Brand reputation is at the core of our competitiveness. We employ a content-driven branding and marketing strategy to build our brand's reputation. In terms of brand building, we engage in branding activities every year, such as new product launch conferences and makeup artistry shows. Upholding the aesthetic philosophy of combining oriental aesthetics and the essence of light and shadow, we convey master-level makeup artistry. Our co-branded series with the Palace Museum has been launched for the sixth time. We also combine the brand with a positive lifestyle by collaborating with athletes and sports events.

During the Reporting Period, we collaborated with renowned IPs, social platforms, and sales channels to carry out various brand building and marketing activities:

MAOGEPING Foundation Festival

In April 2025, we hosted the Foundation Festival in Sanya, Hainan, innovatively integrating professional courses with scene-based testing. By leveraging the influence of the brand founder and professional instructors, we leveraged top-tier influencers resources and utilized Sanya's unique climate as a natural laboratory. We invited key opinion leaders (KOLs) and guests to participate in immersive experiences of professional summer foundation makeup, building the brand's perception as professional foundation makeup.

The core highlights of the offline activities featured two innovative formats:

Exclusive Master Class: The event was led by Mr. Mao, the brand founder, who delivered an in-depth analysis of three signature product categories, foundation, cushion, and foundation liquids, alongside the expert team from MAOGEPING Beauty Education Institute. Combining theoretical insights with practical demonstrations, the class reinforced the professional credentials of the products.

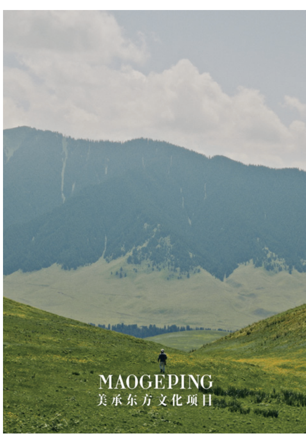
Outdoor Foundation Challenge: In the extreme heat of Sanya, over 30 top influencers participated in on-site product testing, directly verifying the sweat-resistant, long-lasting performance, and stable makeup effects of the three product categories under challenging conditions. Multiple influencers leveraged the Sanya setting to live-stream the event, translating the technical insights from the master class into livestream content. By integrating the live context of the outdoor challenge into their broadcasts, they strengthened consumer trust and achieved outstanding sales performance. This success demonstrated the synergistic effectiveness of "professional content + scenario-based marketing" in driving brand impact and sales.

Eastern Aura Elegance Season 6

In May 2025, on the 100th anniversary of the establishment of the Palace Museum, the new "Eastern Whisper Enlightenment (聞道東方)" fragrance series launch event of the Cultural and Creative Institute of the Palace Museum × MAOGEPING Eastern Aura Elegance Season 6 was grandly inaugurated in Beijing at the Palace Museum. During the "Le Lin Quan – Exhibition of Landscape and Culture in Chinese and Foreign Gardens" held by the Palace Museum, the space of the Cultural and Creative Institute of the Palace Museum, with the theme of "Flower and Bird Paintings by Lang Shining and the Oriental Aesthetic Realm", collaborated with MAOGEPING Beauty to jointly build an immersive experience of oriental aesthetics created from the heart, entering the realm through fragrance and conveying the heart through the realm, offering Oriental elegance amidst the fragrance, and inviting aesthetic enthusiasts to experience the way of oriental aesthetics created from the heart, to feel the inner state of mind and the profound artistic conception of oriental aesthetics in the fragrance, and to recreate the poetic imagination of the spirit.

"Beauty Inheriting the Orient" Episode Three: "Wildflowers"

The "Beauty Inheriting the Orient" brand culture project, initiated by the MAOGEPING brand in 2024, aims to explore the diverse expressions of Eastern aesthetics in the contemporary context by unearthing cultural treasures that have flourished over time. The "Wildflowers" project, as one of the practices of the series, originated from a journey undertaken by Mr. MAO Geping. By presenting authentic individuals, authentic earth, and authentic temporal dimensions, it focused on the stories of people who maintain inner resolve and resilience amidst uncertainty. It showcased how individuals, under diverse contexts of culture and life, cultivate self-awareness, seek inner order, and continuously grow in wisdom. The "Wildflowers" project distilled universally relatable emotions and wisdom from individual experiences, transforming oriental cultural reflections on time, steadfastness, and inner strength into expressions that contemporary audiences can understand and resonate with. This approach further solidifies the brand's cultural depth and aesthetic sophistication, continuously elevating its spiritual fortitude. Below is the humanity poster for the "Wildflowers" project:



Hong Kong Inaugural Gala: Eastern Legacy, Boundless Light(美承東方光影無界)

On October 22, 2025, we hosted the Hong Kong Inaugural Gala and styling art show under the theme of "Eastern Legacy, Boundless Light" at Rosewood Hong Kong. This event officially announced the debut of the MAOGEPING brand's first Hong Kong boutique at Harbour City, alongside the upcoming establishment of the Mao Geping Institute of Makeup Artistry in Hong Kong by 2026. The brand will use this milestone as a starting point to deepen its roots in local Hong Kong market and embark on a new journey of internationalization. This grand art show brought together experts from the MAOGEPING Beauty Education Institute Art Committee and elite instructors from major campuses to create fifteen representative works. Continuing the creative lineage of MAOGEPING brand's 'Eastern Aura Essence' series, these works drew inspiration from Eastern culture – from makeup and attire to structural styling – while integrating contemporary expression. They seek to bridge tradition and modernity, Eastern context and diverse aesthetics, exploring an aesthetic language that resonates universally.

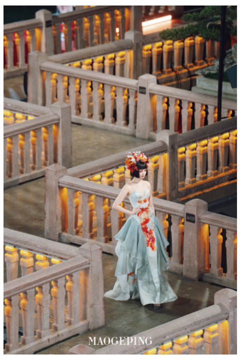
In line with the theme of this gala, MAOGEPING brand has collaborated with LARRY'S LIST to meticulously curate an off-runway art exhibition space. Centered on the brand's aesthetic philosophy, this exhibition invited artist Wu Guanzhen(吳觀真) to co-create an artistic space under the interplay of light and shadow – a shared language for both: for MAOGEPING, it is the artistic language that constructs shape and spirit; for Wu Guanzhen, it is the breath of time reflected through lacquer surfaces. The exhibition, themed "Follow the Light, Listen Quietly to the Silent Symphony(循光而入，靜聽無聲交響)," showcased MAOGEPING brand's collaboration with the Palace Museum, the "Eastern Whisper Enlightenment" fragrance collection infused with Eastern philosophy, and contemporary lacquer artworks by Wu Guanzhen. The works of the two artists were thoughtfully placed throughout the hotel space, breaking away from the fixed flow of traditional exhibitions. They were presented in an interwoven manner, creating a silent aesthetic dialogue. The following showcases the live art show and the art exhibition space:

Qixi Festival Gift Season Marketing Campaign: Love at First Line, Love Without End (一線鐘情 愛無止境)

On Qixi Festival 2025, MAOGEPING brand partnered with Jingshan Cultural & Creative and celebrity influencers to host an offline event and livestream with rich content at Jingshan. Through collaboration with "Better and Better Disability Support Service Center (越來越好助殘服務中心)" the brand gifted consumers Qixi Festival presents featuring handcrafted dragon ropes and bracelets purchased from the center for charitable purposes. The campaign garnered over 100 million impressions across all platforms and was honored with the Outstanding Marketing Case Award by The Economic Observer.

Chinese New Year(CNY) Marketing Campaign: Dreams as Steeds, Brilliance in All Things (以夢為馬萬象生輝)

This marketing campaign drew inspiration from intangible cultural heritage – the art of shadow puppets, collaborating with contemporary young shadow puppets artists to stage a New Year's Eve art spectacle at Shanghai's Yu Garden under the theme of "Dreams as Steeds, Brilliance in All Things". It garnered over 100 million impressions across leading media platforms including People.cn and China Daily. The brand's countdown gift sets quickly sold out, securing the top spot on Tmall's makeup sets TOP 1 within the first week of launch.



Membership

We have established both online and offline membership loyalty programs catering to the diverse preferences and engagement styles of our customers. Each system provides tailored benefits and privileges that enhance the shopping and brand experience for our members.

Our online membership system, accessible via our self-operated online stores on Douyin and Tmall, features a tiered VIP levels structure. Members benefit from interchangeable points and levels across platforms, which fosters a seamless integration of shopping experiences. These points can be earned and used across various interactions, including purchases, which enhance customer engagement and promote brand loyalty. The online membership system is designed to reward not only purchases but also to increase interaction through exclusive member benefits such as product trials, special promotions, and birthday gifts. The privacy of member data is stringently protected in line with our comprehensive privacy policy.

In addition, our offline membership system supports registration at physical counters, or through linking WeChat public accounts, catering to customers who prefer in-person interactions. This system offers benefits such as birthday gifts and personalized makeup services based on members' VIP levels. Offline membership benefits and tiers are dynamically adjusted based on cumulative spending over a 12-month period, with detailed rules provided in store and via our platforms to ensure transparency.

Our consumers can join both of our online and offline membership loyalty programs to enjoy membership benefits. As of December 31, 2025, we had a total of approximately 15.6 million and 6.4 million registered members, respectively, across both our online and offline membership loyalty programs. Both systems are aligned in their goal to offer tailored experiences and rewards but differ in their manner of interaction and the specific nature of rewards and benefits. By maintaining both online and offline systems, we effectively address the varied preferences of our diverse customer base, ensuring accessibility and satisfaction whether shopping online or at a physical location. Through our brand-building and targeted marketing initiatives, we aim to enhance our brand image, boost consumer loyalty, and drive sustainable growth. Our content-oriented brand promotion approach, combined with our marketing strategies, has yielded positive results. Our overall repurchase rate further increased from 30.9% in 2024 to 33.3% in 2025.

The following table sets forth our registered members' repurchase rate by sales channel for the periods indicated:

	For the year ended December 31,	
	2025	2024
Online channels	**30.3%**	27.5%
Offline channels	**36.5%**	34.9%
total	**33.3%**	30.9%

Note: We calculate the repurchase rate of our registered members by dividing the number of registered members who purchased our products for two or more times during each year by the number of registered members who made at least one purchase during the same period of time.

Business Achievements

As the leader among China's domestic premium beauty brands, we continued to maintain rapid growth during the Reporting Period. Our total revenue increased from RMB3,884.7 million in 2024 to RMB5,050.5 million in 2025, representing an increase of 30.0%. In addition, our net profit increased from RMB881.3 million in 2024 to RMB1,205.4 million in 2025, representing a growth of 36.8%. With outstanding sales performance, we consistently solidify our market leadership and brand equity in the high-end beauty industry.

FUTURE PROSPECTS

We believe the following strategies pave the way for our sustained success in the future.

Enhancing Sales Network Coverage to Broaden Consumer Engagement

We are committed to expanding our offline sales channel coverage. While exploring new markets, we will increase the number of branded stores in high-tier cities within our existing business areas and penetrate more upscale shopping malls, thereby enhancing user reach rates and reinforcing our premium brand image. We aim to elevate our brands' visibility and influence through establishing counters in high-end department stores, as well as establishing stores under our flagship brand MAOGEPING nationwide. Counters in department stores offer a focused, brand-dedicated space within a larger retail environment, allowing for personalized customer service and demonstrations in a high-traffic setting. Additionally, stores under the MAOGEPING brand provide a holistic brand experience, featuring a broader range of products and the brand's aesthetic, enabling deeper engagement with the brand's identity and values. Furthermore, we plan to implement a comprehensive upgrade of our department store counters. This refurbishment plan is designed to enhance the artistic and visual presentation of our counters, enrich the consumer experience with an elevated sensory journey, and further bolster our brand's prestigious image.

Our strategy for online expansion focuses on both establishing our proprietary official online store and expanding our online presence on third-party e-commerce platforms. This approach aims to optimise our online presence, increase our product accessibility to consumers and attract a broader demographic. Key to this strategy is our strengthened efforts in online marketing activities. We plan to amplify our online footprint through increased promotional activities, strategic key opinion leaders (KOLs) collaborations, and a foray into burgeoning online platforms. These targeted efforts are aimed to utilize diverse advertising techniques to unlock new avenues for online growth. Concurrently, we intend to upgrade our membership system to foster deeper member engagement and brand loyalty, and drive higher repurchase rates. Through these approaches, we aim to seamlessly integrate and maximize the synergies between our online and offline channels.

Continuing to Focus on Color Cosmetics and Skincare and Exploring New Product Categories

Our product development strategy is centered on color cosmetics, skincare and fragrances to introduce distinctive products. This strategy is characterized by a commitment to continuously optimize our product offerings, leveraging insights from product development, market trends and professional makeup standards. We also plan to develop a new product development agenda that aims to broaden our portfolio across different categories, functionalities, application settings and target audiences.

For color cosmetics, we plan to develop specialized products that cater to diverse skin tones and types, aiming to retain and expand our market share and prominence within the color cosmetics industry. In terms of skincare, we aim to enhance our skincare product offering by adopting effective ingredients and technologies to introduce more popular skincare products. In the field of fragrance, we insist on product design based on the philosophical reflections of Eastern culture, carefully selecting the finest ingredients and perfumery techniques from around the world to enable consumers to experience a diverse range of fragrances that reflect their inner feelings and recreate poetic imaginings of the spirit.

Strategically Upgrading and Expanding Brand Portfolio with MAOGEPING as the Anchor

Our brand development strategy is centered around the refinement of our existing brands alongside the strategic incubation of new premium brands. This strategy will set the stage for us to become a diversified multi-brand conglomerate anchored by MAOGEPING brand. Through these initiatives, we aim to bolster the prestige of the MAOGEPING brand, and to enrich our brand portfolio, catering to a wider consumer base and capturing diverse market opportunities.

We also plan to explore and pursue investment and acquisition opportunities in brands with potential for growth and offer synergies that complement our existing brand portfolio. We primarily target brands that already captured a respected market position and market share, possess proprietary technology, product formula and patents, and position within the mid- to high-end segments of the beauty industry. As of the date of this report, we had not identified any potential investment or acquisition targets or entered into any agreements in this regard.

Strengthening Global Brand Presence and Overseas Market Penetration

We aim to elevate our market position as a distinguished cosmetics group globally, advancing our brand's reputation and influence through an overseas expansion strategy. This endeavor aims to position us prominently in the global beauty industry.

We are poised to strategically penetrate overseas markets with a dual-channel approach that encompasses both counters in department stores and online stores in overseas markets. This expansion strategy is designed to amplify our brand's exposure among global consumers. Integral to our approach is forging partnerships with high-end department stores worldwide, a move that will serve to solidify our brand image and embed our presence in the consciousness of overseas consumers. Moreover, to compete effectively with international brands in overseas markets such as Europe, America and Asia-Pacific region, we are enhancing our competitive strategies by focusing on different product and branding strategies that cater to regional beauty trends and consumer preferences. We are committed to assembling local teams dedicated to product development, marketing and sales in overseas markets. This localization strategy ensures our product offerings are tailored to the distinct characteristics and needs of local consumers, fostering product relevance and appeal. Additionally, we are exploring strategic investment and acquisition opportunities, such as those with business focus on beauty brands that are aligned with our premium market position and with products that could be complementary to our product offerings, and those along our supply chain with production capabilities, to develop products that align with the specific climatic conditions and consumer characteristics of each region. Building on our current arrangements, we plan to collaborate with industry partners who have complementary resources. Such collaboration aims to incentivize them to leverage our brand assets to develop and operate additional sales channels, and to increase our international competitiveness in marketing, supply chain and talent acquisition. These efforts aim to enhance our brand image and expand our reach into untapped markets. In addition, we plan to establish our presence through both online and offline channels, including a proprietary official online store which will serve as the cornerstone of our brand experience. Our marketing and branding efforts will be centered around the oriental aesthetics, engaging with customers through the lens of oriental artistry to convey our brand story. In addition, we aim to leverage sales channels through third parties, including multinational beauty retailers and high-end department stores, to reach the local consumers. By combining the allure of oriental-inspired products with insights of local markets, we aim to establish our presence in these overseas markets.

Embarking on this journey towards overseas expansion, we are confident in significantly bolstering our competitive edge, aiming to become a leader in the global high-end beauty industry.

Upholding Brand Positioning Founded on Makeup Artisanship, Advancing Product Development and Makeup Artistry Training

Product development and makeup artistry training programs are fundamental to our continued success. As such, we were in the progress of constructing our Hangzhou R&D Center to strengthen our product design and development capabilities as of the date of this report, with completion and commencement of operations anticipated by the end of 2026. We do not intend to use the net proceeds from the Global Offering on the construction of the Hangzhou R&D Center.

To enhance our in-house R&D capabilities, we have developed a comprehensive strategy. This strategy involves increasing our involvement in key R&D steps by identifying critical areas where we can enhance our direct participation, including formula design, production process optimization, and product testing. We are also prioritizing high-potential product lines, focusing our R&D efforts on offerings with the greatest potential return on investment, such as skincare products, which aligns with market trends and our existing strengths. Additionally, as we develop in-house manufacturing capabilities, we plan to integrate our R&D efforts with production processes, creating synergies that enhance both innovation and operational efficiency.

Looking ahead, we plan to further establish R&D centers at our headquarters and overseas to develop proprietary product formula, foster collaboration with overseas research institutes, and enhance product efficacy. We recognize the significant potential of overseas markets and value advanced technologies and product formulas from abroad. Establishing overseas R&D centers will facilitate collaboration with local laboratories, keep pace with the latest product formulations and technologies, and develop products tailored to local markets, thereby driving product sales. These overseas R&D centers will also attract and employ local professional talents, enriching our product development with global insights and directions. Such a strategic approach is aimed at continuously sharpening our products' competitive edge, fortifying our position as a premium beauty brand founded on professional artisanship.

In line with our dedication to professional makeup artistry training, we plan to upgrade and expand our existing training facilities. This includes the expansion of existing institutes as well as the establishment of additional institutes to extend the reach of our makeup artistry training programs. Our goal is to meet the growing demand for professional makeup training among a wider customer base. We are also focused on upgrading our online training platforms, introducing programs that advocate our aesthetic philosophy and further elevate MAOGEPING branding. We are committed to strengthening our training personnel, ensuring a high standard of training quality and continuous improvement.

FINANCIAL REVIEW

Revenue

The following table sets forth our revenue breakdown by business line and product category for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Amount RMB'000	%	Amount RMB'000	%
Product sales				
– Color cosmetics	**2,996,258**	**59.3**	2,304,071	59.3
– Skincare	**1,872,957**	**37.1**	1,428,908	36.8
– Fragrance	**33,844**	**0.7**	–	–
Subtotal	**4,903,059**	**97.1**	3,732,979	96.1
Makeup artistry training and related sales	**147,396**	**2.9**	151,715	3.9
Total	**5,050,455**	**100.0**	3,884,694	100.0

Analysis of changes:

Our revenue increased by 30.0% from RMB3,884.7 million in 2024 to RMB5,050.5 million in 2025, primarily due to an increase of 31.3% in revenue of product sales from RMB3,733.0 million in 2024 to RMB4,903.1 million in 2025. Our revenue from makeup artistry training and related sales decreased by 2.8% from RMB151.7 million in 2024 to RMB147.4 million in 2025, primarily due to the constraints of our current training facilities, we have implemented strict controls on enrollment numbers and class occupancy rates to enhance training service quality and participant satisfaction. Furthermore, starting in 2025, we no longer charge participants for pre-exam training fees.

The following table sets forth the breakdown of our revenue from product sales by sales channel for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Amount RMB'000	**%**	Amount RMB'000	%
Offline channels				
Offline direct sales	**2,182,790**	**44.5**	1,756,963	47.1
Sales to offline distributors	**97,946**	**2.0**	87,334	2.3
Sales to a premium multinational beauty retailer	**145,217**	**3.0**	104,424	2.8
Subtotal	**2,425,953**	**49.5**	1,948,721	52.2
Online channels				
Online direct sales	**1,944,559**	**39.7**	1,428,585	38.3
Sales to online distributors	**532,547**	**10.8**	355,673	9.5
Subtotal	**2,477,106**	**50.5**	1,784,258	47.8
Total	**4,903,059**	**100.0**	3,732,979	100.0

Analysis of changes:

Our revenue from product sales through our offline channels increased by 24.5% from RMB1,948.7 million in 2024 to RMB2,426.0 million in 2025, primarily due to an increase in offline direct sales from RMB1,757.0 million in 2024 to RMB2,182.8 million in 2025, and the resumed growth of the revenue from our sales to a premium multinational beauty retailer, which was driven by an increase in the average sales per counter in 2025, resulting from our enhanced sales and marketing efforts.

Our revenue from product sales through our online channels increased by 38.8% from RMB1,784.3 million in 2024 to RMB2,477.1 million in 2025, primarily due to an increase in online direct sales from RMB1,428.6 million in 2024 to RMB1,944.6 million in 2025, and an increase in sales to online distributors from RMB355.7 million in 2024 to RMB532.5 million in 2025. This was mainly attributable to our strengthened sales and marketing activities on e-commerce platforms.

The following table sets forth the breakdown of our revenue from product sales by domestic and overseas markets for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Amount		Amount	
	RMB'000	**%**	RMB'000	%
Product sales				
– Domestic	**4,898,104**	**99.9**	3,731,124	99.9
– Overseas	**4,955**	**0.1**	1,855	0.1
Total	**4,903,059**	**100.0**	3,732,979	100.0

Analysis of changes:

Our revenue from product sales in overseas markets increased by 167.1% from RMB1.9 million in 2024 to RMB5.0 million in 2025, primarily due to the establishment of Mao Geping (Hong Kong) Limited in 2025 and the opening of our first overseas direct sale counter at Harbour City.

Cost of Sales

	Year ended December 31,			
	2025		2024	
	Amount		Amount	
	RMB'000	**%**	RMB'000	%
Cost of inventories sold	**650,872**	**81.7**	489,504	80.6
Employee benefit expenses	**29,831**	**3.8**	25,832	4.3
Logistics and transportation costs	**93,378**	**11.7**	70,685	11.6
Depreciation and amortization	**8,175**	**1.0**	11,755	1.9
Others	**14,514**	**1.8**	9,400	1.6
Total	**796,770**	**100.0**	607,176	100.0

Analysis of changes:

Our cost of sales increased by 31.2% from RMB607.2 million for the year ended December 31, 2024 to RMB796.8 million for the year ended December 31, 2025, primarily due to the fact that the cost of inventories sold increased by 33.0% from RMB489.5 million in 2024 to RMB650.9 million in 2025 as a result of our revenue growth, among which, the cost of depreciation and amortization decreased by 30.5% from RMB11.8 million in 2024 to RMB8.2 million, while other costs increased by 54.4% from RMB9.4 million in 2024 to RMB14.5 million, primarily due to the signing of short-term leases for certain schools of the Beauty Education Institute in 2025.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by business line and product category for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Gross Profit RMB'000	Gross Profit Margin (%)	Gross Profit RMB'000	Gross Profit Margin (%)
Product sales				
– Color cosmetics	**2,496,651**	**83.3**	1,927,078	83.6
– Skincare	**1,635,636**	**87.3**	1,245,712	87.2
– Fragrance	**26,522**	**78.4**	–	–
Subtotal	**4,158,809**	**84.8**	3,172,790	85.0
Makeup artistry training and related sales	**94,876**	**64.4**	104,728	69.0
Total	**4,253,685**	**84.2**	3,277,518	84.4

The following table sets forth our gross profit and gross profit margin of product sales by sales channel for the periods indicated:

	Year ended December 31,			
	2025		2024	
	Gross Profit RMB'000	Gross Profit Margin (%)	Gross Profit RMB'000	Gross Profit Margin (%)
Offline channels				
Offline direct sales	**1,906,466**	**87.3**	1,538,268	87.6
Sales to offline distributors	**77,205**	**78.8**	66,156	75.8
Sales to a premium multinational beauty retailer	**98,233**	**67.6**	68,479	65.6
Subtotal	**2,081,904**	**85.8**	1,672,903	85.8
Online channels				
Online direct sales	**1,637,617**	**84.2**	1,203,234	84.2
Sales to online distributors	**439,288**	**82.5**	296,653	83.4
Subtotal	**2,076,905**	**83.8**	1,499,887	84.1
Total	**4,158,809**	**84.8**	3,172,790	85.0

Analysis of changes:

Our gross profit of product sales increased by 31.1% from RMB3,172.8 million in 2024 to RMB4,158.8 million in 2025, which was in line with the increase in sales revenue. Our gross profit margin of product sales remained relatively stable at 85.0% and 84.8% in 2024 and 2025, respectively.

Other Income and Gains

Our other income and gains amounted to RMB68.4 million and RMB102.4 million in 2024 and 2025, respectively, mainly due to an increase in bank interest income .

Selling and Distribution Expenses

The selling and distribution expenses of the Group increased by 28.1% from RMB1,904.1 million in 2024 to RMB2,438.3 million in 2025. In 2025, the selling and distribution expenses accounted for 48.3% of the Group's revenue, representing a decrease of 0.7 percentage points compared with that of 49.0% in 2024. Among them, marketing and promotion expenses increased from RMB867.1 million in 2024 to RMB1,157.2 million in 2025, mainly due to increased investments in brand promotion and channel construction in order to enhance brand exposure. The employee benefit expenses included in selling and distribution expenses increased from RMB580.2 million in 2024 to RMB705.8 million in 2025, primarily due to an increase in the number of sales employees in 2025 to support the Group's business expansion.

Administrative Expenses

Our administrative expenses increased by 0.5% from RMB267.8 million in 2024 to RMB269.1 million in 2025, remaining at a stable level.

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets, Net

We had a reversal of impairment loss on financial assets, net of RMB3.4 million in 2024 and the impairment loss on financial assets, net of RMB0.3 million in 2025, primarily due to the increase in trade receivables attributable to the increase in our sales income, with the allowance increased accordingly taking into account the risk of bad debts.

Other Expenses

Our other expenses increased from RMB0.5 million in 2024 to RMB50.6 million in 2025, mainly due to an increase in donations and exchange losses in 2025.

Financial Costs

Our financial costs decreased from RMB5.3 million in 2024 to RMB2.3 million in 2025, mainly due to the repayment of bank acceptance bills in 2025.

Income Tax Expense

With the increase in profit before tax, our income tax expense amounted to RMB295.4 million in 2024 and RMB401.7 million in 2025.

Profit for the Year

In view of the above, our profit for the year amounted to RMB881.3 million and RMB1,205.4 million in 2024 and 2025.

Non-HKFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with HKFRS Accounting Standards, we also use adjusted net profit as an additional financial measure, which is not required by or presented in accordance with HKFRS Accounting Standards. We believe this non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as it helps our management. However, such non-HKFRS financial measure may not be directly comparable to similar measures presented by other companies. The use of this non-HKFRS measure should not be considered as a substitute for analysis of our results of operations or financial condition as reported under HKFRS Accounting Standards.

Adjusted Profit for the Year

We define adjusted profit for the year (Non-HKFRS measure) as profit for the year adjusted by adding back listing expenses (net of tax) and equity-settled share award expense. The following table reconciles our adjusted profit for the year (Non-HKFRS measure) with profit for the year presented in accordance with HKFRS Accounting Standards:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit for the year	**1,205,440**	881,329
Add:		
Listing expenses (net of tax)[1]	**–**	28,118
Equity-settled share award expense[2]	**3,654**	15,024
Adjusted profit for the year (Non-HKFRS measure)	**1,209,094**	924,471

Notes:

(1) Listing expenses represent professional fees incurred in connection with the Global Offering.

(2) Equity-settled share award expense mainly represents the arrangement that we receive services from employees as consideration for our equity instruments. Equity-settled share award expense is not expected to result in future cash payments.

Liquidity and Capital Resources

We mainly financed our capital requirements through cash generated from our business operations and the net proceeds from the Global Offering. In 2025, net cash generated from operating activities was approximately RMB1,199.4 million, as compared to net cash generated from operating activities of RMB968.6 million in 2024. As of December 31, 2025, the Group had cash and cash equivalents of approximately RMB2,437.5 million, while as at December 31, 2024, the Group had cash and cash equivalents of approximately RMB2,791.7 million and bank borrowings of approximately RMB320.0 million. The Group's gearing ratio (defined as total liabilities divided by total assets) was 15.6% and 21.7% as of December 31, 2025 and 2024, respectively. As at December 31, 2025 and 2024, the Group's current ratio (defined as current assets divided by current liabilities) was 5.2 times and 3.6 times, respectively. The Group's net gearing ratio (defined as total liabilities divided by total equity) was 18.5% and 27.7% as of December 31, 2025 and 2024, respectively. With the cash and bank balances in hand, the Group's liquidity position remains strong to meet its working capital requirements.

Cash Flow

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cash generated from operations	**1,583,542**	1,242,554
Income tax paid	**(384,116)**	(273,958)
Net cash generated from operating activities	**1,199,426**	968,596
Net cash flows used in investing activities	**(1,108,226)**	(627,952)
Net cash flows (used in)/from financing activities	**(405,118)**	1,311,023
Net (decrease)/increase in cash and cash equivalents	**(313,918)**	1,651,667
Cash and cash equivalents at beginning of year	**2,791,719**	1,137,894
Effect of foreign exchange rate changes, net	**(40,325)**	2,158
Cash and cash equivalents at end of year	**2,437,476**	2,791,719

Analysis of changes:

The Group's net cash flows from operating activities increased from a cash inflow of RMB968.6 million in 2024 to a cash inflow of RMB1,199.4 million in 2025, mainly due to an increase in the amount of cash inflow generated from sales growth. The Group's net cash flows used in investing activities increased from a cash outflow of RMB628.0 million in 2024 to a cash outflow of RMB1,108.2 million in 2025, mainly due to the purchase of time deposits with a term of over 3 months in 2025 generating a cash outflow of RMB991.0 million. The Group's net cash flow from financing activities was a cash inflow of RMB1,311.0 million in 2024, mainly due to a cash outflow of RMB1,025.0 million arising from the distribution of dividends, and a cash inflow of RMB2,071.1 million arising from the proceeds from the Listing. The cash outflow in 2025 was RMB405.1 million, mainly due to a cash outflow of RMB352.9 million arising from the distribution of dividends, a cash outflow of RMB319.6 million arising from repayment of borrowings at maturity, and a cash inflow of RMB311.1 million arising from the proceeds from the Listing.

In conclusion, the Group's net increase in cash and cash equivalents was RMB1,651.7 million in 2024, while the net decrease in cash and cash equivalents was RMB313.9 million in 2025.

As at December 31, 2025, the Group had time deposits of RMB992.6 million, which were not included in cash and cash equivalents.

Interest Rate Risk and Exchange Rate Risk

The Group's operations are mainly carried out in the PRC, with most transactions settled in Renminbi. The reporting currency of the Group is Renminbi. In Hong Kong, China, the Group uses local currency as its functional currency, including Hong Kong dollar. A portion of the Group's cash and bank deposits are denominated in Hong Kong dollar and US dollar. The Group continues to adopt a prudent policy on foreign exchange risk management. In 2025, the Group does not have a foreign currency hedging policy for foreign currency transactions, assets and liabilities. The Group reviews its foreign exchange risks periodically and uses derivative financial instruments to hedge against such risks when necessary.

Capital Expenditure and Commitments

In 2024 and 2025, our capital expenditures primarily consisted of expenditures for purchase of leasehold land and the purchase of items of property, plant and equipment. The table below sets forth our capital expenditure for the periods indicated:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Purchase of leasehold land	**–**	492,215
Purchase of items of property, plant and equipment	**186,156**	122,634
Purchases of other intangible assets	**844**	1,058
Total	**187,000**	615,907

In 2024 and 2025, our contractual commitments were mainly related to construction in progress. Our Group had the following contractual commitments as of the indicated dates:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Construction in progress	**185,548**	293,485
Total	**185,548**	293,485

Significant Investments, Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

For the year ended December 31, 2025, we had no material acquisitions or disposals of subsidiaries, associates and joint ventures. As of December 31, 2025, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

Charges on the Group's Assets

As of December 31, 2025, we did not pledge any assets.

Future Plans for Material Investments or Purchase of Capital Assets

As of the date of this report, we had no plans for material investment or purchase of capital assets.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2025.

Subsequent Events after the Reporting Period

The Company received the filing notice issued by the CSRC in January 2026 in respect of the implementation of the H Share Full Circulation. The filing made by the Company with the CSRC in respect of the implementation of the H Share Full Circulation for an aggregate of 228,344,600 Unlisted Shares has been completed. On January 29, 2026, the Company received the approval granted by the Stock Exchange for the listing of and permission to deal in 228,344,600 H Shares, representing the maximum number of the Unlisted Shares to be converted under the conversion and listing. On March 12, 2026, the Company completed the registration and listing of such Shares. Following the completion of the registration and listing of the H Share Full Circulation, the total number of issued Shares of the Company is 490,186,900 Shares, all of which are H Shares.

Save as disclosed above, there have been no other significant events subsequent to the Reporting Period and up to the date of this report.

DIRECTORS AND SENIOR MANAGEMENT

MEMBERS OF THE BOARD OF DIRECTORS

Executive Directors

Mr. MAO Geping (毛戈平)
Ms. WANG Liqun (汪立群)
Ms. MAO Niping (毛霓萍)
Ms. MAO Huiping (毛慧萍)
Mr. WANG Lihua (汪立華)
Ms. SONG Hongquan (宋虹佺)

Independent Non-executive Directors

Mr. GU Jiong (顧炯)
Mr. HUANG Hui (黃輝)
Mr. LI Hailong (李海龍)

SENIOR MANAGEMENT

Ms. SONG Hongquan (宋虹佺)
Ms. MAO Niping (毛霓萍)
Ms. MAO Huiping (毛慧萍)
Mr. WANG Lihua (汪立華)
Mr. XU Weiguo (徐衛國)
Mr. DONG Leqin (董樂勤)

JOINT COMPANY SECRETARIES

Mr. DONG Leqin (董樂勤)
Ms. ZHANG Xiao (張瀟) *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, the Company dissolved the Supervisory Committee in accordance with the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》) and the CSRC, and the positions of the former members of the Supervisory Committee, namely Ms. GAO Yan, Ms. WU Meijuan, and Mr. YANG Weiqing, were removed accordingly, which was approved by resolution at the Company's annual general meeting and Ms. Wang Liqun, the Company's former executive Director, was elected as the employee representative Director by the employee representative meeting. Save as disclosed above, there was no change of the Directors and Senior Management during the Reporting Period and up to the date of this report.

DIRECTORS AND SENIOR MANAGEMENT

INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. MAO Geping (毛戈平), aged 61, is the founder, chairman of the Board, and an executive Director of our Group. Prior to founding our Group, Mr. Mao worked at the Zhejiang Yue Opera Troupe from July 1983 to July 1998. In July 2000, Mr. Mao founded Hangzhou Mao Geping Makeup Art Co., Ltd. (杭州毛戈平化妝藝術有限公司, the predecessor of our Company, "**Hangzhou Mao Geping**"), and established a high-end beauty brand, MAOGEPING, under his own name and has served in Hangzhou Mao Geping since then. In October 2000, Mr. Mao established the Zhejiang Mao Geping Institute of Makeup Artistry. He served as the president of Hangzhou Mao Geping and our Company successively from February 2011 to March 2024. He was appointed as a director of Hangzhou Mao Geping on March 20, 2005, and a Director of our Company on December 16, 2015 and was re-designated as an executive Director on April 1, 2024. Mr. Mao also serves as the chairman of Zhejiang Huidu and Mao Geping International Limited.

Mr. Mao is a renowned makeup art master in China with more than 40 years of experience in the field of makeup art, and has received numerous honors and awards over the years. He was awarded the "Makeup and Styling Golden Statue Award" from the Makeup Committee of the China Society of Motion Picture and Television Engineers for four times. In August 2008 during the Beijing Olympic Games, Mr. Mao served as the makeup artist for the then President of the International Olympic Committee and as the makeup designer for the opening ceremony of the Beijing Olympic Games. In November 2008, he received the "Special Contribution Award for the 2008 Beijing Olympics" from the Makeup Committee of China Society of Motion Picture and Television Engineers. In September 2020, he was awarded the title of "Hangzhou Craftsman" by the Hangzhou Municipal People's Government. In November 2023, he received the "22nd Outstanding Entrepreneur of Zhejiang Province" award from the Zhejiang Enterprise Federation and the Zhejiang Entrepreneurs Association. In September 2023, Mr. Mao was a torchbearer for the 19th Asian Games in Hangzhou.

Mr. Mao completed a vocational secondary education course in Chinese Opera Performance at Zhejiang Vocational Academy of Art (formerly known as Zhejiang School of Art) in July 1983 in the PRC. He obtained the Level One Artistic Image Design Certificate from the Cultural and Artistic Talent Center of the Ministry of Culture in March 2001, and also holds the qualification of senior professional and technical director stage technician issued by the Zhejiang Provincial Department of Human Resources. Mr. Mao is the spouse of Ms. Wang Liqun and the younger brother of Ms. Mao Niping and Ms. Mao Huiping.

Ms. WANG Liqun (汪立群), aged 54, is an executive Director, vice chairperson of the Board, and the co-founder and principal of MAOGEPING Beauty Education Institute. Prior to joining our Group, Ms. Wang was an actress at the Zhejiang Yue Opera Troupe from October 1991 to September 2000. In 2000, Ms. Wang assisted Mr. Mao in establishing MAOGEPING Beauty Education Institute in Hangzhou. From September 2000 to August 2010, she held the position of executive principal at MAOGEPING Beauty Education Institute. Ms. Wang was appointed as a director of Hangzhou Mao Geping on February 13, 2011, a director and the vice chairperson of the Board on December 16, 2015 and was re-designated as an executive Director on April 1, 2024, and was elected as an employee representative Director on May 13, 2025. Ms. Wang has served as the principal of MAOGEPING Beauty Education Institute since August 2010, and she is also a director of Mao Geping Make-Up Education (Hong Kong) Limited.

Ms. Wang was honored with the "United Nations 2018 Global Business Excellence Contribution Female Entrepreneur" award at the 62nd session of the United Nations Commission on the Status of Women in March 2018. In May 2019, she was awarded the "Outstanding Leadership Award" by the Hangzhou Women Entrepreneurs Association. In December 2019, Ms. Wang was elected as the chairperson of the 1st session of the Association of Outstanding Women in Zhejiang Entrepreneurs (ZSNJ) (浙商女傑企業發展聯合會). In 2020, she was awarded the honorary title "ZSNJ Anti-Epidemic Hero(浙商女傑抗疫英雄)" by ZSNJ, the "Charming Women in Zhejiang Entrepreneurs • Pioneer Award for Two Battles (魅力女浙商•兩戰先鋒獎)" issued by the Zhejiang Association of Women Entrepreneurs, and the "Public Welfare Ambassador" conferred by the Association of Outstanding Women in Zhejiang Entrepreneurs. In December 2020, Ms. Wang was awarded the "Advanced Individual for Donations in Fighting the Epidemic and Poverty Alleviation in 2020" by the Hangzhou Cixi Chamber of Commerce. In October 2023, she was honored as a torchbearer for the 4th Hangzhou Asian Para Games. In December 2025, she was elected as the honorary chairperson of the Zhejiang Hangzhou Businessmen Charity Foundation (浙江杭商愛心基金會) and was elected as the chairperson of the 2nd session of the Association of Outstanding Women in Zhejiang Entrepreneurs.

Ms. Wang completed the business enterprise management program at International Business University of Beijing in the PRC, in July 2001. In June 2014, she completed the Advanced Management Program in Fashion & Luxury at Tsinghua University, and completed the Management Program for Leading Enterprises in Zhejiang (浙商領軍企業管理課程) at Cheung Kong Graduate School of Business. In December 2003, she received the Level Three/Senior Vocational Qualification Certificate (Makeup Artist) from the Hangzhou Bureau of Labor and Social Security. She obtained a Level One/Senior Vocational Qualification Certificate (Beautician) from the Zhejiang Provincial Department of Human Resources and Social Security in December 2006. In February 2007, she was granted a Training Teacher Qualification Certificate by the Zhejiang Provincial Department of Human Resources and Social Security. In December 2012, she received a Level Three/Senior Vocational Qualification Certificate (Image Designer) from the Zhejiang Provincial Department of Human Resources and Social Security. In November 2018, Ms. Wang obtained a Referee Certificate (Beautician/Makeup) in the vocational skills competition by the China General Chamber of Commerce. Ms. Wang is the spouse of Mr. Mao Geping and the elder sister of Mr. Wang Lihua.

DIRECTORS AND SENIOR MANAGEMENT

Ms. MAO Niping (毛霓萍), aged 66, is an executive Director, the vice chairperson of the Board and the co-founder of Mao Geping Cosmetics Co., Ltd.

Ms. Mao Niping assisted Mr. Mao Geping in establishing Hangzhou Mao Geping Makeup Art Co., Ltd. (杭州毛戈平化妝藝術有限公司) in 1998 and served as the broker and general manager. She assisted Mr. Mao Geping in establishing Hangzhou Mao Geping, the predecessor of our Company, in 2000, and joined the Group since its initial establishment and served as the general manager. From March 2005 to September 2010, she acted as the director and general manager of Hangzhou Mao Geping. From September 2010 to February 2011, she served as the senior vice president of Hangzhou Mao Geping. Ms. Mao has served as a Director, vice chairperson of the Board, and senior vice president of our Company since February 2011, being responsible for the affairs of the Board and the management of our Group companies, and being in charge of the Group's board secretary office, legal department, administration, and human resources center. Ms. Mao was re-designated as an executive Director, vice chairperson of the Board and senior vice president of the Company from April 1, 2024. Ms. Mao also serves as a director of Zhejiang Huidu Cosmetics Co., Ltd. (浙江匯都化妝品有限公司), Mao Geping International Limited, Mao Geping (Hong Kong) Limited, Mao Geping (Hangzhou) Cosmetics Trading Co., Ltd. (毛戈平(杭州)化妝品商貿有限公司), and Mao Geping (Hainan) Trading Co., Ltd. (毛戈平(海南)商貿有限公司), as well as a general manager of Hangzhou Shang Du Hui Cosmetics Technology Co., Ltd. (杭州尚都匯化妝品科技有限公司) and Hangzhou Xingyi Equity Investment Co., Ltd. (杭州星屹股權投資有限公司).

Ms. Mao completed the in-service managerial business administration program at Tsinghua University in the PRC in November 2003. Ms. Mao is the elder sister of Mr. Mao Geping and Ms. Mao Huiping.

Ms. MAO Huiping (毛慧萍), aged 63, is an executive Director, senior vice president of our Company and the co-founder of Mao Geping Cosmetics Co., Ltd.

Ms. Mao Huiping assisted Mr. Mao in establishing Hangzhou Mao Geping, the predecessor of our Company, in 2000 and served as the deputy general manager of Hangzhou Mao Geping. From March 2005 to September 2010, she served as the director and the deputy general manager of Hangzhou Mao Geping, being responsible for the finance, human resources, logistics, and development related affairs of our Group. Ms. Mao has served as the executive director and general manager of Hangzhou Mao Geping Technology Co., Ltd. since November 2009. Ms. Mao has served as a director and the senior vice president of Hangzhou Mao Geping and our Company successively since February 2011, being responsible for the finance, research and development and supply chain of our Group. Since August 2002, Ms. Mao has concurrently served as general manager of Hangzhou Keyunshi Biotechnology Co., Ltd. (杭州科韻詩生物科技有限公司). She was re-designated as an executive Director on April 1, 2024. Ms. Mao also serves as a supervisor of Zhejiang Huidu Cosmetics Co., Ltd. (浙江匯都化妝品有限公司), a director of Mao Geping International Limited, Mao Geping (Hong Kong) Limited, and Mao Geping (Hangzhou) Cosmetics Trading Co., Ltd. (毛戈平(杭州)化妝品商貿有限公司), and general manager of Mao Geping (Hainan) Trading Co., Ltd. (毛戈平(海南)商貿有限公司).

Ms. Mao obtained an associate degree from Ningbo Open University (formerly known as Ningbo Radio and Television University) in the PRC in March 1991. Ms. Mao is the elder sister of Mr. Mao Geping and the younger sister of Ms. Mao Niping.

Mr. WANG Lihua (汪立華), aged 52, is an executive Director and vice president of our Company.

Mr. Wang joined our Group in September 2000. He was appointed as a director of Hangzhou Mao Geping on February 13, 2011, and a Director of our Company on December 16, 2015 and was re-designated as an executive Director on April 1, 2024. He has served as the vice president of our Company since December 16, 2015. From September 2002 to July 2010, Mr. Wang served as the principal of the Beijing School and Chengdu School of MAOGEPING Beauty Education Institute. Since August 2010, Mr. Wang has served as the deputy principal of MAOGEPING Beauty Education Institute. Mr. Wang is also a director of Mao Geping Make-Up Education (Hong Kong) Limited.

Mr. Wang received the "China Top Ten Young Makeup Artist" award by the Makeup Committee of China Society of Motion Picture and Television Engineers in December 2002. He received the "China International Fashion Award Best Makeup Stylist of the Year 2009" award from the Organizing Committee of China International Fashion Week in November 2009.

Mr. Wang completed the business management program at the International Business University of Beijing in the PRC in July 2003. In February 2007, Mr. Wang received the senior training instructor certification in theoretical knowledge and skill operations in the makeup artist profession from the Labor and Social Security Administrative Department in the PRC. In December 2003, Mr. Wang received his makeup artist certification and in March 2014, he received the Level Two Makeup Artist Certification from the Occupational Skill Testing Authority in the PRC. Mr. Wang is the younger brother of Ms. Wang Liqun.

Ms. SONG Hongquan (宋虹佺), aged 51, is an executive Director, the president of our Company and general manager of "MAOGEPING" branding division of our Company.

Ms. Song joined our Group in October 2002. From October 2002 to September 2010, she served as the sales manager of Hangzhou Mao Geping, the predecessor of our Company, being responsible for product sales. From September 2009 to September 2010, she was the general manager of "MAOGEPING". From September 2010 to February 2011, she acted as an executive director and the general manager of Hangzhou Mao Geping. From February 2011 to June 2012, she served as a director and the general manager of Hangzhou Mao Geping, being responsible for brand operation and management of "MAOGEPING". She has served as a director and general manager of "MAOGEPING" branding division of Hangzhou Mao Geping and our Company successively since June 2012. From August 2015 to March 2024, she acted as the executive president of Hangzhou Mao Geping and our Company consecutively. Ms. Song has served as the president of our Company since April 2024 and was re-designated as an executive Director on April 1, 2024, being responsible for brand building, marketing and sales management of MAOGEPING. She is also a director and the general manager of Zhejiang Huidu.

Ms. Song obtained her master's degree in business administration from China University of Mining & Technology (Beijing) in the PRC in June 2016.

Independent Non-executive Directors

Mr. GU Jiong (顧炯), aged 53, was appointed as an independent non-executive Director on April 1, 2024.

From April 2004 to December 2009, Mr. Gu joined UTStarcom Holdings Corp. (formerly known as UTStarcom. Inc., whose shares are listed on NASDAQ, ticker symbol: UTSI), a global telecom infrastructure provider specialized in the provision of packet optical transport and broadband access products to network operators, where he was responsible for accounting and financial matters, and was the finance controller when he left in December 2009. From January 2010 to August 2013, Mr. Gu served as the financial controller in BesTV New Media Co., Ltd. (currently known as Oriental Pearly Media Co., Ltd., whose shares are listed on the Shanghai Stock Exchange, stock code: 600637), a company principally engaged in the provision of technical services, content services and marketing services for television terminals, computer terminals and mobile terminals through media resource platforms, where he was responsible for the financial matters of this company. From September 2013 to July 2024, Mr. Gu served as the financial director of CMC Capital Partners, an investment fund specializing in media and entertainment investments inside and outside the PRC, and the vice president of CMC Inc. (formerly known as CMC Holdings Limited) consecutively. From September 2018 to January 2023, Mr. Gu was an independent non-executive director of DaFa Properties Group Limited (whose shares were listed on the Stock Exchange, stock code: 6111, and delisted in October 2024). From March 2017 to July 2023, Mr. Gu served as an independent non-executive director of Amlogic (Shanghai) Co., Ltd. (whose shares are listed on the Shanghai Stock Exchange, stock code: 688099). From December 2020 to May 2025, Mr. Gu served as an independent non-executive director of Vesync Co., Ltd. (whose shares were listed on the Stock Exchange, stock code: 2148, and delisted in May 2025). From December 2022 to March 2025, Mr. Gu served as an independent non-executive director of Howkingtech International Holding Limited (whose shares are listed on the Stock Exchange, stock code: 2440 and currently known as MemeStrategy).

Since April 2018, Mr. Gu has been an independent non-executive director of Ascletis Pharma Inc. (whose shares are listed on the Stock Exchange, stock code: 1672). Since May 2019, Mr. Gu has been an independent non-executive director of Mulsanne Group Holding Limited (whose shares are listed on the Stock Exchange, stock code: 1817). Since March 2025, Mr. Gu has been an executive director of Shaw Brothers Holdings Limited (whose shares are listed on the Stock Exchange, stock code: 953).

Mr. Gu obtained a bachelor's degree in financial management from Fudan University in the PRC in July 1995. He is currently a non-practicing member of The Chinese Institute of Certified Public Accountants.

Mr. HUANG Hui (黃輝), aged 49, was appointed as an independent non-executive Director on April 1, 2024.

Mr. Huang was an associate professor from January 2010 to July 2014, and has been a professor in the Faculty of Law of the Chinese University of Hong Kong since August 2014. Mr. Huang specializes in corporate law, securities regulation, financial law, etc. Mr. Huang is an expert advisor of Shanghai Financial Court. He is also an adjunct professor of Law at the University of New South Wales, a Li Ka Shing visiting professor in McGill Law School, a "Jingtian Scholar" honorary professor at East China University of Political Science and Law, and a guest professor at China University of Political Science and Law. He serves as an arbitrator for the Kuala Lumpur Regional Centre for Arbitration, the Shenzhen Court of International Arbitration and the Shanghai International Economic and Trade Arbitration Commission. Mr. Huang has been an independent non-executive director of China Travel International Investment Hong Kong Limited (whose shares are listed on the Stock Exchange, stock code: 308) since October 2018. He has been an independent non-executive director of Lingbao Gold Group Company Ltd. (whose shares are listed on the Stock Exchange, stock code: 3330) since January 2026.

Mr. Huang obtained his bachelor's degree in engineering in June 1998 and bachelor's degree in law in July 1999 and his master's degree in law in December 2001, all from Tsinghua University in the PRC, and a PhD in law from the University of New South Wales, Australia in December 2005.

Mr. LI Hailong (李海龍), aged 45, was appointed as an independent non-executive Director on May 13, 2022.

Mr. Li worked at Zhejiang City University from July 2014 to August 2017 with his last position as an associate professor. Mr. Li served as an independent non-executive director of Zhejiang Zhengte Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 001238) from December 2016 to December 2021 and Zhejiang Chinastars New Materials Group Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 301077) from October 2021 to September 2024. He served as an independent non-executive director of Ningbo Tianpu Rubber & Plastic Technology Co., Ltd. (whose shares are listed on the Shanghai Stock Exchange, stock code: 605255) from September 2021 to September 2024. Mr. Li has been an independent director of Zhejiang Huayou Cobalt Co., Ltd. (whose shares are listed on the Shanghai Stock Exchange, stock code: 603799) since December 2024, and an independent director of Zhejiang Dali Technology Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange, stock code: 002214) since August 2025.

Mr. Li has an extensive background in academia and a wealth of experience in the field of law. Since September 2017, Mr. Li has been serving as the vice dean, professor, and graduate supervisor at the Law School of Zhejiang University of Finance & Economics. Since May 2018, Mr. Li has been serving as an arbitrator at Hangzhou Arbitration Commission.

Mr. Li obtained his bachelor's degree in law from South-Central Minzu University in the PRC in July 2002, his master's degree and doctorate degree in commercial law from Southwest University of Political Science and Law in the PRC in July 2007 and July 2010, respectively. Mr. Li completed postdoctoral research at the postdoctoral mobile station of East China University of Political Science and Law and the postdoctoral workstation of the Shanghai Stock Exchange from September 2012 to September 2014.

Save as disclosed above, there are no other relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Save as disclosed above, none of the Directors of our Company held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this annual report. Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders of our Company and there is no information relating to the Directors of our Company that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules.

SENIOR MANAGEMENT

Ms. SONG Hongquan (宋虹佺), is an executive Director, president and general manager of "MAOGEPING" branding division of our Company. See the text above for her biographical details.

Ms. MAO Niping (毛霓萍), is an executive Director, the vice chairperson of the Board, senior vice president and the co-founder of Mao Geping Cosmetics Co., Ltd. See the text above for her biographical details.

Ms. MAO Huiping (毛慧萍), is an executive Director, senior vice president of our Company and the co-founder of Mao Geping Cosmetics Co., Ltd. See the text above for her biographical details.

Mr. WANG Lihua (汪立華), is an executive Director and vice president of our Company. See the text above for his biographical details.

Mr. XU Weiguo (徐衛國), aged 49, joined our Group in April 2011 and has served as the finance director of our Company since then.

Prior to joining our Group, Mr. Xu worked at Bright Diary & Food Co., Ltd. from July 1999 to July 2006 with his last position as the finance manager. Mr. Xu also served as an assistant to the finance director and an accounting manager at PepsiCo Beverages Co., Ltd. from August 2006 to December 2006 and the chief financial officer at Jinyao (Shanghai) Business Management Co., Ltd. from December 2007 to April 2009.

Mr. Xu obtained his bachelor's degree in economics at Fudan University in the PRC in June 1999 and his master's degree in finance from Fudan University in the PRC, in June 2007. Mr. Xu received his certified public accountant certificate (CPA) from the Shanghai Institute of Certified Public Accountants in December 2003.

Mr. DONG Leqin (董樂勤), aged 42, joined our Group in December 2014 and has served as the secretary of the Board and head of legal department of our Company since then. He was appointed as one of our joint company secretaries in April 2024.

Prior to joining our Group, Mr. Dong served as the office secretary and a deputy general manager of Longzai Travel business department of Zhejiang International Tourism Group Co., Ltd. from May 2005 to July 2013. Mr. Dong served as the manager of the securities investment department from July 2007 to April 2009, the secretary of the board of directors, the director of the human resources and the head of legal department at Zhejiang Tourism Holdings Co., Ltd. from May 2009 to June 2013. Mr. Dong also served as an operation director at Anhui Endu Good Co., Ltd. from July 2013 to September 2014.

Mr. Dong obtained his bachelor's degree in tourism management from Nankai University in the PRC in June 2005 and his master's degree in law from Zhejiang University in the PRC in December 2013. In February 2009, Mr. Dong obtained the legal professional qualification certificate issued by the Ministry of Justice of the PRC. In July 2009, Mr. Dong obtained the qualification certificate for board secretaries from the Shenzhen Stock Exchange. In June 2010, Mr. Dong obtained the certificate of second-level enterprise human resources manager issued by the Ministry of Human Resources and Social Security of the PRC. In September 2016, Mr. Dong obtained the qualification certificate for board secretaries from the Shanghai Stock Exchange. In January 2024, Mr. Dong was admitted as a Certified Management Accountant by the Institute of Management Accountants, United States of America.

JOINT COMPANY SECRETARIES

Mr. DONG Leqin (董樂勤), aged 42, is the secretary of the Board and head of legal department of our Company and was appointed as one of our joint company secretaries on April 1, 2024. See the text above for his biographical details.

Ms. ZHANG Xiao (張瀟), aged 38, is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over ten years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2019.

Ms. Zhang obtained a bachelor's degree in computer science from The Chinese University of Hong Kong in 2010, a master's degree in corporate governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in 2018 and a master's degree in accountancy from Hong Kong Baptist University in 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Group is committed to promoting gender diversity. As at December 31, 2025, the Group had a total of 4,488 employees, of which 596 were male and 3,892 were female. The Group integrates its human resources strategy with remuneration plans based on different job sequences to provide competitive salaries and incentives based on performance contributions to all employees. The Group also contributes to social security and provident funds for all employees in accordance with the law, and provides a comprehensive benefit plan including retirement schemes, supplementary medical insurance, accident insurance, annual health check and various subsidies.

EMPLOYEE TRAINING

The Group provides trainings to employees at different departments according to their specific needs. Staff training includes induction training, business skills training, professional aptitude training, compliance training, etc. Training programmes will be arranged for new employees upon their induction according to their job positions, and mentors will be assigned to provide guidance. In-service staff may take part in trainings and sharing activities organized by the Group based on their job requirements and capabilities, or conduct online and offline self-learning based on their personal career planning.

INCENTIVE SCHEME

The Company has adopted the Employee Incentive Scheme (the "**Employee Incentive Scheme**") to effectively align the interests of Shareholders, the Company and employees, for long-term development of the Company. The Employee Incentive Scheme was adopted by resolutions of our Shareholders on April 1, 2024. The Employee Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company or any issuance of new Shares by our Company after the Listing.

As of December 31, 2025, based on the Employee Incentive Scheme, a total of 1,200,000 Unlisted Shares granted to an aggregate of four participants were converted into full circulation H Shares, representing approximately 0.24% of the total number of issued Shares of the Company as of the date of this report. As of December 31, 2025, all of the four participants were our employees and members of the management of the Group, and all were independent third parties.

On December 4, 2025, the Company adopted the Restricted Share Unit Incentive Scheme by resolutions of the Shareholders. The purpose of the Restricted Share Unit Incentive Scheme is to further establish and improve the Company's long-term incentive mechanism and fully stimulate the enthusiasm of the Company's core employees, and to build a business community where the interests of the Shareholders, the Company, and individual managers are effectively aligned, working together to promote the Company's sustained and healthy development. The Restricted Share Unit Incentive Scheme does not involve the grant of new Shares of the Company. However, the Restricted Share Unit Incentive Scheme constitutes a share scheme funded by existing shares under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules.

As of December 31, 2025, based on the Restricted Share Unit Incentive Scheme approved on December 4, 2025, the Board resolved to grant an aggregate of 1,161,779 Restricted Share Units to a total of 133 participants, and the grantees shall receive a total of 1,161,779 H Shares of the Company upon the vesting of the Restricted Share Units in accordance with the terms of the Restricted Share Unit Incentive Scheme, representing approximately 0.24% of the total number of issued Shares of the Company as of the date of this report. As of December 31, 2025, such participants were employees of the Group, and all were independent third parties.

PENSION SCHEMES

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in central pension schemes operated by the local municipal government and the central government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

During the Reporting Period, there was no forfeiture of contributions under the defined contribution plans of the Group, and there were no forfeited contributions had been used by the Group to reduce the existing level of contributions.

REPORT OF THE DIRECTORS

The Board is pleased to present this annual report together with the audited financial statements of the Group for the year ended December 31, 2025.

GLOBAL OFFERING

The Company was incorporated in the PRC on July 28, 2000, and was converted into a joint stock limited company on December 29, 2015. The Shares were listed on the Main Board of the Stock Exchange on December 10, 2024 through the Global Offering. The Company listed on the Stock Exchange with an initial issue of 78,423,400 H Shares at an offer price of HK$29.80. The Company issued 11,763,500 H Shares on January 8, 2025 as a result of the full exercise of over-allotment option on January 4, 2025 at the same price. The additional net proceeds of approximately HK$336,500,000 (equivalent to RMB311,105,000) have been received by the Company from the allotment and issue of the over-allotment shares after deducting the underwriting fees and commission on January 8, 2025. The aggregate nominal value of the H Shares issued under the Global Offering was RMB45,093,450. The net proceeds raised from the Global Offering amounted to approximately HK$2,523.76 million, representing a net price of approximately HK$27.98 per H Share. For details of the Global Offering, please refer to the Prospectus.

PRINCIPAL BUSINESSES AND ACTIVITIES

The Group is the leading Chinese premium beauty group. Founded in 2000 by Mr. Mao, a renowned makeup artist in China's beauty industry, the Company have established a strong presence in China's beauty industry. According to Frost & Sullivan, the Group is the only Chinese company among the top ten premium beauty groups in China. The Company's flagship brand, MAOGEPING, introduced in 2000, is the first domestic premium beauty brand in China and has achieved a leading position among all domestic beauty brands. As of December 31, 2025, the Group's product portfolio included 469 SKUs across three categories: color cosmetics, skincare, and fragrances.

The Group's commitment extends beyond product development to include professional makeup artistry training. Dedicated to raising the standard of makeup artistry and aesthetic literacy in China, the Group offers comprehensive in-person makeup training programs at our Institutes of Makeup Artistry nationwide, disseminating our deep-rooted knowledge in makeup artistry and Mr. Mao's aesthetics philosophy to budding makeup artists and beauty enthusiasts. Supported by our dedicated training personnel, the Company actively cultivates aspiring talents in our industry which provides a continuous source of artistry creativity.

BUSINESS REVIEW AND PROSPECTS

The business review and prospects of the Company for the year ended December 31, 2025 is set out in the section headed "Management Discussion and Analysis" of this report.

RESULTS

The Group's results for the year ended December 31, 2025 are set out in the Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 171 to 172 of this report. The financial position of the Group as at December 31, 2025 are set out in the Audited Consolidated Statements of Financial Position on pages 173 to 174 of this report.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB1.00 per Share (tax inclusive) for the year ended December 31, 2025 on May 26, 2026, amounting to a total of RMB490 million (tax inclusive). The aforesaid proposal will be put forward for consideration and approval at the annual general meeting to be held thereafter. The specific arrangements for the declaration and payment of the final dividend and the time and arrangement of the closure of register of members of H Shares will be separately disclosed in the circular for annual general meeting.

Withholding and Payment of Dividends Income Tax

Dividends Income Tax Applicable to Overseas Shareholders

Withholding and Payment of Enterprise Income Tax on behalf of Overseas Non-Resident Enterprise Shareholders

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by PRC Resident Enterprises to Overseas Non-Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (國家稅務總局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008] 897號)), the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes dividends to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee holder on behalf of investors who invest in the H Shares of the Company through Hong Kong Stock Connect and H Share "**Full Circulation**"). The non-resident enterprise Shareholders may, on their own or through an authorized agent, apply to the competent tax authorities of the Company to enjoy the tax preferential treatments under the tax treaty (arrangement) by providing information of them being the actual beneficiaries of the tax treaty (arrangement).

Withholding and Payment of Individual Income Tax on behalf of Overseas Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules, the Tax Measures, the Notice of the State Administration of Taxation on Issues Concerning Levying and Administration of Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 045) (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發 ([1993] 045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011] 348號)) and other relevant laws and regulations and requirements under normative documents, the Company's overseas individual Shareholders may enjoy the relevant tax concessions in accordance with the provisions of the tax treaty entered into between the country (region) where such Shareholders are domiciled and the PRC, and the tax arrangements between the mainland of the PRC, Hong Kong and Macao. The Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H Shareholders:

(1) For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty or tax arrangement with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the dividends;

(2) For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the dividends. If relevant individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, they may, on their own or through the Company, handle the applications for tax preferential treatments under relevant tax treaties according to the Tax Measures;

(3) For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H Shareholders in the distribution of the dividends; and

For individual H Shareholders whose country (region) of domicile is a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H Shareholders in the distribution of the dividends.

Dividends Income Tax Applicable to Shareholders in Mainland China Investing in H Shares of the Company through Hong Kong Stock Connect and H Share "Full Circulation"

Withholding and Payment of Individual Income Tax on behalf of Domestic Individual Shareholders Investing through Hong Kong Stock Connect and H Share "Full Circulation"

Pursuant to the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014] 81號)) and the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016] 127號)), for domestic individual Shareholders who invest in H Shares of the Company through Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as a nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the dividends. For domestic Shareholders who are securities investment funds investing in H Shares of the Company through Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as a nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the dividends. Where the Company distributes the annual final dividends to individual Shareholders under the H Share "Full Circulation", it is required to withhold and pay the individual income tax at the rate of 20%.

No Withholding and Payment of Enterprise Income Tax on behalf of Domestic Enterprise Shareholders Investing through Hong Kong Stock Connect

Pursuant to the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014] 81號)) and the Circular on the Relevant Taxation Policy for the Pilot Programme of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No.127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016] 127號)), for domestic enterprise Shareholders who invest in H Shares of the Company through Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as a nominee shareholder), the Company will not withhold or pay enterprise income tax on their behalf in the distribution of the dividends, and the domestic enterprise Shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H Shares of the Company which have been continuously held by a domestic enterprise Shareholder for 12 months shall be exempted from enterprise income tax.

H Shareholders of the Company are recommended to consult their own tax advisers on the relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of H Shares of the Company.

ISSUED SHARE CAPITAL

As of December 31, 2025, the total share capital of the Company was RMB245,093,450, divided into 228,344,600 Unlisted Shares with a nominal value of RMB0.50 each and 261,842,300 H Shares with a nominal value of RMB0.5 each. Details of the movements in the share capital of the Company during the Reporting Period are set out in Note 28 to the financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in Note 1 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company had distributable reserves of RMB1,626.7 million, which were available for distribution to our equity shareholders. Details of the movements in the Group's and the Company's reserves are set out in Note 30 and 38, respectively, to the financial statements.

DONATIONS

During the Reporting Period, the Group donated RMB6,079,210.

BANK BORROWINGS AND OTHER BORROWINGS

As of December 31, 2025, the Group's borrowings amounted to nil (December 31, 2024: RMB320.0 million). Details of the Group's bank borrowings and other borrowings as of December 31, 2025 are set out in Note 25 to the financial statements.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On December 10, 2024, the H Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering (including the full exercise of the over-allotment option as disclosed in the Company's announcement dated January 6, 2025) were approximately HK$2,523.76 million. For details of the intended use of proceeds from the Global Offering, please refer to the section "Future Plans and Use of Proceeds" in the Prospectus. The net proceeds from the Global Offering will be utilized in accordance with the purposes set out in the Prospectus. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. The table below sets out the applications of the net proceeds and actual usage up to December 31, 2025:

Use of proceeds	Approximate percentage of total amount	Amount of net proceeds allocated upon Listing (HK$ million)	Unutilized amount as at January 1, 2025 (HK$ million)	Utilized amount during the Reporting Period (HK$ million)	**Utilized amount from the Listing Date to December 31, 2025 (HK$ million)**	**Unutilized amount as at December 31, 2025 (HK$ million)**	Expected Timeline of full utilization
Expansion of the Group's sales network	25.0%	630.94	630.94	403.51	**403.51**	**227.43**	Before December 31, 2026
Branding activities	20.0%	504.75	504.75	425.87	**425.87**	**78.88**	Before June 30, 2026
Overseas expansion and acquisitions	15.0%	378.56	378.56	15.13	**15.13**	**363.43**	Before December 31, 2028
Strengthening the Company's production and supply chain capabilities	10.0%	252.38	252.38	0	**0**	**252.38**	Before December 31, 2028
Enhancing the Company's product design and development capabilities	9.0%	227.14	227.14	36.44	**36.44**	**190.70**	Before December 31, 2028
Makeup artistry training institutes	6.0%	151.43	151.43	20.71	**20.71**	**130.72**	Before December 31, 2029
Digitalization of operations and information infrastructure	5.0%	126.19	126.19	14.96	**14.96**	**111.23**	Before December 31, 2028
Working capital and general corporate purposes	10.0%	252.38	252.38	0	**0**	**252.38**	Before December 31, 2028
Total	100%	2,523.76	2,523.76	916.62	**916.62**	**1,607.14**	

The Group has utilized and will utilize the net proceeds in accordance with the intended purposes as stated in the Prospectus. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently and remains subject to change based on future development of market conditions and actual business needs.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

Our customers primarily comprise individual consumers and corporate customers, which primarily include offline retailers, including a premium multinational beauty retailer, and offline and online distributors. For the year ended December 31, 2025, the total revenue attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue.

Our suppliers primarily comprise suppliers of cosmetic materials and finished products, ODM/OEM providers, and logistics and transportation services providers. The aggregate purchases attributable to the Group's largest supplier for the year ended December 31, 2025 accounted for approximately 20.4% (2024: 19.7%) of the Group's total purchases. The aggregate purchases attributable to the Group's five largest suppliers for the year ended December 31, 2025 accounted for approximately 49.9% (2024: 53.3%) of the Group's total purchases.

To the best knowledge of the Directors of the Company, none of the Directors or their associates or any Shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest suppliers during the year ended December 31, 2025.

PROPERTY, PLANT AND EQUIPMENT

The details of the property, plant and equipment of the Group and their movements during the year ended December 31, 2025 are set out in Note 13 to the consolidated financial statements of this annual report. None of the percentage ratios (as defined in Rule 14.04(9)) of the Company's properties held for development and/or sale or for investment purposes, exceeds 5%.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation during the Reporting Period and as at the date of this report from each of the independent non-executive Directors in respect of his/her independence in accordance with independence guidelines set out in Rule 3.13 of the Listing Rules, and is of the view that each of the independent non-executive Directors are independent.

SERVICE CONTRACTS OF DIRECTORS

There are no service contracts or letters of appointment between the Company or its subsidiaries and any of the Directors which is not determinable by the Company within one year without payment of compensation apart from statutory compensation.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

In compliance with the CG Code, the Company has established the Remuneration Committee to formulate the remuneration policies.

The remuneration is determined and recommended based on the qualifications and experience of each Director as well as the current market conditions. The remuneration of independent non-executive Directors is determined by the Board based on the recommendation from the Remuneration Committee of the Company.

Details of the remuneration of the Directors and the five highest paid individuals of the Group are set out in Note 8 and 9 to the consolidated financial statements of this annual report.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office for the year ended December 31, 2025.

INTERESTS OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director of the Company or its connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year ended December 31, 2025.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and letters of appointment, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended December 31, 2025 or subsisted at the end of the year ended December 31, 2025.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed under the section headed "Continuing Connected Transactions" and paragraphs under Note 33 to the financial statements of this report, there is no contract of significance, whether for the provision of services or otherwise, to the business of the Group between the Company, or any of its subsidiaries, or the controlling shareholders or any of its subsidiaries during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS OF THE COMPANY

Each of our Directors has confirmed that he/she did not have any interest under Rule 8.10(2)(b) of the Listing Rules in a business which materially competes or is likely to compete, directly or indirectly, with our business during the Reporting Period.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, based on the information available to the Company and to the best knowledge of the Directors, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short positions in accordance with such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register kept by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

Name	Nature of interest	Class of Shares	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares of the Company	Approximate Percentage of total shareholdings of the Company
Mr. Mao Geping[(2)]	Beneficial owner	Unlisted Shares	Long position	113,680,000		
	Interest of spouse	Unlisted Shares	Long position	29,556,800		
				143,236,800	62.73%	29.22%
	Beneficial owner	H Shares	Long position	60,840,000		
	Controlled corporation	H Shares	Long position	2,200,000		
	Interest of spouse	H Shares	Long position	22,778,400		
				85,818,400	32.77%	17.51%
Ms. WANG Liqun [(3)]	Beneficial owner	Unlisted Shares	Long position	29,556,800		
	Interest of spouse	Unlisted Shares	Long position	113,680,000		
				143,236,800	62.73%	29.22%
	Beneficial owner	H Shares	Long position	15,818,400		
	Interest of spouse	H Shares	Long position	60,840,000		
	Controlled corporation	H Shares	Long position	9,160,000		
				85,818,400	32.77%	17.51%

Name	Nature of interest	Class of Shares	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares of the Company	Approximate Percentage of total shareholdings of the Company
Ms. MAO Niping	Beneficial owner	Unlisted Shares	Long position	29,556,800	12.94%	6.03%
	Beneficial owner	H Shares	Long position	15,818,400	6.04%	3.23%
Ms. MAO Huiping	Beneficial owner	Unlisted Shares	Long position	25,009,600	10.95%	5.10%
	Beneficial owner	H Shares	Long position	13,384,800	5.11%	2.73%
Mr. WANG Lihua	Beneficial owner	Unlisted Shares	Long position	15,915,200	6.97%	3.25%
	Beneficial owner	H Shares	Long position	8,517,600	3.25%	1.74%
Ms. SONG Hongquan	Beneficial owner	Unlisted Shares	Long position	10,231,200	4.48%	2.09%
	Beneficial owner	H Shares	Long position	10,711,200	4.09%	2.19%

Notes:

(1) As at December 31, 2025, the total number of Shares of the Company was 490,186,900, comprising 228,344,600 Unlisted Shares and 261,842,300 H Shares.

(2) As at December 31, 2025, Mr. MAO Geping was deemed to be interested in the following Shares:

(a) A total of 143,236,800 Unlisted Shares, comprising (i) 113,680,000 Unlisted Shares held directly by Mr. MAO Geping; and (ii) 29,556,800 Unlisted Shares held directly by Ms. WANG Liqun (the spouse of Mr. MAO Geping); and

(b) A total of 85,818,400 H Shares, comprising (i) 60,840,000 H Shares held directly by Mr. MAO Geping; (ii) 15,818,400 H Shares directly held or controlled by Ms. WANG Liqun, the spouse of Mr. MAO Geping; (iii) 2,200,000 H Shares held by Zhixun Investment; and (iv) 6,960,000 H Shares held directly by Jiuhuan Investment.

As at December 31, 2025, Zhixun Investment was controlled by its general and executive partner Mr. MAO Geping as to 10% and its limited partner Ms. WANG Liqun as to 35.45%. As such, Mr. MAO Geping was deemed to be interested in the Shares of the Company held by Zhixun Investment.

(3) As at December 31, 2025, Ms. Wang Liqun was deemed to be interested in the following shares:

(a) A total of 143,236,800 Unlisted Shares, comprising (i) 29,556,800 Unlisted Shares held directly by Ms. WANG Liqun; and (ii) 113,680,000 Unlisted Shares held directly by Mr. Mao, the spouse of Ms. WANG Liqun; and

(b) A total of 85,818,400 H shares, comprising (i) 15,818,400 H shares held directly by Ms. WANG Liqun; (ii) 60,840,000 H shares held directly by Mr. MAO Geping, the spouse of Ms. WANG Liqun; (iii) 2,200,000 H shares directly held by Zhixun Investment; and (iv) 6,960,000 H shares directly held by Jiuhuan Investment.

As at December 31, 2025, Zhixun Investment was controlled by its general and executive partner Mr. MAO Geping as to 10% and its limited partner Ms. WANG Liqun as to 35.45%. As such, Ms. WANG Liqun was deemed to be interested in the Shares of the Company held by Zhixun Investment. Furthermore, Jiuhuan Investment is held by Ms. WANG Liqun, Mr. DONG Leqin, Ms. MAO Niping, and Ms. MAO Huiping as to 30.4598%, 8.6208%, 30.4598%, and 30.4598% shareholding respectively, with Ms. WANG Liqun and Mr. DONG Leqin acting as joint general partners. Ms. WANG Liqun shall have the casting vote and decision-making power in the general partner arrangement. As such, Ms. WANG Liqun is deemed to be interested in the Shares of the Company held by Jiuhuan Investment.

Interest in associated corporations

Name	Name of associated corporation	Nature of interest	Long position/ Short position	Number of Shares held	Approximate Percentage of shareholding
Mr. MAO Geping	Beijing Mao Geping Professional Skill Training Chaoyang Institute Co., Ltd. (北京市毛戈平職業技能培訓朝陽學校有限責任公司)[1]	Beneficial owner	Long position	0	1%
Ms. WANG Liqun[2]	Beijing Mao Geping Professional Skill Training Chaoyang Institute Co., Ltd. (北京市毛戈平職業技能培訓朝陽學校有限責任公司)[1]	Interest of spouse	Long position	0	1%

Note:

(1) Beijing Mao Geping Professional Skill Training Chaoyang Institute Co., Ltd. (北京市毛戈平職業技能培訓朝陽學校有限責任公司) is a limited liability company established in the PRC, and did not issue any shares. It is a subsidiary of the Company held by the Company as to 99.00%, and by Mr. MAO Geping as to the remaining 1%, respectively.

(2) Ms. WANG Liqun is the spouse of Mr. MAO Geping. Under the SFO, Ms. WANG Liqun was deemed to be interested in any Shares in which Mr. MAO Geping was interested.

Save as disclosed above, as at December 31, 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to our Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors or chief executive of the Company, as at December 31, 2025, the following persons who had or were deemed as having interests and short positions in the Shares and underlying shares of the Company, which would be required to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO are as follows:

Name	Nature of interest	Class of Shares	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares of the Company	Approximate Percentage of total shareholdings of the Company
Mr. Mao Geping[(2)]	Beneficial owner	Unlisted Shares	Long position	113,680,000		
	Interest of spouse	Unlisted Shares	Long position	29,556,800		
				143,236,800	62.73%	29.22%
	Beneficial owner	H Shares	Long position	60,840,000		
	Controlled corporation	H Shares	Long position	2,200,000		
	Interest of spouse	H Shares	Long position	22,778,400		
				85,818,400	32.77%	17.51%
Ms. WANG Liqun[(3)]	Beneficial owner	Unlisted Shares	Long position	29,556,800		
	Interest of spouse	Unlisted Shares	Long position	113,680,000		
				143,236,800	62.73%	29.22%
	Beneficial owner	H Shares	Long position	15,818,400		
	Interest of spouse	H Shares	Long position	60,840,000		
	Controlled corporation	H Shares	Long position	9,160,000		
				85,818,400	32.77%	17.51%

Name	Nature of interest	Class of Shares	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares of the Company	Approximate Percentage of total shareholdings of the Company
Ms. MAO Niping	Beneficial owner	Unlisted Shares	Long position	29,556,800	12.94%	6.03%
	Beneficial owner	H Shares	Long position	15,818,400	6.04%	3.23%
Ms. MAO Huiping	Beneficial owner	Unlisted Shares	Long position	25,009,600	10.95%	5.10%
	Beneficial owner	H Shares	Long position	13,384,800	5.11%	2.73%
Xinyu Zhixun Project Investment Partnership (Limited Partnership) (新余市智循項目投資合夥企業(有限合夥))	Interests jointly held with another person	Unlisted Shares	Long position	143,236,800	62.73%	29.22%
	Beneficial owner	H Shares	Long position	2,200,000		
	Interests jointly held with another person	H Shares	Long position	83,618,400		
				85,818,400	32.77%	17.51%
Xinyu Jiuhuan Project Investment Partnership (Limited Partnership) (新余市九寰項目投資合夥企業(有限合夥))	Interests jointly held with another person	Unlisted Shares	Long position	143,236,800	62.73%	29.22%
	Beneficial owner	H Shares	Long position	6,960,000		
	Interests jointly held with another person	H Shares	Long position	78,858,400		
				85,818,400	32.77%	17.51%

Notes:

(1) As at December 31, 2025, the total number of Shares of the Company was 490,186,900, comprising 228,344,600 Unlisted Shares and 261,842,300 H Shares.

(2) As at December 31, 2025, Mr. Mao Geping was deemed to be interested in:

(a) a total of 143,236,800 Unlisted Shares comprising (i) 113,680,000 Unlisted Shares held directly by Mr. Mao Geping; and (ii) 29,556,800 Unlisted Shares held directly by Ms. Wang Liqun, the spouse of Mr. Mao Geping; and

(b) a total of 85,818,400 H Shares comprising (i) 60,840,000 H Shares held directly by Mr. Mao Geping; (ii) 15,818,400 H Shares directly held or controlled by Ms. Wang Liqun, the spouse of Mr. Mao Geping; (iii) 2,200,000 H Shares held by Zhixun Investment; and (iv) 6,960,000 H Shares held directly by Jiuhuan Investment.

As at December 31, 2025, Zhixun Investment was controlled by its general and executive partner, Mr. Mao Geping, as to 10% and its limited partner, Ms. Wang Liqun, as to 35.45%. As such, Mr. Mao Geping was deemed to be interested in the Shares of our Company held by Zhixun Investment.

(3) As at December 31, 2025, Ms. Wang Liqun was deemed to be interested in:

(a) a total of 143,236,800 Unlisted Shares comprising (i) 29,556,800 Unlisted Shares held directly by Ms. Wang Liqun; and (ii) 113,680,000 Unlisted Shares held directly by Mr. Mao, the spouse of Ms. Wang Liqun; and

(b) a total of 85,818,400 H Shares comprising (i) 15,818,400 H Shares held directly by Ms. Wang Liqun; (ii) 60,840,000 H Shares held directly by Mr. Mao Geping, the spouse of Ms. Wang Liqun; (iii) 2,200,000 H Shares directly held by Zhixun Investment; and (iv) 6,960,000 H Shares directly held by Jiuhuan Investment.

As at December 31, 2025, Zhixun Investment was controlled by its general and executive partner, Mr. Mao Geping, as to 10% and its limited partner, Ms. Wang Liqun, as to 35.45%. As such, Ms. Wang Liqun was deemed to be interested in the Shares of our Company held by Zhixun Investment. Further, Jiuhuan Investment was held by Ms. Wang Liqun, Mr. DONG Leqin, Ms. MAO Niping and Ms. MAO Huiping as to 30.4598%, 8.6208%, 30.4598% and 30.4598%, respectively, with Ms. Wang Liqun and Mr. DONG Leqin acting as joint general partners while Ms. Wang Liqun shall have the casting vote and decision-making power in the general partner arrangement. As such, Ms. Wang Liqun was deemed to be interested in the Shares of our Company held by Jiuhuan Investment.

(4) Mr. Mao Geping, Ms. Wang Liqun, Xinyu Zhixun Project Investment Partnership (Limited Partnership) and Xinyu Jiuhuan Project Investment Partnership (Limited Partnership) are a group of controlling shareholders of Mao Geping Cosmetics Co., Ltd. Under the SFO, each controlling shareholder is deemed to be interested in the shares beneficially owned by other controlling shareholders.

Save as disclosed above, as at December 31, 2025, the Company is not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

ISSUANCE OF DEBENTURES

During the year ended December 31, 2025, the Group did not issue any debentures.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Interests and Short Positions of Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of this annual report, at no time during the Reporting Period or at the end of the Reporting Period was the Company or any of its subsidiaries or its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective close associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (as defined in the SFO) or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

The Restricted Share Unit Incentive Scheme

The Company adopted the Restricted Share Unit Incentive Scheme at its extraordinary general meeting held on December 4, 2025, as a method to recognize selected employees of the Company. Pursuant to the Restricted Share Unit Incentive Scheme, subject to the rules of the Restricted Share Unit Incentive Scheme, the Listing Rules and any applicable laws, rules, or regulations, the Board may, from time to time and in its absolute discretion, reward selected participants of the Company who meet the relevant conditions for equity incentives ("**Participants**") by awarding Restricted Share Unit of the Company. A summary of the Restricted Share Unit Incentive Scheme is set out in the Company's circular dated November 14, 2025.

The purposes and objectives of the Restricted Share Unit Incentive Scheme

The purposes of the Restricted Share Unit Incentive Scheme are:

(i) to further establish and improve the Company's long-term incentive mechanism and fully stimulate the enthusiasm of core employees; and

(ii) to build a business community where the interests of the Shareholders, the Company, and individual managers are effectively aligned, working together to promote the Company's sustained and healthy development.

Participants of the Restricted Share Unit Incentive Scheme

Participants for the Restricted Share Unit Incentive Scheme must meet the following criteria:

(i) The Participants must sign a labor contract or service agreement with the Company or its branches or subsidiaries;

(ii) The Participants under the Restricted Share Unit Incentive Scheme include the Company's senior and middle management personnel, outstanding talents in core positions deemed by the Company to have made exceptional contributions to its development, outstanding employees, and outstanding talents introduced by the Company;

(iii) The Participants must demonstrate strong alignment with the Company's culture and values, exhibit dedication to their role, possess a strong sense of responsibility, consistently deliver outstanding performance, and be willing to continuously contribute to the Company's growth;

(iv) The Participants must demonstrate sound professional ethics and strong performance, have no violation of any laws, regulations, or company policies, and not be subject to any other legal restrictions that would disqualify them from participating in equity incentive programs; and

(v) During the term of the Restricted Share Unit Incentive Scheme, the Board shall have the authority to determine the specific criteria or conditions for Participants.

The Participants of the initial grant under the Restricted Share Unit Incentive Scheme shall be individuals who have been employed for at least three (3) years as of the Company's listing date (i.e. December 10, 2024), or individuals who have been employed for less than three (3) years but are recognized by the Company as key person, mid-to-senior level management, or talent introduced by the Company.

Duration

The Restricted Share Unit Incentive Scheme shall be valid and effective for a period of six (6) years commencing on the adoption date (i.e. December 4, 2025), after which period no further Restricted Share Unit may be granted, but the terms of the Restricted Share Unit Incentive Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the vesting of any Restricted Share Unit made prior thereto. The Restricted Share Unit Incentive Scheme may be terminated early only as otherwise provided thereto.

Scheme mandate limit

The maximum aggregate number of H Shares that may be granted under the Restricted Share Unit Incentive Scheme as Restricted Share Unit shall not exceed 3,921,495 H shares, representing 0.8% of the Company's issued ordinary shares as of the date of this report (the "**Scheme Mandate Limit**"). The Restricted Share Units lapsed in accordance with the terms of the Restricted Share Unit Incentive Scheme shall not be regarded as utilized for the purposes of calculating the Scheme Mandate Limit.

The maximum number of shares that may be granted to any selected Participant under the Restricted Share Unit Incentive Scheme shall not exceed the Scheme Mandate Limit that the Company is authorized to grant as of the adoption date.

Operation

Subject to the provisions of the Restricted Share Unit Incentive Scheme, the Board shall have the authority, including but not limited to, to grant letter of grant for Restricted Share Unit to any Participants selected by it at any time within six (6) years commencing on the adoption date, in accordance with the terms and conditions determined by the Board. The form of such grant letter shall be determined by the Board. The grant letter shall specify the terms and conditions of the Restricted Share Unit to be granted, including but not limited to the date on which the Company grants Restricted Share Units to the Participant ("**Grant Date**"), the manner of accepting the grant of Restricted Share Units, the number of Restricted Share Units granted, the vesting conditions that must be satisfied by Participants to obtain Restricted Share Unit ("**Vesting Conditions**"), the date on which Restricted Share Unit are vested to the Participants, grant price (if applicable), and other details, terms, and conditions deemed necessary and consistent with the Restricted Share Unit Incentive Scheme.

For the purposes of the Restricted Share Unit Incentive Scheme, the Board has appointed trustee (the "**Trustee**") and entrusted institution (the "**Entrusted Institution**"), and executing the relevant appointment agreements. And the Board and/or its authorized person shall instruct the Trustee to purchase the Company's H shares from the secondary market and handle matters related to vesting. The funds for purchasing H shares shall be sourced from the Group's internal funds. The Board and/or its authorized person shall also instruct the Trustee on whether to utilize any returned shares to fulfill the grant of Restricted Share Units. The Board and/or its authorized person may include any conditions or terms in the instructions issued to the Trustee for purchasing H Shares, including but not limited to a specific purchase price or price range, the maximum amount of funds to be used for purchases, and/or the maximum number of H Shares to be purchased.

Vesting

The Board of the Company shall establish vesting conditions for Restricted Share Unit to be granted to Participants in accordance with the Company's development strategy and plans as specified in the grant letter (including but not limited to matters concerning the Company's operational objectives, financial performance, and the Participants' performance evaluation results), and shall notify the relevant Trustees and Participants. The vesting period shall be determined by the Board and set forth in the grant letter. Except as otherwise provided herein, the vesting period for any Restricted Share Unit granted shall be no less than twelve (12) months from the grant date (inclusive), unless otherwise determined by the Board in its sole discretion. Vesting procedures for the Restricted Share Unit Incentive Scheme: (i) the Board shall review whether the vesting conditions for Participants under the Restricted Share Unit Incentive Scheme have been satisfied prior to the vesting of Restricted Share Unit; (ii) for Participants who meet the vesting conditions, the Company shall uniformly handle the vesting procedures, with the shares held by the Trustee through the designated trust. For Participants who fail to meet vesting conditions, the Restricted Share Unit corresponding to that batch shall be canceled; and (iii) when the Company uniformly handles the vesting of Restricted Share Unit, the vesting of shares shall be processed in accordance with the provisions of the Restricted Share Unit Incentive Scheme. The Restricted Share Unit Incentive Scheme will be satisfied by the Trustee purchasing existing H shares of the Company on the market; therefore, no shares are available for issuance under the Restricted Share Unit Incentive Scheme. The Restricted Share Unit Incentive Scheme does not include option grants; consequently, the term for exercising options and the vesting period by the authorized person under the Restricted Share Unit Incentive Scheme do not apply to the Restricted Share Unit Incentive Scheme. The Restricted Share Unit Incentive Scheme does not stipulate a purchase price for the granted shares, and grantees are not required to pay any money to accept the Restricted Share Unit. Consequently, the corresponding payment or notice of payment period, or the repayment period for option loans, does not apply.

As of the date of this report, the remaining duration of the Restricted Share Unit Incentive Scheme is approximately five years and seven months.

Details of movements of the Restricted Share Units granted under the Restricted Share Unit Incentive Scheme during the year ended December 31, 2025 are set out below:

Category of participants	Date of grant by the Company	Unvested as of January 1, 2025	Closing price of shares immediately preceding the date of grant by the Company	Fair value of the awards on the date of grant by the Company[1]	Vesting price	Granted	Vested	Lapsed	Canceled	Unvested as of December 31, 2025	Weighted average closing price of the shares immediately preceding the vesting date	Vesting period
Other employees of the Group	December 4, 2025	–	HK$88.50	HK$43.38	HK$45.12	1,161,779	0	117,056	0	1,044,723	N/A	The first vesting period shall fall within 30 days after the expiry of 12 months from the date of grant

Notes:

1. Details of the fair value of the awards granted during the Reporting Period and the accounting policies and standards adopted are set forth in Notes 29 and Notes 2.4 to the consolidated financial statements.

2. Subject to the satisfaction of the vesting conditions (including the performance targets customized for each grantee), the Restricted Share Units shall vest in accordance with the vesting schedule. The Restricted Share Units granted to the grantees shall vest as to 1/3, 1/3 and 1/3, respectively, on the first, second and third anniversary of the date of grant of such restricted share units. The vesting period of any Restricted Share Units granted shall be no less than twelve (12) months from (and including) the date of grant, with 1/3 vesting in each period, provided that such vesting shall only take place upon satisfaction of the Company-level performance assessment targets and the individual-level performance assessment targets.

3. The performance target to be achieved by the grantee prior to vesting of the relevant Restricted Share Units of the Company is that, the employee participants performance appraisal score in the preceding financial year shall at least be "passing", Personal vesting portion shall be further determined based on the performance assessment grade above the passing threshold. Moreover, the employee participants are not prohibited from participating in the Restricted Share Unit Incentive Scheme according to the Restricted Share Unit Incentive Scheme and the terms of the grant letters.

4. The vesting price of all Restricted Share Units mentioned in the table above is HKD45.12, which is payable by the grantee upon vesting of the Restricted Share Units. This vesting price was determined after taking into account (i) the relevant grantee's contribution to the Company; (ii) the estimated costs required to administer and operate the Restricted Share Unit Incentive Scheme; and (iii) the closing price of the shares at the time the Restricted Share Units were granted. No consideration or any form of purchase price is payable by the grantee upon acceptance of the Restricted Share Units.

5. Save as disclosed above, there is no Restricted Share Unit granted under the Restricted Share Unit Incentive Scheme to any Director.

6. Reference is made to the announcement published by the Company dated December 4, 2025, for the avoidance of doubt, the Board has resolved to grant a total of 1,161,779 Restricted Share Units on December 4, 2025 and the relevant grant letters have been entered into between the Company and respective selected participants on December 31, 2025.

7. During the Reporting Period, no Restricted Share Unit was granted to the Directors and the five highest-paid individuals of the Group.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, the Company did not enter into any equity-linked agreements during the year ended December 31, 2025.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance in respect of legal actions arising out of corporate activities against the current Directors and senior management of the Company and its associated companies and the Directors and senior management of the Company and its associated companies who resigned during the year ended December 31, 2025. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules since the Listing Date and up to the date of this annual report.

PURCHASE, SALE, OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended December 31, 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of the end of the Reporting Period, there were no treasury shares held by the Company.

CONTINUING CONNECTED TRANSACTIONS

Property Leasing Framework Agreement

On November 26, 2024, our Company (for itself and on behalf of its subsidiaries) entered into a property leasing framework agreement with Hangzhou Shangdu Technology Co., Ltd. (杭州尚都科技有限公司) ("**Shangdu Technology**") (for itself and on behalf of its associates) (the "**Property Leasing Framework Agreement**"), pursuant to which the Group will lease certain properties located in Hangzhou with certain services from Shangdu Technology and/or its associates for office or business use. The initial term of the Property Leasing Framework Agreement will commence on the Listing Date and end on December 31, 2026, subject to renewal through mutual consent by the parties and compliance with the Listing Rules. The parties will enter into separate agreements setting out the specific terms and conditions (including gross floor area of the property, property rents, payment methods and other usage fees) in respect of the relevant leased property based on the principles, and within the parameters provided, under the Property Leasing Framework Agreement. The maximum aggregate annual amounts of the rents payable by the Company to Shangdu Technology and/or its associates under the Property Leasing Framework Agreement for each of the three years ending December 31, 2026 are not expected to exceed RMB6.0 million, RMB6.0 million and RMB6.0 million, respectively. As of December 31, 2025, Shangdu Technology was held by Ms. WANG Liqun and Mr. WANG Lihua, as to 80% and 20%. Ms. WANG Liqun is an executive Director, vice chairperson of the Board and one of the controlling shareholders, and Mr. WANG Lihua is an executive Director. Therefore, Shangdu Technology is a connected person of our Company. The transactions between the Company and Shangdu Technology constitute continuing connected transactions under Chapter 14A of the Listing Rules.

For the year ended December 31, 2025, the actual rent was RMB4.88 million, and the value of right-of-use assets in relation to our lease of properties from Shangdu Technology and/or its associates under the Property Leasing Framework Agreement was nil.

Confirmation of Independent Non-executive Directors

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that:

(1) The above continuing connected transactions were entered into in the ordinary and usual course of business of the Group;

(2) The above continuing connected transactions were entered into on normal commercial terms or better; and

(3) The above continuing connected transactions were entered into in accordance with the framework agreements, the terms of which were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Confirmation of Independent Auditor

The independent auditor was engaged to perform the relevant procedures regarding the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued its letter of unqualified opinion, and confirmed that:

(1) Nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board of Directors of the Company.

(2) Nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(3) With respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap set out by the Company.

Save as disclosed above, there are no other related party transactions set out in Note 33 to the consolidated financial statements that are connected transactions or continuing connected transactions that are required to be disclosed under the Listing Rules. During the Reporting Period, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Ernst & Young as the auditor of the Company. There is no change of auditor of the Company since the Listing Date.

PRE-EMPTIVE RIGHTS

During the year ended December 31, 2025, the Company had no pre-emptive rights. There are no specific provisions under the PRC laws or the Articles of Association of the Company in relation to pre-emptive rights.

COMPLIANCE WITH THE CG CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The CG Code set out in Part 2 of Appendix C1 to the Listing Rules has become applicable to the Company with effect from the Listing Date. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices since the Listing. Please refer to the paragraph headed "Corporate Governance Practices" in the Corporate Governance Report of this annual report for details of compliance with the CG Code.

Details of the Group's corporate governance practices can be found in the Corporate Governance Report of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed and agreed with the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls and financial reporting with the management, including the review of the audited consolidated financial statements of the Group for the year ended December 31, 2025. The Audit Committee considers that the financial results for the year ended December 31, 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

SIGNIFICANT LEGAL PROCEEDINGS

During the year ended December 31, 2025, the Group was not involved in any litigation of material importance.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to any Shareholders as a result of holding the securities of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period and up to the date of this report, the Group was not aware of any non-compliance with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects.

RELATIONSHIP BETWEEN THE COMPANY AND EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company recognizes that the employees are key to corporate sustainability and are keen on developing long-term relationships with employees. Attracting, retaining, and motivating qualified employees is crucial to our success. The Company utilizes various recruitment channels, including professional recruitment websites, campus recruitment, and referrals to attract talents. The Company is committed to creating a fair and equal working environment for its employees. The Company endeavors to motivate its employee by providing competitive salaries, comprehensive welfare packages, and merit-based incentive schemes based on their performance. The Company understands that it is important to maintain good relationship with customers. The Company is committed to offering quality products to its customers. The Company has established procedures for handling customers' feedback in order to ensure customers' feedback is dealt with in a prompt and timely manner. The Company is also dedicated to developing good relationship with suppliers to ensure long-term stable supply. Details of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Company are set out in the Environmental, Social and Governance Report.

PRINCIPAL RISKS AND UNCERTAINTIES

The beauty industries and the demand for our products are subject to changes in the general economic conditions and our consumers' consumption desire.

While people's demand for beauty and personality expression is growing, the beauty industries and the demand for our products depends on the disposable income of our customers and their willingness to spend on such beauty products, which would therefore be vulnerable to economic downturn or macroeconomic environment. During economic downturns, consumers may prioritize their spending on essentials and reduce their expenditure on items like beauty products. As such, any decrease in our customers' affordability of such beauty products may lead to reduced customer flow, which in turn could have an adverse impact on our business, financial condition and results of operations. To resist risks of changes in the general economic conditions and consumer sentiment, we will stick to the principle of cost efficiency, and consider entering into niche market segments through differentiated positioning of multiple brands, while actively exploring overseas markets. We will address challenges through strategic adjustments across multiple dimensions.

Our success is dependent on the continued popularity of our products and our ability to compete effectively in the high-end beauty industry.

We operate in an industry characterized by constant and unpredictable changes in consumer preferences and industry trends. The success of our business and operations depends largely on our ability to anticipate, interpret and adapt to these changing preferences and trends, and to continually deliver products that appeal to consumers, including color cosmetics and skincare products. If we fail to accurately anticipate and respond to industry changes, or if we experience delays in developing and launching new products that align with those changes, our products may become less desirable or obsolete. In addition, the premium beauty market is highly competitive, with numerous established and emerging players. We mainly compete with other domestic and international premium beauty brands in China. Our performance is dependent on our ability to distinguish our products from those of our competitors and to deliver superior quality and value to consumers. In order to maintain and improve our market position, we continuously invest in developing, producing and marketing new products, optimizing our product offerings and improving our sales and marketing strategies, maintaining and increasing our brand awareness, thereby building a popular premium beauty brand in China.

We rely on third-party e-commerce platforms to sell our products online. If such platforms' services or operations are interrupted or if our cooperation with such platforms terminates, deteriorates or becomes more costly, our business, financial condition and results of operations may be adversely affected.

We have relied and continue to rely on certain third-party e-commerce platforms such as Tmall, Xiaohongshu and Douyin for online sales of our products and derived a portion of our online sales revenue through such platforms. In 2025, our revenue generated from online sales amounted to RMB2,477.1 million, accounting for 50.5% of our revenue generated from the product sales of the same period. In addition, If such platform's services or operations are interrupted, if such platforms fail to provide satisfactory customer experience and fail to attract new and retain existing users, if our cooperation with such third-party e-commerce platforms terminates, deteriorates or becomes more costly, or if we fail to incentivize such platforms to drive traffic to our online stores on these platforms or promote the sale of our products, our business and results of operations may be materially and adversely affected. We cannot guarantee that we will be able to find alternative channels on terms and conditions commercially acceptable to us in a timely manner, or at all, especially given their leading position and significant influence in China's e-commerce industry. In addition, any negative publicity about such platforms, any public perception or claims that non-authentic, counterfeit or defective goods are sold on such platforms, be it with merit or proven or not, may deter visits to the platforms and result in less customer traffic or fewer sales of our products, which may negatively impact our business, financial condition and results of operations. In response to these risks, we will remain committed to consumers' demand, deepen our strategic cooperation with leading platforms, optimize traffic operation and private domain conversion of users to continuously strengthen brand building. We will explore emerging channels such as social e-commerce and cross-border platforms to reach consumers in a more diversified manner.

Production delays, product quality risks and confidential information leakage from ODM/OEM providers may lead to brand reputation damage, legal disputes and reduced market competitiveness.

We engaged certain ODM and OEM providers to participate in the design, development, and production of our products to optimize operational efficiency and diversify our product portfolio. We screen ODM and OEM providers based on strict criteria. However, we cannot guarantee that our ODM and OEM providers have sufficient capabilities to meet the growing demand for our products, which may result in delays in the launch of new products and deliveries, and damage our market reputation and relationships with consumers. In addition, as our ODM and OEM providers typically take three to four months to produce our products, such production cycle may affect our ability to manage inventory and implement our demand planning policies and procedures to ensure that the scheduled production meets the expected market demand. Any material deterioration in our relationships with these business partners, any significant business challenges faced by them, or any failure on their part to produce products consistent with our standards or in accordance with contractual or regulatory requirements could affect our product quality or supply, cause consumer dissatisfaction and harm our brands. Further, any leakage, plagiarism or disclosure of confidential information during the process of design, development or production by ODM and OEM providers could damage our reputation and jeopardize market competitiveness and may further subject us to legal proceedings and potential liabilities. To cope with these risks, when screening cooperative providers, we attach great importance to their business reputation, and sign confidentiality agreements with them. We require providers to ensure that the formulas, processes, and production techniques used in the products sold and delivered to us have legally obtained all relevant intellectual property rights and will not infringe on the legitimate rights of any third parties. To reduce the risk of delayed deliveries from providers, we will seek alternative solutions while taking into account operational efficiency, such as developing alternate providers for key categories of products. In addition, we are also building our own production facilities as an important supplement to the existing production model to ensure the timely and reliable supply of products. Our quality management team will also make adaptive adjustments in response to changes in the scale of production and sales to ensure that there are sufficient professionals to carry out quality management.

We may be exposed to the risk of resources diversion, integration failures, financial burdens (such as equity dilution and debt restrictions) and potential impairment of goodwill resulting from acquisitions. Coupled with approval delays or unknown liabilities, we may fail to achieve the anticipated benefits, which could harm our business development.

We may acquire assets, technologies, or businesses that are complementary to our existing operations. Any acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could adversely affect our business. Acquired assets or businesses may not generate the financial or results of operations we expect. In addition, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, the incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and expenses and harm our business generally. If we use our equity securities to pay for acquisitions or investments, we may dilute the value of our Shares. If we borrow funds to finance acquisitions or investments, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions and investments may also lead to significant amortization expenses related to intangible assets, impairment charges or write-offs. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible shareholders' approval, we may also have to obtain approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations, which could result in increased costs and delays. To this end, we need to establish a prudent acquisition evaluation mechanism, conducting thorough due diligence to screen target companies that are in line with our brand strategic positioning and synergize with our existing business, and presetting integration plans and exit mechanisms. Diversified payment methods are required to control financial risks. In addition, we need to establish a special integration team and retain core talents to reduce the diversion of management attention, plan the approval process in advance and prioritize compliance to reduce policy risks, and establish a dynamic monitoring system for financial indicators to regularly assess the risks of impairment of goodwill and intangible asset, and then adjust and optimize the asset portfolio in a timely manner.

We may be subject to additional contributions of social insurance and housing provident funds and late payments and fines imposed by relevant governmental authorities.

As required by the PRC laws, a company that enters into an employment contract with an employee shall be the one to make the social insurance and housing provident fund contribution in full for the employee. During the Track Record Period, we engaged third-party human resource agencies to pay social insurance primarily because some of our employees working in different cities across the nation prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally. In addition, during the Track Record Period, we did not make full contributions to social insurance and housing provident fund for certain employees. Such arrangement, although not uncommon in China, is not in strict compliance with relevant PRC laws and regulations. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, we may be ordered to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. As of the date of this report, we had not received any administrative penalty or rectification order imposed by competent authorities in PRC in terms of the social insurance plans and housing provident fund contributions. We cannot assure you that we will not be subject to any order to rectify this non-compliance incident in the future. We may be ordered by the relevant authorities to pay the overdue contributions within the prescribed period, failing which we may be subject to a penalty or subject to specific enforcement by the People's Court. Any such event would materially and adversely affect our business, financial condition and results of operations.

To eliminate the abovementioned potential adverse impacts, we are gradually reducing cooperation with third-party agencies, exploring new employment models, or making contributions by branch offices established by the Company in local areas, so as to comply with the regulatory requirements of PRC laws on social insurance and housing provident fund contributions, and orderly increasing the contribution bases of social insurance and housing provident fund and optimizing the contribution methods according to the policy environment, thereby gradually achieving the goal of making full and compliant social insurance and housing provident fund contributions for all employees.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Discussions on the environmental policies and performance, compliance by the Group with the relevant laws and regulations that have a significant impact on the Group and the key relationship s of the Group with its stakeholders are set out in the "Environmental, Social and Governance Report" of the Company.

By order of the Board
Mao Geping

Hong Kong
March 26, 2026

For the year ended December 31, 2025 (the "**Reporting Period**"), the Board of Directors is pleased to report to the Shareholders on the corporate governance of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards with a view to safeguarding the interests of our Shareholders.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

The Company's H Shares were listed on the Main Board of the Stock Exchange on December 10, 2024, to the best knowledge of the Directors, the Company has complied with all applicable code provisions set out in the CG Code for the year ended December 31, 2025.

CULTURE AND VALUES

Our management and workforce are committed to the following shared values that form the foundation of our corporate culture:

- Crafting perfection through artisanship: Living the mission, fostering commitment and pursuing excellence.

- Putting contributors first: Rallying contributors, generating value, and rewarding contribution.

- Upholding innovation spirit: Creating differentiated products, embracing open mindedness, and enhancing consumer engagement.

BOARD

Board Composition

The Board of Directors of the Company consists of nine Directors, including six executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of our Group, formulating the annual financial budgets and final accounts of our Group, formulating the fundamental management systems of our Group, formulating profit distribution plans and loss recovery plans of our Group, and exercising other powers and functions as conferred by the Articles of Association.

The composition of the Board is as follows:

Executive Directors

Mr. MAO Geping *(Chairman of the Board)*
Ms. WANG Liqun
Ms. MAO Niping
Ms. MAO Huiping
Mr. WANG Lihua
Ms. SONG Hongquan

Independent Non-executive Directors

Mr. GU Jiong
Mr. HUANG Hui
Mr. LI Hailong

Save as disclosed in this report, to the best knowledge of the Company, there are no financial, business, family, or other material relationship among members of the Board.

Chairman and President

The Chairman of the Company is Mr. Mao Geping and the President (chief executive) of the Company is Ms. SONG Hongquan.

Board Independence

The Company recognizes the importance of board independence to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

Pursuant to the terms of reference of the Nomination Committee and the Board Diversity Policy, the Nomination Committee will conduct an annual assessment on the independence of the Board, in particular the independent non-executive Directors according to the Listing Rules.

The Remuneration Committee will ensure that the Company shall not generally grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive Directors.

The Company has received the annual written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules, and considers each of the independent non-executive Directors to be independent.

Appointment, Re-election and Removal of Directors

All executive Directors, non-executive Directors and independent non-executive Directors are appointed for a specific term of three years. None of the Directors has a service contract or letter of appointment with the Company or any of its subsidiaries other than the contracts/letters of appointment expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

The ordinary resolutions to approve the appointment of Directors shall be passed by votes representing more than one-half of the voting rights represented by the Shareholders (including proxies) present at the general meeting.

If the term of office of a Director has expired but re-election is not timely made, or the said Director has resigned within his/her term of office, resulting in the numbers of members of the Board falls short of the quorum, the said Director shall continue to perform his/her duties as Director pursuant to relevant laws, administrative regulations, departmental rules and the Articles until a new Director is elected.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. The newly appointed Directors were also provided with a detailed induction to the Group's businesses by senior management. Pursuant to code provision C.1.4 in the CG Code, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to submit to the Company details of the training they received in each financial year for the Company's maintenance of proper training records of the Directors.

The records of training received by the Directors throughout the Reporting Period is summarized below:

Directors	Training
Executive Directors	
MR. MAO Geping	✔
MS. WANG Liqun	✔
MS. MAO Niping	✔
MS. MAO Huiping	✔
MR. WANG Lihua	✔
MS. SONG Hongquan	✔
Independent Non-Executive Directors	
MR. GU Jiong	✔
MR. HUANG Hui	✔
MR. LI Hailong	✔

Before the Listing, the Company organized training sessions conducted by the qualified professionals for all Directors. The training sessions covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including legal and regulatory updates have been provided to the Directors for their reference and studying.

BOARD ACTIVITIES

Board meetings include regular meetings and extraordinary meetings. Board meetings should be convened at least four times a year at approximately quarterly intervals.

Members of the Board are provided with complete, adequate and timely information to allow them to fulfill their duties properly. Notice shall be given to all Directors at least 14 days prior to a regular meeting of the Board, and at least 5 days prior to an extraordinary meeting of the Board. The responsible body of the Company shall serve a written notice of the meeting convened to all Directors and the general manager by hand, fax, express mail service or other means of electronic communication. The agenda and accompanying Board papers are despatched to the Directors or members of the Board committees at least three days before such meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or members of the Board committees are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the joint company secretary of the Company with copies circulated to all Directors for information and records.

The matters considered by the Board and Board committees and the decisions reached are recorded in sufficient details in the minutes of the Board meetings and Board committees meetings. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meeting and Board committees meeting are sent to the relevant Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

For the year ended December 31, 2025, the Company held 1 annual general meeting and 2 extraordinary general meetings, the Board held 4 Board meetings, the Audit Committee held 3 meetings, the Nomination Committee and the Remuneration Committee each held 1 meeting. The attendance records of each Director at the above meetings are set out below:

	Attendance Rate/Number of Meetings for the Year Ended December 31, 2025				
Names of Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**	**General Meeting**
Executive Directors					
Mr. Mao Geping	4/4	/	1/1	1/1	3/3
Ms. Wang Liqun	4/4	/	/	/	3/3
Ms. Mao Niping	4/4	/	1/1	/	3/3
Ms. Mao Huiping	4/4	/	/	1/1	3/3
Mr. Wang Lihua	4/4	/	/	/	2/3
Ms. Song Hongquan	4/4	/	/	/	3/3
Independent Non-executive Directors					
Mr. Gu Jiong	4/4	3/3	1/1	1/1	3/3
Mr. Huang Hui	4/4	3/3	1/1	1/1	3/3
Mr. Li Hailong	4/4	3/3	1/1	1/1	3/3

Board Committees

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular areas of the Company's affairs. All Board committees of the Company have been established with clear written terms of reference specifying their powers and duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are published on the websites of the Company and Hong Kong Exchanges and Clearing Limited.

Audit Committee

The Audit Committee has been established with effect from the Listing Date and currently comprises three members, including three independent non-executive Directors, namely Mr. Gu Jiong, Mr. Huang Hui and Mr. Li Hailong. Mr. Gu Jiong is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to review the Group's financial control, internal control and risk management systems, to oversee the integrity of the Company's financial statements, to review and supervise the independence of the external auditors and the objectivity and effectiveness of the audit process, and to perform other duties and tasks assigned by the Board.

The Audit Committee considered and approved the following resolutions on March 27, 2025:

1. Resolution on hearing the report from the financial auditors of the Company;

2. Resolution on the consolidated financial statements, results announcement and the representation letter to be provided to the financial auditors of the Company for the year 2024;

3. Resolution on the risk management and internal control of the Company;

4. Resolution on the review of the whistleblowing policy of the Company;

5. Resolution on the continuing connected transactions of the Company; and

6. Resolution on the re-appointment of the financial auditors of the Company for the year 2025.

The Audit Committee considered and approved the following resolutions on August 27, 2025:

1. Resolution on hearing the report from the financial auditors of the Company; and

2. Resolution on the consolidated financial statements, results announcement, interim report and the representation letter to be provided to the financial auditors of the Company for the six months ended June 30, 2025.

For the year ended December 31, 2025, the Company convened three Audit Committee meetings.

Remuneration Committee

The Remuneration Committee has been established with effect from the Listing Date and currently comprises five members, including two executive Directors, namely Mr. Mao Geping and Ms. Mao Huiping, and three independent non-executive Directors, namely Mr. Gu Jiong, Mr. Huang Hui and Mr. Li Hailong. Mr. Li Hailong is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee are to establish and review the policy and structure for the remuneration of Directors and senior management and to make recommendations on the remuneration packages of individual executive Director and senior management.

The Company's remuneration policy is designed to ensure that the remuneration packages offered to employees (including executive Directors and senior management) are based on their skills, knowledge, responsibilities, and the extent of their involvement in the Company's affairs. The Company pays fees, wages, salaries, discretionary bonuses, pension contributions, housing provident fund, medical insurance, other social insurance, share-based remuneration expenses and other employee benefits to the executive Directors and senior management (as employees of the Company). The non-executive Directors and independent non-executive Directors will be remunerated in accordance with their duties, including membership or chairmanship of the Board committees.

The Remuneration Committee considered and approved the "Resolution on the Remuneration for Directors and Senior Management of the Company for the Year 2025" which, among others, assessed performance of the Directors and senior management, approved the terms of service contracts of the Directors and senior management and made recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management on March 27, 2025.

The remuneration of the senior management during the year ended December 31, 2025 fell within the following ranges and their biographical details are set out in the section headed "Directors' and Senior Management's Biographies" of this annual report:

Remuneration	Number of Persons
RMB1,000,001 to RMB2,000,000	2
RMB2,000,001 to RMB3,000,000	1
RMB4,000,001 to RMB5,000,000	2
RMB5,000,001 to RMB6,000,000	1

For the year ended December 31, 2025, the Company convened one Remuneration Committee meeting.

Nomination Committee

The Nomination Committee has been established with effect from the Listing Date and currently comprises five members, including two executive Directors, namely Mr. Mao Geping and Ms. Mao Niping, and three independent non-executive Directors, namely Mr. Gu Jiong, Mr. Huang Hui and Mr. Li Hailong. Mr. Li Hailong is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to make recommendations to the Board on the appointment or re-appointment of Directors and to review the Company's Board Diversity Policy.

In assessing the composition of the Board, the Nomination Committee will take into account the different dimensions as well as the factors relating to the diversity of the Board as set out in the Company's Board Diversity Policy.

In identifying and selecting suitable Director candidates, the Nomination Committee will take into account the relevant criteria set out in the Directors' Nomination Policy and the Board Diversity Policy of the candidates that are compatible with the corporate strategy and the achievement of Board diversity, where applicable, before making a recommendation to the Board.

For the year ended December 31, 2025, the Company convened one Nomination Committee meeting. The Nomination Committee is of the view that the diversity of views of the Board is appropriately balanced.

Board and Employee Diversity Policy

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, educational background, ethnicity and length of service. The ultimate decision of the appointment will be based on the merit and contribution which the selected candidates will bring to the Board.

The Company's Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and, when necessary, make any necessary revisions and recommend any such revisions to the Board for consideration and approval.

The Directors of the Company currently comprise four female Directors and five male Directors, having a balanced mix of knowledge and skills, including overall management and strategic development, quality assurance and control, finance and accounting, corporate governance and industry experience relevant to our Group's operations and business. They obtained degrees in various majors including law, financial management and business administration. Accordingly, the Company has achieved gender diversity on the Board. We have three independent non-executive Directors with different industry backgrounds, representing one third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model, specific needs and the different background of our Directors, the Nomination Committee believes that the composition of our Board satisfies our Board Diversity Policy.

An analysis of the current composition of the Board based on measurable objectives is as follows:

Gender:
Male Directors: five
Female Directors: four

Age Group:
41 to 50 years old: two
51 to 60 years old: four
61 to 70 years old: three

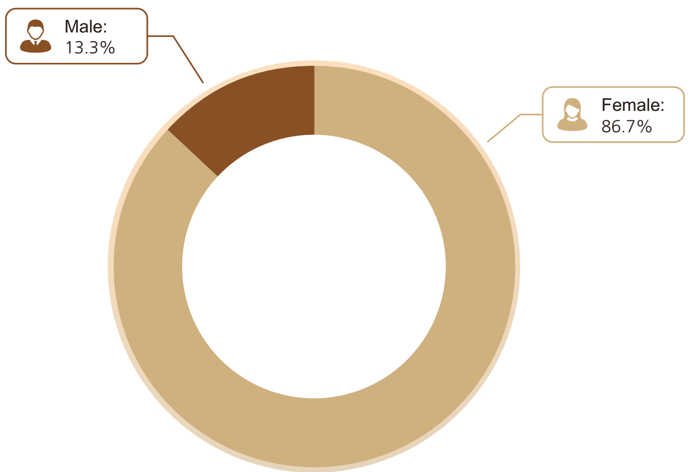
Appointment:
Executive Directors: six
Independent Non-executive Directors: three

Nationality:
Chinese: nine

Educational Background:
Law: two
Financial Management: one
Business Administration: four
Others: two

Gender Diversity

The Company values gender diversity across all levels of the Group. The following diagram sets out the gender ratio in the workforce of the Group that the Board had expected to achieve and achieved, including the Board and senior management as at December 31, 2025 (Male: 13.3% (596); Female: 86.7% (3,892)). The Board believes that there is no situation that makes gender diversity difficult.



Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted Director Nomination Procedures which set out the selection criteria and nomination process for the nomination and appointment of Directors of the Company, as well as the considerations for the Board's succession planning and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process set out in the Director Nomination Procedures is as follows:

The Nomination Committee will recommend to the Board for the appointment of a director in accordance with the following procedures and process:

(a) The Nomination Committee may consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third-party agency firm and proposals from the Shareholders of the Company with due consideration given to the criteria which include but are not limited to the following:

   i Diversity in the aspects, amongst others, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

   ii Commitment for responsibilities of the Board in respect of available time and relevant interest;

   iii Qualifications, including accomplishment and experience in relevant industries in which our Group's business is involved;

   iv Independence;

   v Reputation for integrity;

   vi Potential contributions that the individual can bring to the Board; and

   vii Plan(s) in place for the orderly succession of the Board.

(b) The Nomination Committee may adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(c) The proposed candidates will be required to submit the necessary personal information for the consideration of the Nomination Committee. If necessary, the Nomination Committee may request the candidates to provide additional information and documents;

(d) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) The Nomination Committee will provide the relevant information of the selected candidate to the Company's Remuneration Committee for consideration of the remuneration package of such selected candidate;

(f) The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and where a non-executive Director is considered, the Remuneration Committee will make the recommendation to the Board on the proposed remuneration package;

(g) The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment (as the case may be); and

(h) All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the Registrar of Companies in Hong Kong and updating the register of Directors of the Company. A Director should consent to the public disclosure of his personal information in any document or in connection with his appointment as a director on the relevant website.

Shareholder can serve a notice to the Company within the lodgement period of its intention to propose a resolution to elect a certain person as a director, without the Board's recommendation or the Nomination Committee's consideration and nomination, other than those candidates set out in the shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

The Board shall have the final decision on all matters relating to the recommendation of candidates for election at any general meeting.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board should disclose the Director Nomination Policy in the Corporate Governance Report every financial year. This includes the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship. Please see the paragraph headed "Director Nomination Policy" above for details.

The Board shall review the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's insider dealing policy, and the Company's compliance with the CG Code in 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules regarding Directors' securities transactions. Having made specific enquiry by the Company, all Directors confirmed that they have complied with the provisions of the Model Code throughout the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

To establish, improve and effectively implement internal control is the responsibility of the Board, and the Board of the Company is responsible for (a) developing and maintaining effective internal control, including ongoing supervisory activities; (b) ensuring the adequacy of, and the retention of, documentation and evidence of internal control; and (c) identifying all laws and regulations applicable to the Company's activities and ensuring that the Company complies with applicable laws and regulations.

Risks are inherent in all accounting, information and operating systems. To monitor and manage these risks, the Company's management is required to implement internal control measures. When designing these measures, the Company needs to ensure that: (a) the Company's operations are conducted effectively and efficiently; (b) the Company complies with the requirements of applicable laws and regulations; and (c) the Company's financial and operating information is reliable and accounting records are properly maintained.

Control Environment

The Company has established an employee handbook, which contains clear provisions on the Company's corporate culture, penalty clauses for misconduct, and behaviors beyond the bottom line. The Human Resources Department will circulate the employee handbook to new employees upon their entry and conduct induction training on the contents of the employee handbook.

The Company has, in the board resolution titled "Proposal on the Formulation of the 'Internal Information Management System of Mao Geping Cosmetics Co., Ltd.' and Other Internal Systems", clearly approved the adoption of the Corporate Governance Code in Appendix C1 of the Listing Rules as the guidelines for regulating the Company's governance, and the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules as the rules for regulating the transactions of the Company's listed securities by Directors.

At present, the Company requires personnel in key positions to sign the "Non-compete Agreement" and the "Confidentiality Agreement", and clearly states in the employee handbook that employees shall not engage in activities that pose a conflict of interest with the Company and their positions. Meanwhile, the Company has formulated the "Investigation Form for Directors, Supervisors and Senior Management", requiring directors, senior management, etc. to submit personal and family members' interest declarations every six months and sign for confirmation. The Company has formulated the "Conflict of Interest Declaration System" to standardize the definition of conflicts of interest, the rules for declaring conflicts of interest, etc.

The Company has established the "Anti-Fraud, Anti-Money Laundering and Anti-Bribery Management System", which defines fraudulent, money laundering and bribery behaviors, clarifies the relevant responsibilities of the supervisory departments for the anti-fraud, anti-money laundering and anti-bribery mechanisms, and specifies the reporting acceptance channels and punishment measures for relevant matters.

The Company has confirmed the list of the Board of Directors, appointed the company secretary and authorized representatives, and established professional committees under the Board of Directors. The Company has revised the "Company Information Disclosure Management Measures" to clarify the working procedures for the external release, disclosure, monitoring and handling of information, which was approved by the resolution of the Board of Directors meeting and subsequently officially issued.

The Company has established the Audit Committee under the Board of Directors and formulated detailed working rules and regulatory documents, which stipulate the committee's composition, member qualifications, principal responsibilities, and other key provisions. The Audit Committee is chaired by Mr. Gu Jiong, an independent non-executive Director, with Mr. Huang Hui and Mr. Li Hailong, both of whom are independent non-executive Directors, serving as members. The "Working Rules of the Audit Committee of the Board" stipulates that the Audit Committee is responsible for proposing the appointment or replacement of external audit firms; supervising the Company's internal audit system and its implementation; being responsible for the communication between the internal and external auditors; reviewing the Company's financial information and its disclosure; examining the Company's internal control system; and other authorities authorized by the Board.

The Company's audit department is responsible for supervising the internal control system, monitoring various risk matters in business processes, and other tasks. Every year, the audit department conducts spot checks on some business processes according to actual business operations or participates in the audit work of major special activities. The audit manager prepares and submits the Internal Special Audit Report to the chief executive of the Company and monitors the implementation of subsequent rectifications. The Company has formulated the "Internal Audit System", and the audit department implements appropriate review procedures in accordance with relevant regulations to assess the effectiveness of the Company's internal control.

The primary responsibilities of the Company's legal department include: drafting, reviewing, revising, and archiving contracts and other legal documents of the Company, as well as providing legal advice on the contents of contracts to enhance the standardized management of the Company's contracts; handling the application, maintenance, and management of the intellectual property rights of the Company, while offering risk warnings and professional advice on related matters; liaising with external legal counsel to address infringement, litigation, and non-litigation legal affairs involving the Company, thereby effectively preventing and mitigating legal risks to safeguard the Company's legitimate rights and interests.

The core responsibilities of the Company's internal control department in risk management include: establishing an internal control management system, continuously optimizing and improving various policies and business processes; assessing the extent of support, effectiveness, operability, and compliance of existing policies and processes in relation to business activities; and actively promoting the improvement and implementation of measures for addressing internal control deficiencies.

Internal Control

1. Management Process

The management of the Company primarily understands and discusses various risks and their corresponding response strategies through meetings. The Company has established the "Risk Management System", which clearly stipulates the specific content, objectives, and responsible departments of risk management, as well as the implementation process, supervision mechanism, and rectification requirements of risk assessment. The Company has integrated climate-related risks into its risk management framework. During the risk identification and assessment process, the management comprehensively evaluates the potential impacts of climate change on supply chain stability, production and operations, as well as compliance requirements.

2. Legal and Regulatory Compliance

Handling of Legal Affairs: The legal department of the Company is responsible for drafting, reviewing, revising, and filing of the Company's contracts and other legal documents, as well as providing legal advice on the contents of contracts to enhance the standardized management of the Company's contracts; handling the application, maintenance, and management of the intellectual property rights of the Company, while offering risk warnings and professional advice on related matters; and is responsible for liaising with external legal counsel to address infringement, litigation, and non-litigation legal affairs involving the Company, effectively preventing and mitigating legal risks to safeguard the Company's legitimate rights and interests.

Internal Control System and Procedures: The Company has established an audit department to inspect and supervise the authenticity and integrity of the Company's financial information, as well as the establishment and implementation of the internal control system. Every year, the audit department conducts spot checks on some business processes according to actual business operations or participates in the audit work of major special activities. The audit manager prepares and submits internal special audit reports to the management. The audit manager then tracks the subsequent rectification situation.

3. Identification, Prevention and Reporting Procedures of Fraudulent Behaviors

The Company has established an employee handbook, which contains clear provisions on the Company's corporate culture, penalty clauses for misconduct, and behaviors beyond the bottom line. The Human Resources Department will issue the employee handbook to new employees upon their entry and conduct induction training on the contents of the employee handbook.

The Company has established the "Anti-Fraud, Anti-Money Laundering and Anti-Bribery Management System", which defines fraudulent, money laundering and bribery behaviors, clarifies the relevant responsibilities of the legal department as the supervisory department for the anti-fraud, anti-money laundering and anti-bribery mechanisms, and specifies the reporting acceptance channels and punishment measures for relevant matters. At the same time, the Company has clearly stated the channels for complaints, reports and appeals in the employee handbook. The audit department and the management have access to this email serving as the internal reporting channel for employees.

4. Procedures for Identifying and Responding to Changes in the Operating Environment

In daily operation and management, the management of the Company primarily identifies and assesses various risks, and formulates corresponding response strategies in a timely manner through meetings. Management listens to the business reports of each department through regular business meetings (such as monthly/weekly meetings) convened by each department and various special meetings to monitor significant changes in sales, procurement, financial reporting, and laws and regulations, etc., and to discuss responses measures and solutions for relevant changes, so as to effectively manage changes in the operating environment. Meanwhile, the management reports the Company's development situation and major decisions to the Board. The aforementioned mechanism also encompasses the monitoring and assessment of factors such as changes in climate-related policies and regulations, as well as extreme weather events. This ensures that the Group can promptly respond to shifts in the operating environment caused by climate-related risks.

5. Information Security

The Company has currently formulated the "System for Data Security and Data Leakage Prevention", which standardizes the processes such as network and communication security, and access control of programs and data. The Company's employee handbook contains relevant confidentiality requirements, clearly stating that employees shall not privately disclose the information in their work computers, company secrets, etc. to any third parties. In addition, the information system administrator sets the permissions in the system according to the job responsibilities of each position. Users can only perform operations such as data query and data modification within their authorized scope.

The Company has established the "Information Classification and Grading Management System", which clearly stipulates the scope and confidentiality level of confidential information, confidentiality management, and the handling of confidentiality breaches.

6. Connected Transaction

The Company has established the "Management System of the Connected Transactions of the Company" and sorted out the list of connected persons, which were approved by the resolution of the Board of Directors meeting and subsequently issued.

7. Information Disclosure

The secretary of the Company's Board is responsible for coordinating the Company's information disclosure, and investor relations management, and regularly releasing various information to the public on behalf of the Company. The Company has revised the "Information Disclosure Management Measures" to clarify the working procedures for the external release, disclosure, monitoring and handling of information, and it has been officially issued after being approved by the resolution of the Board meeting. The Company has formulated the "Insider Information Management System", which clearly stipulates the scope, management, disclosure of insider information, as well as the management of those with knowledge of insider information.

The Company places significant emphasis on internal control management, strives to promote the effective implementation of internal control measures across all departments and subsidiaries. It diligently organizes and conducts internal control assessment to strengthen risk management and ensure the orderly conduct of production and business activities. During the Reporting Period, the Company conducted inspections and assessments of its internal control system and risk management. The relevant supervision mechanisms can effectively assess the operational effectiveness of internal control and risk management. The assessment scope has covered all significant risk-related operations and matters during the Reporting Period (covering financial, operational, compliance and climate-related areas). For important business and matters, the Company has established corresponding internal control systems, which have been effectively implemented to achieve control objectives.

The Company has complied with the relevant system requirements regarding risk management and internal control. In the process of internal control assessment, the Company has earnestly listened to the reports on the assessment situation, and no major or significant deficiencies in internal control have been found.

The Board has conducted a comprehensive review of the Company's material and important controls in key areas such as finance, operation, and compliance for the financial year ended December 31, 2025. On such basis, the Board believes that the current risk management and internal control systems of the Company are effective and adequate. The Board will review the Company's risk management and internal control system annually.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Board shall be responsible for presenting a fair, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The senior management has provided to the Board such interpretations and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial information and position, which are submitted to the Board for approval.

The Directors are not aware of any event or circumstance of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The auditor's statement of reporting responsibilities on the Company's consolidated financial statements for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid and payable for audit and non-audit services provided by Ernst & Young, the Company's auditor, for the year ended December 31, 2025 is set out below:

Service Category	Fees paid/payable RMB
Audit services	4,000,000
Non-audit services	–
Total	4,000,000

JOINT COMPANY SECRETARIES

Mr. DONG Leqin and Ms. ZHANG Xiao have been appointed as the joint company secretaries of the Company. Ms. ZHANG Xiao is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Mr. DONG Leqin, the joint company secretary of the Company, is the principal contact person of Ms. ZHANG Xiao, and is responsible for working on and communicating with Ms. ZHANG Xiao regarding the Company's corporate governance as well as secretarial and administrative matters.

For the year ended December 31, 2025, Mr. DONG Leqin and Ms. ZHANG Xiao have each complied with Rule 3.29 of the Listing Rules by receiving not less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedures for Shareholder Request to Convene Extraordinary General Meeting

If the shareholders of the Company request the convening of an extraordinary general meeting, the procedures stipulated in Article 48 of the Company's Articles of Association shall be followed. According to Article 48, shareholders who individually or jointly hold more than 10% (including 10%) of the Company's shares have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit a written request to the Board of Directors, clarifying the agenda of the meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, Listing Rules and these Articles of Association, submit a written feedback opinion on whether to agree or disagree to convene an extraordinary general meeting of shareholders or a class shareholders' meeting within 10 days after receiving the written request.

If the shareholders of the Company require to put forward a new resolution at the shareholders' meeting, the procedures stipulated in Article 53 of the Company's Articles of Association shall be followed. According to Article 53, when the Company convenes an annual general meeting, shareholders who individually or jointly hold more than 1% of the total number of the Company's shares have the right to submit a new proposal to the Company in writing and submit it to the convener 10 days before the meeting is held. The convener of the meeting shall issue a supplementary notice of the meeting within 2 days after receiving the proposal and announce the content of the temporary proposal.

Communication with Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and extraordinary general meetings. At the annual general meetings, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at shareholders' meetings, including the election of individual Director. All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each shareholders' meeting.

The Company has the Shareholders' communication policy in place. The policy aims to set out the provisions with the objective of ensuring that the Company's Shareholders, both individual and institutional, and, in appropriate circumstances, ordinary investors, are provided with comprehensive, equal and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile) in a timely manner, in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication among Shareholders and investors and the Company.

The Company's shareholder communication policy is as follows:

1. Purpose

   1.1. The policy is designed to ensure that individuals and institutions (hereinafter referred to as "shareholders") of the Company and, where applicable, the entire investment community can obtain comprehensive and understandable information about the Company (including its financial performance, strategic objectives and plans, major developments, governance and risk profile) in a timely and equal manner. On the one hand, this enables shareholders to exercise their rights in an informed manner, and on the other hand, it encourages shareholders and the investment community to communicate more actively with the Company.

   1.2. For the purposes of this policy, the "investment community" includes potential investors of the Company as well as analysts who report on and analyze the Company's performance.

2. Overall policy

   2.1. The Board shall maintain continuous dialogue with shareholders and the investment community, and shall regularly review this policy to ensure its effectiveness.

   2.2. The Company will mainly communicate information to shareholders and the investment community through financial reports (semi-annual reports, annual reports and quarterly reports, if applicable), the annual general meeting of shareholders and other general meetings of shareholders that the Company may convene. All disclosure documents submitted to the Stock Exchange, its corporate communications and other corporate publications will be posted on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (http://www.maogeping.com).

   2.3. The Company's policy is to ensure that information is effectively and promptly communicated to shareholders and the investment community at all times. Any queries regarding this policy should be directed to the company secretary.

The policies are regularly reviewed to ensure their effectiveness. The Board has reviewed the aforesaid policies and is of the opinion that there are sufficient means and channels for Shareholders to express their views to the Company, and the Company's Shareholders' communication policy was effectively implemented and executed during the year ended December 31, 2025.

SHAREHOLDERS' ENQUIRIES

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited; Log in to its online holding enquiry service at https://www.computershare.com/Investor, or visit the website www.computershare.com/hk/contact, contact us by calling the hotline at +852 2862 8555, or come in person at the public counter on 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

ENQUIRIES ABOUT CORPORATE GOVERNANCE OR OTHER MATTERS TO BE PUT TO THE BOARD AND THE COMPANY

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email to ir@maogeping.com or by post to 10th Floor, Wanyin International, No. 100 Minxin Road, Shangcheng District, Hangzhou City, for the attention of Office of the Secretary to the Board.

DIVIDEND POLICY

Any dividends paid by the Company will be determined at the sole discretion of the Board of Directors, taking into consideration factors including our actual and expected operating results, cash flow and financial position, overall business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, as well as other factors that the Board of Directors deems appropriate. We currently do not have any fixed dividend payout ratio. Shareholders may approve any dividend declaration recommended by the Board of Directors at the general meeting of shareholders.

As at December 31, 2025, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

AMENDMENTS TO ARTICLES OF ASSOCIATION

The Company's Articles of Association came into effect on the Listing Date. The Board of Directors proposed amendments to the Articles of Association on March 27, 2025. The amended Articles of Association was considered and approved at the annual general meeting held on May 13, 2025, and took effect on the same day. For details of the amendments to the Articles of Association, please refer to the Company's circular dated April 22, 2025. The amended Articles of Association can be accessed on the websites of the Company and the HKEX respectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

The Environmental, Social and Governance Report (hereinafter referred to as the "**Report**" or the "**ESG Report**") is the systematic disclosure of environmental, social and governance performance during the reporting period by Mao Geping Cosmetics Co., Ltd. ("**Mao Geping**" or the "**Company**") and its subsidiaries (collectively referred to as the "**Group**" or "**we**"). This report builds upon the Group's inaugural ESG report released last year, aiming to clearly present our ESG governance framework, management strategies, phased objectives, and progress to investors and stakeholders. It further articulates our long-term commitment to sustainability and the practical pathways we are pursuing.

Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (hereinafter referred to as the "**Code**") in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Stock Exchange**"). The Group has complied with the reporting requirements in the Code, including the mandatory disclosure provisions, the "comply or explain" provisions and the requirements of the four reporting principles (materiality, quantitative, balance and consistency).

Materiality	In compliance with the requirements of materiality principle defined by the Stock Exchange, the process of and the criteria for the selection of material ESG factors, as well as the description of major stakeholders, the process and results of their participation are identified and disclosed in the Report.
Quantitative	Statistical standards, methodologies, assumptions and/or calculation tools used to report emissions/energy consumption (where appropriate), and the sources of the conversion factors are explained in the definitions of the Report.
Balance	The Report shall provide an unbiased picture of the Group's performance during the Reporting Period and should avoid selections, omissions, or presentation formats that may inappropriately influence the decision or judgment made by the report readers.
Consistency	Unless otherwise specified, the statistical methods and KPIs used in the previous year will be applied throughout this year to ensure data comparability. In the event of any changes in the statistical methodologies or KPIs used, or any other relevant factors that may affect meaningful comparisons, the Group will make disclosures in subsequent reports.

Reporting Scope

The disclosure scope of the Report covers Mao Geping Cosmetics Co., Ltd. and its subsidiaries. The scope of social disclosure covered in the Report is in consistent with that in the annual report, and the environmental key performance indicators include data from headquarters, offices and training organizations. The Report elaborates the Group's sustainable development policies, measures, and key performance indicators (hereinafter referred to as the "**KPIs**") related to the core business of the Group from January 1, 2025, to December 31, 2025 (hereinafter referred to as the "**Year**" or "**Reporting Period**").

Reporting Language

The Report is published in both traditional Chinese and English. In case of any discrepancies, the Chinese version shall prevail.

Approval of the Report

Upon confirmation by the management, the Report was approved by the board of directors (the "**Board**").

Awards and Honors

In 2025, we forged ahead with determination and achieved remarkable results in the cosmetics industry and brand building, winning high praise from all parties thanks to our excellent product quality and innovative marketing strategies. Below are awards and honors we have received during the Year:

Awards	Awarding Organization
2025 Leading Service Enterprises in Zhejiang Province	Zhejiang Provincial Development and Reform Commission
First Batch of Famous Consumer Goods Brands in Zhejiang	Economy and Information Technology Department of Zhejiang
Key Cultural Enterprises in Zhejiang Province	Zhejiang Provincial Party Committee Propaganda Department
2025 Annual Four-star Headquarters Enterprises in Hangzhou	Hangzhou Municipal People's Government
2025 Forbes China CBD Consumption Benchmark Brands	Forbes China
Caring Enterprises of Zhejiang Hong Kong Chamber of Commerce	Zhejiang Hong Kong Chamber of Commerce
2025 Great Wall Award for Commercial Advertising	China Advertising Association
2025 Five-Star Store	Taobao & Tmall Group
2025 Tmall Golden Makeup Award: Annual Top Livestreaming Brand Award in Stores	Tmall Golden Makeup Award
2025 Golden Makeup Award: Annual Aesthetic Leadership Award	Tmall Golden Makeup Award
NEWty2025 Annual Innovation Brand	Tmall's Hey Box
THE 2026 NEW OF YEAR: Tmall Annual Cultural Creativity Brand Award	Tmall's Hey Box
2025 Douyin Mall Beauty Awards: Annual Benchmark Brand in the Color Cosmetics Industry	Douyin
Xiaohongshu Will Conference Annual Most Influential Brands	Xiaohongshu
2025 618 Shopping Festival Domestic Brands Peak Award	JD.com
2025 Best Foundation Makeup Award	JD.com
2025 OTD Growth Pioneer Award	Vipshop Holdings Limited
2025 People's Craftsmanship Brand	People's Daily Online
2025 ESG Jinniu Award Top 100	China Securities Journal
2025 Annual Innovation Case	Southern Weekly
2025 Top 100 Companies (China) in the Cosmetics Industry	Cosmetic Newspaper
10th Zhitong Finance Listed Company Awards – Best IR Team Award	Zhitong Finance
2025 Listed Companies' Investor Relations Data Ranking – Best Institutional Coverage Award	Comein Finance

1. STRENGTHEN THE CORNERSTONE OF GOVERNANCE

1.1 Statement of the Board of Directors

We actively incorporate ESG concepts into our daily operations and management and are committed to building an ESG governance structure with clear responsibilities. At the same time, we will continue to optimize our ESG governance structure and functions in light of operational development needs and regulatory requirements. The Board is responsible for and conducts overall supervision on the Group's sustainable development. The main responsibilities of the Board include regular discussing, reviewing and approving the Group's ESG and climate strategic plans, objectives and material related matters, as well as monitoring the progress of the objectives.

Our ESG Board Office assists the Board in carrying out ESG-related work, including identifying and evaluating ESG and climate risks and opportunities, formulating ESG objectives and indicators, and monitoring ESG strategies and implementation measures; the ESG working group is responsible for implementing ESG policies and measures, collating indicators and information, and promoting the implementation of ESG by various departments.

During the Year, the Group has promoted management philosophy of sustainability in the course of daily operation. The Board has reviewed the Group's environmental objectives and their progress, and will continue to monitor the progress of their implementation. The Board will continue to seek opportunities to enhance ESG performance, with the aim of creating long-term value for the Group.

1.2 Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) provide a shared framework for addressing global environmental and social challenges. The Group supports SDGs that align with our operational characteristics and stakeholder expectations, integrating sustainability principles into relevant policies and business initiatives.

SUSTAINABLE DEVELOPMENT GOALS

The SDGs referenced in this Report are selected based on the Group's business profile as a beauty brand and beauty education institution, combined with key issues of concern to stakeholders. We will regularly review alignment with the SDGs and update relevant actions accordingly.

Selected SDG	Description (Summary)	The Group's Initiatives
SDG 1: No Poverty	SDG 1 aims to eradicate poverty in all its forms, including improving access to basic services and economic opportunities. As a Group deeply engaged in beauty vocational education for over two decades, we believe professional skills are a vital pathway to economic independence for vulnerable groups and are committed to promoting broader economic participation through education empowerment.	• Donate funds to establish beauty education centers in underdeveloped regions, empowering local women with vocational skills • Make targeted donations to support facility upgrades for services for the disabled
SDG 3: Good Health and Well-being	SDG 3 aims to promote healthy lives and well-being for all ages, including mental health, occupational safety, and access to health information. We are dedicated to creating a safe and healthy work environment for employees and ensuring consumer health and safety through rigorous product quality control.	• Establish health and hygiene management systems to standardize occupational health management processes • Provide regular health check-ups and seasonal care subsidies for employees • Strictly enforce product safety assessments and quality inspection processes to safeguard consumer health
SDG 4: Quality Education	SDG 4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. As a Group with beauty education as a key business segment, we support vocational skills development and knowledge dissemination, helping learners from diverse backgrounds acquire professional skills and enhance career competitiveness.	• Launch rural children's aesthetic education programs to bridge the urban-rural education gap • Collaborate with schools to establish industrial colleges, promoting an integrated industry-education talent cultivation model • Build a tiered training system covering all employees, achieving 100% training coverage

Selected SDG	Description (Summary)	The Group's Initiatives
SDG 5: Gender Equality	SDG 5 aims to achieve gender equality and empower all women and girls, including equal opportunities in the workplace. We support fair and inclusive employment practices and empower women through professional skills training, helping them discover and achieve self-fulfillment in their careers and lives.	• Provide specialized beauty empowerment training for working women in multiple cities • Implement an equal employment system, upholding non-discrimination principles • Support economic independence for women in underdeveloped regions through educational public welfare programs
SDG 8: Decent Work and Economic Growth	SDG 8 aims to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, including safe working conditions and skills development. We are committed to maintaining fair employment practices and driving sustainable development in the beauty industry through vocational education and responsible innovation.	• Establish a comprehensive compensation and benefits system covering social insurance, housing provident funds, seniority-based pay, and multiple welfare leave options • Build a tiered training system and clear employee career advancement paths to support continuous professional growth • Establish an employee union to safeguard channels for employee participation in management decision-making and upward communication
SDG 10: Reduced Inequalities	SDG 10 aims to reduce inequality within and among countries, promoting social, economic, and political inclusion. We believe inclusive social participation and fair practices help broaden development opportunities for vulnerable groups and are committed to eliminating social biases and promoting social integration through public welfare actions.	• Provide long-term support for the "IHEARU CHARITY FUND" public welfare project for hearing-impaired children, aiding their transition from rehabilitation assistance to social integration • Collaborate with the Caopeng Charity Foundation to care for children with autism, continuously investing in artistic public welfare • Donate to support barrier-free environment construction for the disabled

Selected SDG	Description (Summary)	The Group's Initiatives
SDG 11: Sustainable Cities and Communities	SDG 11 aims to build inclusive, safe, resilient, and sustainable cities and human settlements, closely linked to cultural heritage preservation and community development. With offline stores and training schools as key operational vehicles, our Group actively participates in community building and promotes the contemporary inheritance and innovative development of intangible cultural heritage through cultural IP projects.	• Launch the "Beauty Inheriting the Orient" cultural IP project, collaborating with national-level intangible cultural heritage inheritors to drive creative transformation of traditional crafts such as lantern-making and lacquer and mother-of-pearl inlay • Participate in international events like the Hangzhou Asian Games and Paris Olympics as the official beauty service provider for TEAM CHINA, showcasing Chinese cultural confidence • Actively engage in community public welfare activities and volunteer service programs in operational locations
SDG 12: Responsible Consumption and Production	SDG 12 aims to adopt sustainable consumption and production patterns, including reducing waste, improving resource efficiency, and promoting sustainable procurement. As a beauty Group, we focus on operational efficiency and responsible product design, genuinely reducing environmental impact through packaging optimization and resource management.	• Implement lightweight and refillable packaging designs to reduce material consumption. • Set waste reduction targets and promote paperless operations and resource recycling • Advocate for office supply recycling and reuse to extend product lifecycles
SDG 13: Climate Action	SDG 13 calls for urgent action to combat climate change and its impacts, including enhancing organizational-level climate awareness and resilience. Aware that our business operations involve energy use and carbon emissions, we are committed to continuously improving the Group's climate resilience through energy conservation, emission reduction measures, and climate risk management.	• Set a quantified emission reduction target of a 5% reduction in carbon intensity over five years • Conduct climate scenario analysis and risk identification based on IPCC scenario pathways • Promote vehicle electrification and supply chain low-carbon transformation

Selected SDG	Description (Summary)	The Group's Initiatives
SDG 16: Peace, Justice, and Strong Institutions	SDG 16 aims to promote peaceful and inclusive societies and build effective, accountable and inclusive institutions, which is closely related to business ethics, transparency and anti-corruption. As a listed company, we attach great importance to honest operation and sound governance, and persist in safeguarding a fair and transparent business environment through systems.	• Establish a management system for anti-fraud, anti-money laundering, and anti-bribery • Conduct anti-corruption training for all directors and employees • Set up an internal reporting mechanism and encourage partners to sign integrity commitments
SDG 17: Partnerships for the Goals	SDG 17 emphasizes achieving sustainable development through collaboration, knowledge sharing, and capacity building. The Group's business model naturally relies on ecological cooperation, connecting suppliers, educational institutions, public welfare organizations, and brand partners to jointly promote sustainable development in the beauty industry and society.	• Collaborate with schools to establish industrial colleges, advancing deep integration of industry, academia, and research • Establish a sustainable supply chain management system to promote ESG practices across the entire value chain • Engage in long-term cooperation with public welfare institutions to jointly focus on the rights and interests of vulnerable groups

1.3 Sustainability Governance

The Group actively integrates the concept of sustainable development into our corporate culture and long-term development strategies, and has established a top-down ESG governance structure comprising the Board, the ESG Board Office and the ESG Working Group, which are well-positioned for future challenges and opportunities.

The Board is the highest responsible body for the Group's ESG management and operation and public disclosure, and is fully responsible for and oversees the Group's ESG management and operation. The ESG Board Office is a specialized working body of the Board, which assign its duty to the Office of the Secretary of the Board to assist the Board in promoting ESG management on an on-going basis. The ESG Working Group consists of the Office of the Secretary of the Board, the Corporate Management Department, the Human Resources Center, the Marketing Department, the Supply Chain Department, and other functional departments of the headquarters, as well as other departments of the relevant subsidiaries related to the responsibilities of the ESG Board Office. The ESG Working Group reports to the Board at least annually on ESG performance and climate-related information.

The Group has always been committed to the development of low-carbon philosophy and advocation of long-term sustainable development values, and has integrated ESG concepts into the Group's management policies, strategies, business plans and policies. Our ESG governance structure clearly delineates the responsibilities of each level to ensure the synergies and cooperation of various levels for the comprehensive implementation of the ESG work.

The Board

- Consider and approve the ESG strategic plan and objectives, as well as the ESG governance structure and major systems;
- Consider and approve the ESG report and disclosure of significant ESG governance information;
- Consider and approve material ESG matters and ESG-related major risk response programs.

ESG Board Office

- Identify and assess ESG risks and opportunities related to the Group's business;
- Set ESG objectives and indicators, develop and evaluate ESG strategic plans and mitigation measures;
- Monitor and manage ESG-related matters:
- Report to and communicate with the Board on the effectiveness of the Group's ESG governance measures.

ESG Working Group

- Carry out relevant work in line with the management requirements of the ESG Board Office;
- Responsible for communicating with various relevant departments, collating relevant indicators and information;
- Concern on ESG-related risk matters in daily management and provide feedback;
- Jointly coordinate and promote the implementation of ESG-related matters.

1.4 Stakeholder Engagement

The Group strives to create sustainable growth for its stakeholders. The stakeholders of the Group include shareholders/investors, consumers and customers, employees, business partners, government and regulatory authorities, suppliers, the media, and communities/non-government organizations, who play an important role in our business development and strategies. We continue to listen to the stakeholders' expectations and pursuits and respond in a timely manner, and the main relevant communication channels are set out below:

Stakeholders	Major Methods of Communications and Feedback	Major Expectations and Requests
Shareholders/ Investors	Annual general meeting and other general meetings Interim reports and annual reports Announcements Corporate communications, such as letters/circulars to shareholders and notices of meeting Shareholders'/investors' visit activities Results announcements/Results presentation On-site inspections Investor meetings	Customer satisfaction Supply Chain Management Employee rights and interests Compensation and Benefits Diversified product demand
Consumers and Clients	Customer service center and hotline Service complaints and responses Online service platform Telephone Text messages Customer satisfaction surveys and feedback forms daily operation/communication Email	Customer satisfaction Health and Safety of Products and Services Customer privacy protection Supply Chain Management Diversified product demand

Stakeholders	Major Methods of Communications and Feedback	Major Expectations and Requests
Employees	Work performance evaluation and interviews Meeting interviews Employee activities Group email Group telephone HR official WeChat account Employee communication conferences	Employment relationship and employee communication Employee health and safety Compensation and Benefits Employee rights and interests Compliant employment Improve the training and development system Prevent risks of corruption and non-compliance
Business partners	Cooperative Projects Meeting Visits Lecture	Supply Chain Management Diversified product demand
Government and Regulatory Authorities	Regular information submission Meeting On-site inspections Inspections and supervision Compliance reports	Employment relationship and employee communication Employee rights and interests Compliant employment Compensation and Benefits Employee health and safety Participating in public welfare, charity and volunteer activities
Suppliers	Face-to-face communication	Supply Chain Management Prevent risks of corruption and non-compliance
Media	Websites or social media Proactive Communication	Customer satisfaction Building a green community Diversified product demand
Community/ Non-governmental Organizations	Participating in community activities Company website/company announcements/social media platforms Seminars/workshops/lectures	Participating in public welfare, charity and volunteer activities Building a green community Customer satisfaction

1.5 Materiality Assessment

Policy and Market Analysis

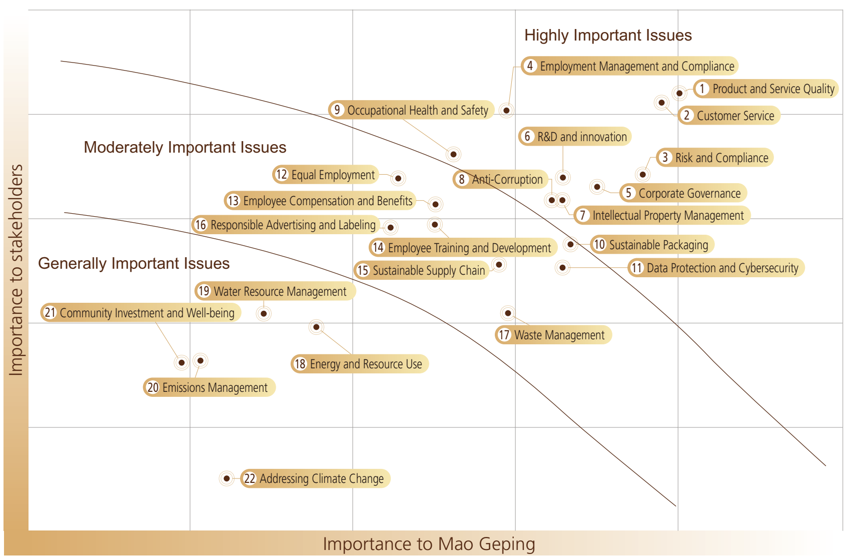
We have conducted an analysis of the disclosure obligations under the CG Code of the Stock Exchange of Hong Kong, the Materiality Map of the Sustainability Accounting Standards Board (SASB), and the disclosure topics addressed by our peers.

Stakeholder Engagement

We have identified multiple stakeholders, including shareholders/investors, customers, employees, business partners, government and regulatory authorities, suppliers, media, and community/NGOs. A questionnaire survey was conducted to investigate and prioritise ESG material topics.

Prioritisation and Validation of Material Topics

We analyzed and identified material topics based on two dimensions, including "Materiality to Mao Geping" and "Materiality to Stakeholders". A total of 22 ESG material topics were ultimately reviewed and confirmed by the Board of Directors, including 10 highly important topics, 7 moderately important topics, and 5 material topics.



Mao Geping 2025 Materiality Matrix

highly important issues	moderately important issues	generally important issues
Product and Service Quality Customer Service Risk and Compliance Employment Management and Compliance Corporate Governance R&D and innovation Intellectual Property Management Anti-Corruption Occupational Health and Safety Sustainable Packaging	Data Protection and Cybersecurity Equal Employment Employee Compensation and Benefits Employee Training and Development Sustainable Supply Chain Responsible Advertising and Labeling Waste Management	Energy and Resource Use Water Resource Management Emissions Management Community Investment and Well-being Addressing Climate Change

1.6 Anti-Corruption and Anti-Bribery Construction

The Group strictly complies with laws and regulations such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), and the Company Law of the People's Republic of China (《中華人民共和國公司法》). Through system construction and long-term investment, we ensure legal compliance in our operations and prevent various illegal acts such as bribery, extortion, fraud, and money laundering. We firmly oppose commercial fraud and any other acts that violate the principle of fair competition.

To further enhance employees' awareness of integrity, self-discipline, and risk prevention, the Group has formulated and strictly implemented the Anti-Fraud, Anti-Money Laundering and Anti-Bribery Management System (《反舞弊、反洗錢、反賄賂管理制度》) and the Risk Management System (《風險管理制度》), which define acts of fraud, money laundering and bribery, clarify the relevant responsibilities of the responsible departments for the anti-fraud, anti-money laundering, and anti-bribery mechanisms, and explain the reporting acceptance channels and punishment measures for relevant matters. At the same time, we have clearly stated the complaints, whistleblowing and grievance channels in the Employee Handbook (《員工手冊》), which specifies that the company mailbox is the internal whistleblowing channel for employees, and the audit department and the management have the authority to view this email. Every new employee at the company receives onboarding training and is issued an Employee Handbook. In addition, we have anti-corruption requirements for business partners, and require them to sign the Letter of Commitment Relating to Partner Integrity (《合作夥伴廉潔誠信承諾書》), which clears the liability for breach of contract, so as to protect the legitimate rights and interests of both parties.

Through these measures, we strive to create a fair and transparent working environment to ensure all business practices are based on integrity and trust. During the Year, we provided 2 hours of anti-corruption training to 6 Directors and 1 hour of anti-corruption training to 4,482 employees in order to maintain a clean and honest working attitude. During the Reporting Period, the Group was not involved in any litigation relating to corruption or fraud, nor received any complaint or reporting concerning corruption.

By 2025

Coverage ratio of anti-corruption training for employees	100%	Commercial bribery and corruption cases	0

2. GREEN HOMELAND PRESERVATION

The Group is acutely aware of the significance of environmental protection for corporate development. It is dedicated to reducing the environmental impact of its business activities to the bare minimum. By strictly adhering to laws and regulations such as *the Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), we adopt comprehensive environmental, energy-saving and low-carbon measures in office areas and production bases, actively promoting a balanced harmony between business growth and environmental conservation. During the Reporting Period, The Group was not aware of any cases of violations of environmental protection laws and regulations.

Although the Group's current business operations do not directly involve product manufacturing or the discharge of wastewater and exhaust gases, we have, at the corporate level, monitored and set targets for indicators related to five key areas concerning emissions and resource utilization: exhaust gas emissions, greenhouse gas emissions, waste management, energy consumption, and water resource usage. We regularly monitor and disclose the aforementioned climate-related key performance indicators, reporting on progress annually to ensure transparency and comparability. Additionally, we utilize scientific data to evaluate the effectiveness of our climate initiatives, providing a solid foundation for future strategic adjustments and supporting the sustainable development of the Group.

2.1 Exhaust Gas Emissions

The Group's exhaust gas emissions primarily stem from the fuel consumption of official vehicles, generating emissions including nitrogen oxides (NO_x), sulfur oxides (SO_x), and particulate matter (PM). To control exhaust gas emissions, we have gradually established a vehicle management system: regularly assessing the service life and emission performance of official vehicles, scheduling maintenance based on mileage, promptly replacing key components such as air filters and spark plugs to maintain optimal vehicle performance and lower emission levels; when adding or replacing vehicles, giving priority to new energy and hybrid models.

The Group's waste gas emission data during the Reporting Period from vehicles were presented as follows:

Emission Type	Unit	2025 Annual	2024 Annual
Nitrogen Oxides (NO_x)	kg	**267.10**	200.78
Sulfur Dioxide (SO_x)	kg	**0.34**	0.28
Particulate Matter (PM)	kg	**25.32**	18.90

2.2 Greenhouse Gas Emissions

The Group strictly complies with laws and regulations such as *the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》), continuously improving the carbon emission monitoring and management system. Using 2022 as the base year, we have set a target to reduce the carbon emission intensity of our operations (Scope 1 and Scope 2) by 5% within five years and are gradually advancing low-carbon operational practices through various emission reduction measures.

In addition to the vehicle management system mentioned above, we encourage employees to cultivate a low-carbon travel mindset: advocating for the prioritization of public transportation and shared mobility options for daily commutes; making full use of video conferencing and remote collaboration tools to reduce long-distance business travel; and, for essential business trips, giving preference to relatively low-carbon transportation methods such as high-speed rail.

We are attempting to extend the low-carbon concept to our supply chain, encouraging suppliers to focus on the use of clean energy and optimize packaging and transportation solutions. Simultaneously, we engage in ESG-related exchanges with suppliers to jointly explore emission reduction possibilities. In the future, the company will continue to improve its carbon emission data statistics and explore more emission reduction pathways to contribute to low-carbon development.

Explanation of Scope 3 Emissions: Given that the Group's business model relies on collaboration with ODM/OEM suppliers and upstream and downstream value chain partners, Scope 3 emissions are expected to constitute a significant portion of the Group's carbon footprint. Based on the Group's business activities, Scope 3 emissions are anticipated to cover upstream and downstream activities, including but not limited to: purchased goods and services (Category 1), upstream and downstream transportation and distribution (Categories 4 and 9), waste generated in operations (Category 5), and business travel (Category 6), among others. The Scope 3 emissions disclosed this year primarily cover emissions from some business travel. The Group is currently assessing data availability and is committed to further calculating and disclosing more comprehensive Scope 3 emissions. Such data will be disclosed in future reports upon completion of method determination and data collection.

During the Reporting Period, our greenhouse gas emission data are as follows:

Greenhouse Gas Emissions Indicator	Unit	2025 Annual	2024 Annual
Direct GHG emissions (Scope 1)	tCO_2e	**60.91**	509.22
Indirect GHG emissions (Scope 2)	tCO_2e	**1,440.17**	820.95
Indirect GHG emissions (Scope 3)	tCO_2e	**255.09**	–
Total GHG Emissions (Scope 1, 2 & 3)	tCO_2e	**1,756.17**	1,330.17

Emission Intensity	Unit	2025 Annual	2024 Annual
GHG Emissions per million RMB in revenue	tCO_2e/million RMB in revenue	**0.35**	0.34
GHG Emissions per Employee	tCO_2e/employee	**0.39**	0.19

Note:

1. Scope 1 refers to direct greenhouse gas emissions generated from sources owned or controlled by the Group, including fuel consumption from the Group's vehicles. The significant decrease in Scope 1 emissions this year is mainly due to the one-time fugitive emissions from newly purchased refrigerant-containing equipment in 2024, with no similar purchases this year, resulting in a lower base.

2. Scope 2 refers to indirect greenhouse gas emissions resulting from the purchase of electricity, heating, cooling, or steam, including electricity consumption in the Group's operations. The increase in Scope 2 emissions is mainly due to the Group's development plan, which expanded the office space area, leading to a corresponding increase in electricity consumption. Subsequent control measures will include energy-saving renovations and electricity optimization.

3. Scope 3 refers to all other indirect emissions, including other indirect emissions from business air travel by the Group's employees, with such emission data calculated using the methodology established by the International Civil Aviation Organization (ICAO).

2.3 Waste Management

The Group does not directly engage in any manufacturing activities, and the main wastes come from operational activities and office supplies. We ensure that the general and hazardous waste generated in our operations is disposed of in compliance with regulations in all aspects, Specific measures for different types of wastes have been conveyed to employees through *the Staff Handbook* (《員工手冊》).

The Group has set waste reduction targets: using 2022 as the base year, we aim to reduce per capita amount of non-hazardous waste generated by 5% within five years and continuously decrease the generation of hazardous waste.

To achieve these goals, the Group has implemented and will continue to advance the following measures: promoting paperless office practices to reduce waste paper generation; advocating for the internal recycling and reuse of office supplies to extend their lifespan; improving waste classification management processes to increase recycling and reuse rates; collaborating with qualified professional recycling companies to ensure the compliant disposal of hazardous waste; and exploring more reduction and resource recovery pathways.

During the Reporting Period, the Group's waste data are as follows:

Waste Indicator	Unit	2025 Annual	2024 Annual
Total Non-Hazardous Waste	Tons	**448.16**	185.02
Non-Hazardous Waste per Employee	Tons/Employee	**0.10**	0.03
Total Hazardous Waste	Kg	**476.0**	159.6
Hazardous Waste per Employee	Kg/employee	**1.06**	0.02

2.3.1 Non-hazardous Waste Management

The Group adheres to the philosophy of "thrift and efficiency, conducive to work" to reduce waste generation at the source. We classify office supplies into fixed assets, non-consumables, and consumables, managed uniformly by the Administrative Management Center; promote paperless office practices, encouraging employees to use electronic versions for non-essential documents and prioritize double-sided printing when paper copies are necessary; uniformly collect waste paper such as expired documents and newspapers and entrust professional recycling companies for regular collection; advocate for the internal recycling and reuse of office supplies such as pens, paper clips, and binder clips to fully extend their lifespan.

In 2025, we gradually expanded the scope of non-hazardous waste statistics, including cleaning waste, sample sponges, paper packaging, cosmetic cotton, and office, teaching, and domestic waste generated from daily counter operations. The data coverage has broadened compared to previous years.

2.3.2 Hazardous Waste Management

In 2025, we further improved its hazardous waste management system, extending the statistical scope from office scenarios to more business sectors such as teaching and training. We have implemented more detailed classification of hazardous waste, incorporating categories such as waste toner cartridges, waste ink cartridges, and waste batteries into standardized management, enabling more precise identification and traceability of hazardous waste. In terms of disposal methods, we have signed cooperation agreements with qualified professional recycling companies to ensure the compliant disposal of all hazardous waste through standardized services provided by third parties. We strive to reduce the volume of waste to landfill and increase recycling and reuse rates to continuously minimize the potential environmental impact of hazardous waste.

Compared to previous years' statistical scopes, this year's data coverage is broader, more accurately reflecting the waste generation situation across various business sectors of the Group. In the future, we will continue to optimize classification management processes, explore more reduction and resource recovery pathways, and continuously enhance environmental sustainability.

2.4 Resource Consumption

In response to China's "carbon peak and carbon neutrality" strategy and to fully implement a low-carbon and energy-saving development path, the Group considers environmental protection, low carbon, and energy efficiency factors at the design stage and implements environmental management policies in key areas such as offices and core partner factories, focusing on resource utilization, power systems, structural facilities, and other aspects to continuously improve the resource utilization management system.

2.4.1 Energy Management

The Group's energy consumption is primarily from purchased electricity, mainly used for daily operations such as office lighting, air conditioning operation, and electronic equipment functioning. We systematically advance energy management from three levels: energy-saving design, improving utilization rates, and equipment management. We systematically advance energy management across three dimensions: energy-efficient design, utilization rate enhancement, and equipment management.

Energy-Saving Design

The Group imposes environmental design requirements on supply chain partners, urging them to complete environmental impact assessments at the design stage of production facilities and consider factors such as energy efficiency, space utilization, and functionality during renovation, including using high-efficiency insulation materials for thermal bridge components and optimizing structural design to reduce the use of renovation materials.

Improving Resource Utilization Rates

The Group encourages suppliers to optimize factory space utilization, requiring them to reasonably layout according to production characteristics: effectively isolate areas generating noise and pollution and arrange areas requiring natural lighting and ventilation in suitable locations; fully utilize natural lighting and ventilation to maintain a stable and comfortable indoor environment, thereby reducing unnecessary resource consumption.

Equipment Management

The Group strictly controls air conditioning temperatures, requiring that indoor air conditioning temperatures be set no lower than 26°C in summer and no higher than 20°C in winter, with air conditioning managed and used by department heads. We utilize energy-efficient LED lighting sources, install timed switches for lighting fixtures in public areas, and designate personnel to uniformly turn them off after work. We have established an equipment monitoring and management system to monitor and optimize lighting equipment in real time. Electronic devices are set to automatically enter sleep or hibernation mode after a specified period of inactivity, and designated personnel conduct inspections to ensure they are turned off after work. Due to operational demands, the electricity consumption increased this year. Meanwhile, the Group further enhanced the disclosure of environmental indicators during the year. As a result, the scope of our energy consumption statistics has been expanded to more comprehensively reflect the Group's energy usage.

Target: Using 2022 as the base year, we aim to reduce energy consumption intensity by 5% within five years. To this end, we will continue to enhance employees' conservation awareness and persistently reduce energy consumption through technological means and management innovations.

The energy consumption data of the Group during the Reporting Period are as follows:

Energy Consumption Indicator	Unit	2025 Annual	2024 Annual
Total Direct Energy Consumption (Fuel)	kWh	**224,195.90**	–
Total Indirect Energy Consumption (Purchased Electricity)	kWh	**2,714,228.46**	1,529,911.86
Total Energy Consumption	kWh	**2,938,424.36**	1,529,911.86
Total Energy Consumption per Million RMB in Revenue	kWh/million RMB in Revenue	**581.81**	393.83
Total Energy Consumption per Employee	kWh/employee	**654.73**	374.61

2.4.2 Water Management

Our current business does not involve industrial wastewater discharge, but we place great emphasis on water resource management and actively practice water conservation concepts. We have implemented multiple measures to encourage employees to develop good habits in both work and daily life. Water conservation slogan has been posted in key water-using areas such as restrooms and washrooms of the Office. Traditional faucets at sinks have been replaced with sensor-activated faucets bearing water-saving certifications, and water-efficient toilets have been deployed. Any detected leaks or drips are promptly addressed by dispatched personnel. All water consumed by the Group is sourced from the municipal water supply network, ensuring no operational water source issues during our operating activities. Due to operational demands, the water consumption increased this year.

Target: Using 2022 as the base year, we aim to reduce water consumption intensity by 5% within five years. To this end, we will continue to promote water-saving measures, strengthen water consumption monitoring, and regularly review progress towards our targets.

During the Reporting Period, the Group's water consumption indicators are as follows:

Water Consumption Indicator	Unit	2025 Annual	2024 Annual
Total Water Consumption	m^3	**41,515.25**	28,898.91
Water Consumption Intensity per Million RMB in Revenue	m^3/million RMB in Revenue	**8.22**	7.44
Water Consumption Density per Employee	m^3/Employee	**9.25**	4.04

2.4.3 Packaging Consumables Management

While maintaining an exquisite oriental aesthetic packaging style, the Group actively integrates green concepts into packaging design and product structure optimization. At the packaging design level, we implement lightweight and minimalist strategies by reducing redundant packaging layers and streamlining packaging structures to lower packaging material consumption at the source.

In terms of product structure optimization, we focus on reducing packaging resource consumption per unit usage from two directions. First, we have developed refillable inserts systems for star products such as air cushions and eyeshadows, allowing consumers to continue using the product without repeatedly purchasing the outer casing, effectively extending the packaging lifespan. Second, we have introduced larger-capacity specifications for certain high-repeat-purchase products to reduce consumer purchase frequency, thereby lowering packaging material consumption per unit product usage. These two measures work in tandem to enhance the consumer experience while effectively reducing resource waste. In the future, we will continue to increase the use of recyclable and biodegradable eco-friendly materials and further explore the harmonious coexistence of aesthetics and environmental protection.

In 2025, the Group initiated efforts to improve the packaging consumables statistics system, gradually expanding data collection coverage across various partner factories and suppliers, and attempting to establish a digital management platform to enhance data accuracy. Compared to 2024, there has been improvement in statistical coverage this year, but we recognize that there is still room for improvement in the completeness and accuracy of data collection. Meanwhile, with business expansion, a richer product line, and rapid development of e-commerce channels, actual packaging demand has correspondingly increased. During the Reporting Period, our packaging material usage is as follows:

Packaging Consumables Indicator	Unit	2025 Annual	2024 Annual
Paper	Tons	**2,266.00**	298.70
Glass	Tons	**415.00**	232.70
Plastic	Tons	**1,718.00**	378.00
Metal	Tons	**70.00**	18.00
Others	Tons	**192.00**	20.70
Total Packaging Consumables	Tons	**4,661.00**	948.10
Packaging Material Consumption Intensity per Million RMB in Revenue	Tons/million RMB in Revenue	**0.92**	0.24
Packaging Material Density per Employee	Tons/Employee	**1.04**	0.23

2.5 Climate Change

In order to actively respond to the national strategy of "Carbon Peak and Carbon Neutrality", better assess the potential risks of climate change posed on our business, and further seize the opportunities brought by climate change, we have identified the physical risks and transition risks existing in the process of our business operations, and adopted counter measures. We intend to integrate greenhouse gas management performance into our supplier selection and evaluation criteria, with the aim of promoting greenhouse gas emission management across the entire value chain.

For detailed data, calculation methods, and emission reduction measures for various indicators during the reporting period, please refer to the relevant sections of this report: "2.1 Exhaust Gas Emissions", "2.2 Greenhouse Gas Emissions", and "2.4 Resource Consumption". The Group has not yet set an internal carbon price; regarding quantitative financial data on assets or business activities affected by climate-related risks, the Group currently invokes financial impact relief and evaluates them qualitatively (see relief explanation below for details).

In accordance with Appendix C2, "Environmental, Social, and Governance Reporting Code" (Part D) of the Listing Rules of the Stock Exchange, the Group has adopted a phased implementation approach for climate-related disclosures in this reporting period. We have applied specific implementation relief for certain quantitative indicators to ensure that the finally disclosed data are accurate and meaningful. The Group has applied the following relief as permitted by the Stock Exchange:

- **Financial Impact Relief:** Climate impacts are evaluated qualitatively. Due to the internal data collection framework's current inability to isolate climate-related financial expenditures with sufficient precision, quantitative financial data will not be disclosed this year.

- **Capacity Relief:** The Group's climate resilience is evaluated through qualitative scenario analysis rather than complex financial models, a method commensurate with the Group's current resource allocation level.

- **Reasonable Data Relief:** Some value chain data (such as certain Scope 3 emission categories) are not disclosed this year as they cannot be obtained without incurring excessive costs.

The Group is currently committed to ensuring the accuracy of Scope 1 and Scope 2 emission data and will gradually expand to more Scope 3 emission categories and quantitative financial forecasts in the future. Meanwhile, we have also formulated a future disclosure roadmap: **in the short term**, we will continue to monitor the development of industry carbon accounting standards, improve internal data collection processes, and gradually expand the scope of Scope 3 emission statistics; **in the medium term**, we will evaluate the feasibility of integrating climate-related information into the financial system and explore collaboration with major suppliers on carbon footprint data; **in terms of ongoing efforts**, we will regularly assess technical capabilities and resource needs to determine an appropriate timeline for transitioning to quantitative financial disclosures.

Governance

The Group's ESG governance framework and the division of responsibilities among the Board of Directors and management in sustainable development matters have been elaborated in detail in the "1.2 Sustainable Governance "section of this Report. This governance framework also applies to the supervision and management of climate-related risks and opportunities.

In terms of specific governance on climate issues, the Board of Directors is responsible for approving the Group's climate-related targets (including greenhouse gas emission reduction targets), reviewing annual climate risk assessment results, and making decisions on major climate-related matters. Management regularly reports to the Board of Directors on the latest progress of climate-related issues through the ESG Working Group, covering greenhouse gas emission data and the implementation of emission reduction targets, changes in climate-related risks and updates to response plans, and the latest developments in relevant regulatory policies and their potential impact on the Group. When considering the Group's annual strategic planning, major investment decisions, and supply chain layout adjustments, the Board of Directors takes climate change factors into comprehensive consideration to ensure that climate issues are integrated into the Group's core decision-making processes.

The Group ensures its governance body has climate-related capabilities through the following methods: (1) Regularly invite external ESG consultants to report the latest climate policies and industry trends to the management; (2) Gradually incorporate the climate-related content into the internal training system.

The Group has not yet formally incorporated climate-related performance indicators into the remuneration assessment system for directors or senior management personnel. We will continuously review this arrangement and evaluate the feasibility of incorporating climate-related indicators into the remuneration mechanism in the future by referencing industry best practices.

Strategies

Climate change poses potential risks and opportunities to the Group's operations. The Group's business model relies on collaboration with ODM/OEM suppliers and upstream and downstream value chain partners, and the impact of climate change permeates the entire value chain: at the supply chain level, extreme weather events may cause production disruptions or logistics delays for suppliers, affecting product delivery and raw material costs; at the operational level, stricter "dual carbon" policies may incur additional compliance costs, and energy price fluctuations will also affect operational expenditures; at the market level, consumers' increasing preference for green products creates opportunities for the Group's product differentiation and competition. In response to China's "carbon peak and carbon neutrality" policy and industry sustainable development trends, the Group has systematically identified physical and transition risks in its business operations, implemented targeted measures, and is preparing to incorporate greenhouse gas management performance into supplier screening and evaluation criteria to promote greenhouse gas emission management across the entire value chain. The Group currently invokes financial impact relief and evaluates the impact of the aforementioned factors on financial planning (including revenue, costs, assets, and financing) qualitatively. After further improvement of the internal data collection framework, we will gradually transition to quantitative financial disclosures.

To more accurately identify and assess the potential climate risks that the Group may face, the Group has referenced the Shared Socioeconomic Pathways (SSP1–1.9, SSP5–8.5) of the Intergovernmental Panel on Climate Change (IPCC). Through climate scenario analysis of different global average temperature increase ranges, we can identify potential risks and assess the extent of the impact of various climate change risks on business, strategy, and finance. Based on this, we formulate corresponding policies and strategies to further enhance our resilience in the face of climate change.

Climate Scenario	Low-Risk Scenario SSP 1–1.9	High-Risk Scenario SSP 5–8.5
Scenario Description	• Phasing out fossil fuels globally. Achieving global net-zero carbon dioxide emissions by around 2050. Renewable energy becomes mainstream, and electrification is widely promoted. • Large-scale afforestation • Accelerated research, development, and application of low-carbon technologies, including energy storage, hydrogen energy, and carbon capture and storage technologies. • Establishment of extensive global cooperation mechanisms, implementation of strict and effective climate policies, and guidance of consumer behavior towards low-carbon alternatives.	• Reliance on abundant and globally interconnected fossil fuel resources. • Active promotion of technological innovation, but primarily focused on energy extraction and consumption efficiency rather than low-carbon alternatives. • Lack of effective global carbon pricing mechanisms or strict international climate agreements. • Global income inequality narrows, and investment in human capital increases.
Estimated Temperature Increase	Below 2°C by 2100	4.4°C by 2100

The table below provides detailed information on the key climate change-related physical and transition risks and opportunities we have identified, their potential impact, the timeframe of their impact on the Group's operations, and the Group's response measures:

Risk Type	Risk Factor	Timeframe 1	Risk Description	Response Measures
Physical climate risks	Floods, Cyclones	Medium to Long Term	Damage to facilities and equipment at operational sites, including inventory products; employee commuting and supply chains may be affected by floods or cyclones, potentially disrupting business operations or affecting the quality and cost of raw materials; increased health and safety risks for employees	We do not rely on any single ODM/OEM supplier for the production of our core products. If we need to engage alternative service providers, there are other ODM/OEM suppliers with similar production capabilities available; prepare flood control materials based on the terrain of operational sites and equipment needs, and properly store goods to prevent water damage; conduct regular flood and wind prevention inspections to ensure the firmness of facilities such as doors and windows
	Extreme Heat	Long Term	Need to add air conditioning in brand stores and training schools to improve the working environment, thereby increasing operating costs; high temperatures may affect employee health and work efficiency; rising temperatures may affect the supply of certain raw materials	Choose energy-efficient refrigeration equipment and maintain appropriate air conditioning temperatures in workplaces; provide cooling beverage allowances to all employees from June to September each year as required by the government; diversify supplier sources
	Water Scarcity in Water-Stressed Regions	Long Term	Affect water supply, potentially causing water price increases, leading to increased supply chain costs or operational disruptions	Implement water-saving measures and equipment to reduce water usage, thereby managing water expenses and mitigating the impact of water scarcity on operations; prioritize production partners with lower water intensity
Transition Risks	Policy and Regulatory Risks – Stricter "Dual Carbon" Policies	Short to Medium Term	Enterprises need to comply with more compliance standards; failure to adjust strategies in a timely manner may result in additional costs or even lawsuits and fines	Keep abreast of policy and regulatory changes, protect the environment in accordance with the law, and reduce compliance risks; incorporate climate risk factors into the Group's management strategies
	Technological Risks – Rising Energy Prices	Medium to Long Term	Increased supply chain and operating costs; failure to adopt low-carbon, energy-efficient, and digital technologies in a timely manner may lead to increased costs of the Group	Actively adopt low-carbon technologies, phase out high-emission equipment, and promote digitalization

Opportunity Type	Timeframe	Opportunity Description	Response Measures
Policy and Market Opportunities	Medium to Long Term	As market demand for eco-friendly products continues to grow, more brand clients and consumers are willing to prioritize lower-carbon, more easily recyclable beauty products. This presents a clear market opportunity for the Group to secure more high-quality orders and expand its high-end client base by enhancing the eco-friendly attributes of its products.	The Group will actively seize this trend by gradually optimizing recyclable designs on existing products and pursuing relevant eco-friendly certifications to make the products more aligned with the procurement thresholds of international brands and domestic emerging clients.

Note:

1. The timeframe refers to the period during which climate-related risks may affect the Group's operations. Short term is defined as 1 to 3 years, medium term as 3 to 5 years, and long term as 5 to 10 years.

Based on the above analysis, the Group believes it possesses a certain degree of climate resilience under both scenarios. In the low-risk scenario (SSP1–1.9), transition risks are more prominent, and the low-carbon operational measures already initiated by the Group (including the promotion of energy-efficient equipment, vehicle electrification, and green packaging strategies) help adapt to stricter policy and market environments and mitigate the impact of rising compliance costs. In the high-risk scenario (SSP5–8.5), physical risks increase, but the Group's diversified supplier network, asset-light business model that does not rely on a single production base, and established flood and disaster prevention emergency mechanisms provide a certain buffer against extreme climate events. However, we also recognize that there is still room for improvement in data foundations, quantitative assessment capabilities, and long-term adaptation planning, and we will continue to enhance the depth and breadth of climate resilience assessments in subsequent reports.

Risk Management

Our Group has incorporated climate risks and opportunities into its day-to-day operations and enterprise risk management system. The management is responsible for addressing risks and opportunities related to sustainable development, including those associated with climate change. This is primarily achieved by referencing the IPCC scenario pathways and industry trends, combined with the Group's supply chain structure and business characteristics, to identify and assess the physical and transition risks faced by the Group. These risks are then prioritized based on their likelihood of occurrence and potential impact on the business.

The Group has proactively deployed measures at key climate-related stages (see the above section about Strategies for details). These risks are continuously monitored to ensure their integration into the Group's development, business decision-making, and approval processes. When making major decisions such as supplier selection and operational site layout, the management also takes into account climate-related factors. Additionally, the Group plans to incorporate greenhouse gas management performance into supplier screening and evaluation criteria, gradually promoting emission management across the value chain.

We recognize that our current climate risk management is still in a stage of continuous improvement. In the future, as our data foundation and management capabilities enhance, we will further refine our assessment methods and monitoring mechanisms.

3. STRICT CONTROL OVER PRODUCT QUALITY AND SUSTAINABLE SUPPLY CHAIN

3.1 Innovative Product Services

The Group has pioneered the development of highlight and contour products based on light & shadow aesthetics among Chinese domestic beauty brands, particularly a Light and Shadow Collection tailored to Chinese skin tones, which has become a significant product line for the Group. This year, with the official launch of the fragrance series, our Group's product matrix has achieved a category leap from cosmetics to fragrances, further enhancing its full-category layout.

Our Group's R&D team conducts in-depth research in color science, skin feel experience, and other areas. As of the end of the reporting period, our Group has completed a total of 37 new product filings for cosmetics and skincare, continuously improving its product range. Our product design and development efforts are led by Mr. Mao, our founder and a makeup art master, who has deep understanding of light & shadow makeup artistry, oriental aesthetics and beauty product design and development. We have established a product development team consisting of an Art Committee and a Core Product Design and Development Team. The two teams collaborate closely to guide the direction of product design and development, while engaging ODM providers to collectively transform our core aesthetic concepts and market insights into product solutions.

During the Reporting Period, our product development team was comprised of 79 experienced employees, of whom 66 held a bachelor's degree or higher. On average, team members had over 14 years of relevant work experience, with diverse professional backgrounds in molecular biology, chemical engineering, and other fields. They had also held management positions in multinational pharmaceutical companies and biotechnology firms, accumulating rich experience. Furthermore, we continuously infuse new talent into the product development team through makeup artistry training programs to support the continuation and enhancement of our Group's innovative capabilities. By nurturing a group of professionals who deeply understand our brand's philosophy and aesthetic principles, we have laid a solid foundation for future product development.

Our professional capabilities	Impacts
In-depth knowledge of the ingredients, formulations and design of products	Leveraging our in-depth knowledge of ingredients, formulations, and design, we develop products that deliver superior functionality and performance.
Selection of high-quality raw materials	We select high-quality raw materials and use advanced formulation techniques to develop products that meet the specific needs and preferences of our target consumers, particularly those with Asian skin types and aesthetic standards.
Aesthetic concepts	Our light and shadow aesthetics and oriental aesthetics distinguish us from other international cosmetics brands. By integrating elements of light and shadow and elements of traditional Chinese culture into our product designs, we have created product lines with visual appeal and cultural significance, capturing the essence of oriental beauty.
Professional makeup techniques	Through years of experience, we have developed professional makeup techniques that provide us with valuable insights into makeup looks and product usage, which enables us to develop products that can deliver excellent performance, perform multiple functions and are easy to use, allowing consumers to create their desired makeup looks.

Our product design and development process is meticulously executed to ensure that every product undergoes rigorous testing and refinement before reaching consumers, guaranteeing superior quality, performance, and aesthetic appeal. Our product design and development process typically involves the following steps:

Initiation of new product project → Analysis of similar products → Product design and development → Product test → Sample testing → Mass production

3.2 Strengthening Quality Management

Adhering to our customer-oriented and quality-driven philosophy, we have been optimizing our sustainable development strategies and policies to promote product safety and quality. We have established a comprehensive quality management system to achieve full-process quality risk control in strict compliance with laws and regulations such as *the Law of the People's Republic of China on Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》) and *the Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》) to ensure that our products meet customer and regulatory requirements.

Quality Management System

We have formulated *the Rules for Quality and Safety Accountability* (《質量安全責任制度》), which enhances product quality and promotes the continuous improvement of the quality management system by setting quality objectives and regularly assessing and analyzing the achievement of those objectives. These rules clearly define the responsibilities of the legal representative (or principal person in charge), the person in charge of quality and safety, the person in charge of quality and quality team personnel, covering all aspects from the initial setting of quality objectives to the subsequent implementation, monitoring and review, ensuring the effective operation of quality objective management.

To ensure product compliance certification, we have set up strict compliance assessment and audit checkpoints throughout the entire process from R&D and production to sales, ensuring that all products have undergone safety certification and compliance testing before being launched, from design and development, prototype verification, trial production, and mass production to every stage, with a view to meeting safety and compliance standards. Through the implementation of rules and processes such as *the Product Development Management Process* (《產品開發管理流程》), *the Laboratory Management System* (《實驗室管理制度》), *the Registration and Filing and External Inspection Management Process* (《註冊備案及外檢管理流程》), *the Operation Process for Material Inspection* (《料體檢驗操作流程》), *the Management Process for Material Re-inspection* (《物料重檢管理流程》), *the Management Process for Finished Products in Warehouse* (《倉庫成品管理流程》), *the Warehouse Receipt and Delivery Process* (《倉庫收發貨流程》), *the Operation Process for Finished Product Inspection* (《成品檢驗操作流程》), and *the Operation Process for Packaging Material Inspection* (《包材檢驗操作流程》), we comprehensively cover all stages of product planning, R&D, raw material procurement, production and manufacturing, logistics and transportation and warehouse management, thereby comprehensively improving product quality management.

We have also formulated *the Process for Supervision and Management of Entrusted Enterprises* (《受託企業監督管理流程》) to ensure product quality by carrying out on-site and off-site supervision and management of entrusted production enterprises. To enhance employees' knowledge and capabilities in cosmetic safety, our employees participated in cosmetic safety assessment training organized by the National Medical Products Administration during the Year.

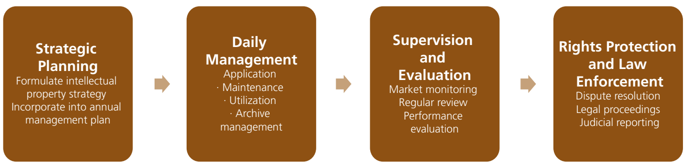
Before the products are delivered by the factory, we strictly implement quality inspections, conducting comprehensive reviews through scientific inspection standards and established procedures to minimize or avoid potential quality and safety risks. For unqualified products that are identified in various stages such as material arrival, production, finished products, warehousing and customer returns, we judge unqualified products in accordance with *the Handling Process for Unqualified Products* (《不合格處理流程》), record them in *the Quality Anomaly Sheet* (《品質異常單》), and carry out disposal procedures such as special procurement and concession acceptance, rework, return and scrapping in accordance with regulations. Through these measures, the Group is committed to providing high-quality, safe and reliable products, ensuring customer satisfaction and trust.

Logistics Quality Assurance

Our Group implements rules and measures such as *the Rules for Inventory and Warehouse Management* (《存貨及倉儲管理制度》) and *the Measures for Logistics and Transportation Management* (《物流運輸管理辦法》) to supervise various materials involved in warehousing and logistics processes, including our product packaging, marketing materials and finished products. We require all departments to perform their respective duties, support the work of the logistics department, procurement department, quality control department and other departments, and fulfill responsibilities including receiving inspection, product delivery and inventory counting. We strictly control indicators such as product packaging, quantity and quality to ensure that our goods are delivered to consumers with guaranteed quality and quantity.

3.3 Intellectual Property Protection

Our Group strictly abides by relevant laws and regulations such as *the Patent Law of the People's Republic of China* (《中華人民共和國專利法》), *the Implementation Rules of the Patent Law of the People's Republic of China* (《中華人民共和國專利法實施細則》), *the Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), and *the Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》) to strengthen intellectual property protection.



We have formulated *the Intellectual Property Management Measures* (《知識產權管理辦法》) to regulate intellectual property management. Intellectual properties include, among other things, patents, trademarks, company names and trade secrets. We have established an intellectual property leadership team responsible for approving the Group's basic policies and strategies for intellectual property management, organizing the formulation of relevant work plans and measures, improving protection systems, developing practical intellectual property strategies based on the Group's current situation and development strategy, supervising the work of the intellectual property management department, coordinating relevant matters among various departments, reviewing annual plans and incorporating them into the Group's annual management plan, and other tasks.

The intellectual property department is responsible for intellectual property management, with duties including formulating management regulations, coordinating work, defining job responsibilities, guiding and supervising relevant departments, reviewing business applications, establishing file management, representing the Group in handling external matters such as intellectual property applications, disputes, and lawsuits, participating in the signing and reviewing of relevant contracts and agreements, establishing contract files, and organizing intellectual property law knowledge promotion and learning, and experience exchange activities. Each functional department or organization is primarily responsible for the generation, utilization, maintenance, and management of intellectual properties within its scope of work and consciously safeguards intellectual properties.

We have established an Intellectual Property Promotion and Protection Fund to support annual intellectual property training and awareness initiatives. We have developed training and promotion plans for employees to strengthen intellectual property protection awareness. We have also established reward and punishment regulations for intellectual property management, rewarding those who have made outstanding contributions in related work, and punishing those who violate relevant regulations, holding them accountable, and promptly reporting to judicial authorities if a crime is constituted.

We actively monitor the market and may take legal actions against infringements of our intellectual property rights. We have signed confidentiality agreements with key employees to prevent them from disclosing our proprietary know-how secrets to others without our proper authorization.

3.4 Sustainable Supply Chain

Management Principles and Institutional Guarantees

We attach great importance to the management of our cooperation with suppliers and are always committed to providing customers with high-quality products and services. We explicitly require suppliers to strictly abide by local laws and regulations, including but not limited to *the Tender and Bidding Law of the People's Republic of China* (《中華人民共和國招標投標法》), *the Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), and *the Interim Provisions on Prohibiting Commercial Bribery* (《關於禁止商業賄賂行為的暫行規定》). In addition, we have also formulated a series of internal systems to regulate suppliers' behaviors, ensuring the stability and reliability of the supply chain, and striving to create a win-win cooperative relationship.

Supplier Admittance Management

Our Group adheres to the principles of fairness and impartiality in selecting suppliers. We have formulated *the Supplier Development and Management Process* (《供應商開發及管理流程》), *the Procurement Management Process* (《採購管理流程》), and *the Procurement Contract Management Process* (《採購合同管理流程》). When selecting new suppliers, we:

- Conduct market research based on business needs, collect and screen potential supplier information

- Require filling out *the New Supplier Evaluation Form* (《新供應商評估表》) and providing legal qualification documents

- Apply to enter the supplier resource library through *the Candidate Supplier Application Form* (《候選供應商申請表》)

- The procurement department conducts preliminary screening of basic information

- The quality control department conducts on-site assessments and quality system evaluations of suppliers.

- Qualified suppliers are included in *the Qualified Supplier List* (《合格供應商名錄》)

Supplier Assessment

The Group continues to conduct supplier assessments and evaluations, performing comprehensive annual performance reviews on core suppliers including cosmetic processing factories, packaging material suppliers, and raw material suppliers. We employ a multi-dimensional evaluation approach, encompassing on-site document reviews, on-site assessments by procurement specialists, and industry standard evaluations. A cross-functional team focuses on assessing key indicators such as suppliers' new product development capabilities, on-time delivery rates, and quality pass rates.

Based on the assessment results, we implement tiered management by classifying suppliers into different levels. For suppliers who occasionally fail to meet standards, we develop tailored improvement plans and provide training support; for suppliers that consistently underperform, we implement measures such as suspending cooperation or requiring rectification within a specified period. If a supplier still fails to meet the standards after correction, we will terminate our cooperative relationship with them. By continuously driving suppliers to enhance their quality management levels and delivery performance, we ensure the stability and reliability of our supply chain.

Sustainable Supply Chain Management

In addition to regulations related to product quality and safety, we have formulated *the OEM Supplier Audit Checklist* (《OEM供應商審核清單》) and *the Material Supplier Audit Checklist* (《資材供應商審核清單》) to review supplier performance from multiple indicators, including environmental protection and social responsibility, such as:

- Whether they have passed environmental (ISO 14001) or social responsibility (SA 8000) certification
- Whether the production raw materials used are environmentally friendly materials
- The environmental protection measures taken and the handling of emissions and waste
- Supplier anti-discrimination, human rights protection and health safeguard measures, etc.

We record relevant performance in *the Entrusted Production Enterprise Supervision Record Form* (《受託生產企業監督記錄表》) during on-site audits, continuously strengthening supplier supervision and promoting the sustainable development of the supply chain. If any violations are found, the Group will suspend or terminate the cooperation with the supplier.

During the Reporting Period, the Group had a total of 166 suppliers, all located in the Chinese mainland, primarily providing products and services such as software, advertising activities, product packaging materials, and logistics and transportation for our Group. Among them, 102 have implemented supplier employment practices.

4. PROTECTION OF CUSTOMER RIGHTS AND INTERESTS

4.1 Quality Customer Service

Our Group adheres to the customer-centric philosophy, consistently striving to provide customers with exceptional products and services while ensuring prompt and reasonable resolution of customer complaints and answers to customer inquiries. To further enhance after-sales service quality and increase customer satisfaction with our products and brand, we systematically organize, analyze, and summarize customer complaints, promptly providing feedback on issues and driving improvements. This approach promotes product quality enhancement and updates, reduces repeated complaints about similar issues, and continuously optimizes the user experience.

Online

In 2025, MAOGEPING MGP's e-commerce customer service team handled **2,993,682** customer interactions. Average response time: **15** seconds; Three-minute response rate: **99.4%**.

MAOGEPING MGP achieved an average satisfaction rate of **91.3%** across Tmall, Douyin, and JD.com platforms.

Offline

In 2025, the offline customer service team of MAOGEPING MGP handled approximately **62,798** customer cases, with efficient coordination between live agents and the WeChat Fashion Club customer service platform.

Among these, human agents effectively handled **39,522** cases, accounting for approximately **62.94%** of the total. WeChat Fashion Club customer service handled **23,276** cases, accounting for approximately **37.06%** of the total.

Improving Customer Service

We attach great importance to online and offline customer service, boasting a professional customer service team dedicated to delivering an exceptional experience to our customers.

For online services, we have established stringent standards for the entire process, including pre-sales consultations, after-sales services, and returns and refunds. Additionally, we have implemented a scientific quality inspection system to quantify service quality, ensuring that every aspect meets high standards and providing customers with an efficient, professional, and considerate service experience.

In the realm of offline services, we have meticulously crafted the "Eight Steps of Service", carefully designing each service step to provide customers with comfortable, considerate, and personalized services, making them feel meticulously cared for and comprehensively enhancing customer satisfaction.

Complaint Handling and Responding Mechanism

In order to handle complaints more effectively and enhance customer satisfaction, we have formulated *the Complaint Management Process* (《投訴管理流程》) to ensure that customer complaints can be handled promptly and efficiently. After the complaints are received and registered, the customer service department will cooperate with the quality control department to handle and investigate the complaints. Consumers can provide feedback through various channels, including offline stores, customer service hotlines, the Fashion Club (風尚薈), competent authorities of State Administration for Market Regulation and China Consumers Association, and other online platforms, including the brand's official WeChat account, client applications, Xiaohongshu, and Weibo.

Upon receiving the feedback, we classify the complaints in accordance with *the Process and Authority for Customer Complaint Handling* (《客訴處理流程及權限》) and *the Complaint Types and Handling Methods* (《投訴類型及處理方式》), clearly defining the recipients, initial reviewers, decision-makers for each type of complaints, as well as the persons responsible for docking with external departments, archiving, and inventory write-offs, ensuring that there is a definite person in charge at each step to avoid situations of shirking responsibility and delays. Simultaneously, we strictly stipulate handling timelines to ensure timely and effective resolution of complaints, safeguarding customers' legitimate rights and interests.

For different types of complaints, we have formulated detailed processes that cover all aspects of complaint handling, providing specific operation guidelines and cautions. Through these standardized processes, we can ensure consistent and high-quality handling of each complaint, meeting high standards in product returns and exchanges, service improvements, and customer relationship maintenance.

After identifying the cause through complaint investigations, we formulate corrective measures as needed. When a customer complaint is determined to be a batch-wide issue, we will remove the complained-about product from shelves or recall it. To ensure that products sold by us can be promptly recalled and properly handled in the event of quality and safety issues or defects, minimizing harm or losses and ensuring consumer safety, we have formulated *the Recall Management Process* (《召回管理流程》) to guarantee a rapid and effective recall process.

When we receive a return request from a consumer, our customer service team will determine whether the product needs to be recalled. Once a recall is confirmed, a professional testing team will conduct a detailed inspection and analysis of the returned product to identify the problem, and record the process and results at the same time. If further inspection is required, the product is securely sealed and sent back to a dedicated facility in China, ensuring that consumers can stay informed about the handling status of their products at any time. We guarantee transparency in the recall process and product traceability, safeguarding consumer rights. After complaint resolution, we arrange for dedicated personnel to follow up, ensuring that the customer's issue is thoroughly resolved and that they are satisfied with the outcome, enhancing their trust and loyalty to the brand.

We believe that through the above efforts, we can better protect consumer rights while preserving and enhancing our brand image, providing customers with a superior and considerate service experience.

We provide rapid, omni-channel responses to customer feedback through a professional customer service system. In 2025, the offline customer service team handled a total of 1,042 customer feedback cases, primarily focusing on the effectiveness of counter products and counter services. All feedback received immediate responses, with routine cases closed within three working days and a 100% complaint resolution rate. The online customer service team has established specialized teams on mainstream e-commerce platforms such as Tmall and Douyin, building a bridge of trust between the brand and users with professionalism and warmth. Notably, the Tmall customer service team received dual prestigious certifications from Taobao & Tmall Group, namely the "2025 Annual Gold Medal Customer Service Team" and the "2025 Annual Five-Star Store", as well as the "2025 Annual Excellent Customer Service Team" award from WWW.ONLYCHITU.COM. Adhering to our service commitment, we leverage AI to enhance efficiency and safeguard every trust with warmth. During the Reporting Period, we received a total of 3,117 complaints regarding products or services from consumers through various channels such as e-commerce platforms, industrial and commercial departments, BLACK CAT, and 12315, with a complaint resolution rate of nearly 100%.

The brand always adheres to a "consumer-first" service philosophy, continuously enhancing the service capabilities of our customer service team through professional training, process optimization, and system upgrades, ensuring that every consumer's voice is heard and every issue is properly resolved. During the reporting period, we did not receive any major complaints from customers requiring product recalls due to safety and health concerns.

4.2 Information and Data Security

Information security is an important part of the Group's comprehensive risk management, serving as a key factor in maintaining operational stability, protecting customer privacy, safeguarding business secrets and ensuring the security of technical assets. In respect of information security, the Group strictly complies with relevant laws and regulations including but not limited to *the Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) and *the Provisions on Protecting the Personal Information of Telecommunications and Internet Users* (《電信和互聯網用戶個人信息保護規定》). The Group has formulated a number of information management rules, such as *the Informationization Management Rules* (《信息化管理制度》), *the Data Backup and Recovery Management Rules* (《數據備份與恢復管理制度》), *the Computer Room Safety Management Measures* (《機房安全管理辦法》), *the Network Security Management Measures* (《網絡安全管理辦法》), *the Emergency Plan for Network Data Security Incidents* (《網數安全事件應急預案》), *the Information Classification and Grading Management Rules* (《信息分類分級管理制度》), *the Privacy Policy* (《隱私政策》), *the User Self-discipline Convention* (《用戶自律公約》), *the Rules for the Protection of Important Data* (《重要數據保護制度》), *the Risk Assessment Report for Important Data* (《重要數據風險評估報告》), and *the Rules for the Cancelation of MAOGEPING Accounts* (《毛戈平賬戶註銷規則》).

To ensure the security of customer data, we have established strict access control and monitoring mechanisms to prevent unauthorized access to data and ensure that data processing practices comply with domestic and international data protection standards. We have formulated *the Informationization Management Rules* (《信息化管理制度》) which covers the overall informationization management of the Company, including asset management and computer setup settings, and implemented *the Information Classification and Grading Management System Rules* (《信息分類分級管理制度》) to classify and manage information at different levels, ensuring the security of important assets.

For important data, we have formulated *the Rules for the Protection of Important Data* (《重要數據保護制度》) and carried out risk assessments of important data, providing a basis for management. In accordance with *the Data Backup and Recovery Management Rules* (《數據備份與恢復管理制度》) and *the Computer Room Safety Management Measures* (《機房安全管理辦法》), we adopt advanced encryption technologies for data storage and transmission, and conduct regular audits to identify and reduce potential security vulnerabilities.

With the prior consent of customers, we collect and maintain certain customer information in the course of our daily business, but only to the extent necessary for the sale and delivery of our products and the provision of services. We have taken measures to keep such information confidential to ensure compliance with regulatory requirements. We have established *the Privacy Policy* (《隱私政策》) to clearly define the specific policies and implementation methods for protecting consumers' data and privacy. On different platforms, we require customers to read and sign *the User Self-discipline Convention* (《用戶自律公約》) to regulate user behavior and ensure that users comply with privacy protection regulations. Additionally, we provide comprehensive training to our employees on data privacy and security protocols to enhance their capabilities.

We strive to ensure network security by preventing sensitive data leakage, protecting user and company privacy, and ensuring a stable network environment through technologies such as firewalls and encryption, in accordance with *the Network Security Management Measures* (《網絡安全管理辦法》). At the same time, we have formulated *the Emergency Plan for Network Security Incidents* (《網絡安全事件應急預案》) to effectively prevent, promptly control and minimize the harm and impact of network security incidents. In order to improve the emergency response level for personal information security incidents, it is stipulated that the emergency response team should organize at least one drill of the emergency plan every six months, actively identify weaknesses, take countermeasures, analyze personal information security issues, find out the causes of incidents, and check whether the communication, coordination, command, etc. among all steps of the emergency plan meet the requirements of rapidity and efficiency.

During the Year, we did not receive any complaints regarding major data breaches, nor did we have any complaints that were found to be true regarding the leakage of customer privacy or the loss of customer data.

4.3 Responsible Advertising and Promotion

The Group conducts advertising, marketing and promotion for our brands and products through a variety of online and offline channels, adhering to relevant Chinese laws and regulations, such as *the Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》), *the Measures for the Administration of Internet Advertisements* (《互聯網廣告管理辦法》), and *the Regulation on the Supervision and Administration of Cosmetics* (《化妝品監督管理條例》).

Our brand development department and marketing department are mainly responsible for the management of online and offline promotional materials. In order to ensure that the advertisements do not contain any false, inaccurate or misleading content about the products, our product promotions must be reviewed by the legal department on the OA platform before being released to the public. We have formulated a standardized review process for the promotional content produced in cooperation with well-known Key Opinion Leaders (KOLs). For product-related livestreaming sessions, we also implement comprehensive control measures to avoid false and harmful information. In response to the false information generated on various platforms, we will actively appeal according to the platform rules to reduce the risk of the spread of negative information.

We always adhere to the legality, legitimacy, honesty and authenticity of the advertising content, earnestly fulfill our social responsibilities, and ensure that the advertising and promotion are in compliance with the requirements of laws and regulations and ethical norms.

During the Reporting Period, there were no disputes related to advertising and information promotion that had a significant impact on the Group.

5. RESPECTING EMPLOYEE VALUE

The Group is well aware that talent is an important source of the core competitiveness of an enterprise. We are committed to creating a diverse, equal and inclusive workplace environment, providing employees with a healthy and safe workplace and a broad professional development platform. We continuously attract outstanding talent to join and stay with us, thereby expanding our talent pool and consistently enhancing our competitiveness.

5.1 Employee Profile

As of December 31, 2025, the total number of our employees was 4,488, categorized as follows:

Employee Profile	Number of Employees	
Employee distribution by gender	**2025**	**2024**
Female employees	**3,892**	3,539
Male employees	**596**	545
Employee distribution by employee category	**2025**	**2024**
Supervisor and below	**4,277**	3,902
Manager level	**166**	143
Director and above	**45**	39
Employee distribution by employee category	**2025**	**2024**
Full-time employees	**4,488**	4,078
Short-term contractual/part-time employees	**–**	6
Employee distribution by age group	**2025**	**2024**
Employees aged below 30	**2,315**	2,109
Employees aged from 30 to 50	**2,111**	1,917
Employees aged above 50	**62**	58
Employee distribution by geographical location	**2025**	**2024**
East China	**1,971**	1,731
South China	**402**	377
Southwest China	**767**	712
Central China	**472**	464
North China	**547**	535
Northeast China	**132**	120
Northwest China	**196**	145
Hong Kong	**1**	–

Employee Turnover Rate	2025	2024
Total	**17.14%**	14.55%
Employee turnover rate by gender		
Female	**16.30%**	14.22%
Male	**22.39%**	16.70%
Employee turnover rate by age group		
Under 30	**22.29%**	20.55%
30–50	**11.74%**	9.01%
Over 50	**6.90%**	12.31%
Employee turnover rate by region		
East China	**17.22%**	13.87%
South China	**17.24%**	17.20%
Southwest China	**16.29%**	15.56%
Central China	**28.66%**	14.47%
North China	**10.09%**	13.73%
Northeast China	**7.50%**	10.81%
Northwest China	**16.55%**	15.38%
Hong Kong	**–**	–

5.2 Equal Employment System

We are committed to fostering an equitable and diverse workplace culture, strictly complying with relevant laws and regulations such as *the Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), *the Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and *the Regulations on the Prohibition of Child Labor* (《禁止使用童工規定》). We continuously improve our internal compliant recruitment regulations to safeguard the legitimate rights and interests of our employees.

We conduct recruitment through various channels such as recruitment websites, campus recruitment, and internal referrals, focusing on evaluating applicants' comprehensive abilities and job suitability without considering factors such as race, color, nationality, ethnicity, gender, or age, thereby eliminating any form of discrimination. When reviewing the information of applicants, we rigorously examine details including educational backgrounds, work experiences and actual ages. We will only sign formal labor contracts with those who fully meet our recruitment requirements. In the labor contracts, we clearly specify essential information such as salaries and the methods of payment to ensure that there is no occurrence of employing child labor or forced labor. If the Company discovers that the materials provided by an employee upon joining are false or inconsistent with the facts, the Company will terminate the labor contract with that employee without paying any compensation.

When an employee submits a resignation, a department specialist or a human resources specialist will conduct an exit interview to learn about the reasons for his or her departure, as well as his or her suggestions regarding the Company's operations and human resources management. We actively assist in completing exit procedures and work handovers, continuously optimizing our human resource management to safeguard the rights of both the Group and its employees.

During the Reporting Period, our Group did not encounter any cases related to illegal employment, human rights violations, the employment of child labor or forced labor.

5.3 Compensation and Benefits

Our Group adheres to a people-oriented management philosophy and has constructed a comprehensive reward system that combines external competitiveness with internal fairness, committed to safeguarding employee rights and enhancing employment value.

In terms of salary protection, the Group strictly complies with local laws and regulations to provide employees with social insurance and housing provident fund contributions. Guided by job value and individual contributions, we offer a diversified salary structure that includes seniority-based wages, overtime and business trip allowances, ensuring fairness and incentive in compensation distribution.

Regarding welfare and care, the Group continuously improves its welfare protection mechanisms. In addition to statutory holidays, we provide additional paid annual leave, marriage leave, prenatal check-up leave, and other welfare holidays. We also focus on employees' physical and mental health and promote work-life balance through regular health check-ups and team-building activities. Additionally, we introduce special benefits such as employee internal purchase discounts to enhance employees' sense of belonging and corporate identity.

In terms of working hours management, our Group implements a combination of standard working hours and special working hours systems. In principle, we do not encourage overtime. If overtime is necessary due to work requirements, approval procedures must be followed, and compensatory leave is prioritized to practically safeguard employees' rest rights and physical and mental health.

In addition, the Group has established a labor union, which provides a channel for employees to participate in management decision-making and communicate upwards, fully safeguarding the rights of employees. We also organize a variety of employee activities through the labor union to help employees balance work and life and create a harmonious workplace atmosphere.

Activity Cases:

Annual Fashion Gala

Themed Team-Building Activities

Activity Cases:

Festival Care – Tea Break

5.4 Employee Growth and Development

The Group firmly believes that employees are the core asset of the enterprise, and their continuous growth is interdependent with the long-term development of the enterprise. We strictly comply with relevant laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Vocational Education Law of the People's Republic of China (《中華人民共和國職業教育法》) regarding occupational training and career development, ensuring employees' rights to receive vocational skills training. Meanwhile, the Group actively fulfills the disclosure requirements of Social Category B3 (Development and Training) in the Environmental, Social, and Governance Reporting Code (《環境、社會及管治報告守則》) of the Stock Exchange of Hong Kong Limited. We have systematically constructed a dual-channel growth system covering employee training and career advancement, helping employees continuously improve their professional capabilities and overall qualities through a comprehensive training mechanism and providing them with diversified career development spaces through clear promotion paths, achieving collaborative progress of employees' personal values and corporate strategic objectives.

Employee Training

The Group highly values employee capability development and regards it as a key driver for the continuous growth and innovation of the enterprise. Each year, the HR Department formulates an annual training plan based on the Company's strategic goals, budget arrangements, and employee training needs survey results, breaking it down into quarterly plans and compiling a training course list to ensure the rational allocation and effective implementation of training resources.

To ensure that employees can fully unleash their potential in their respective positions, we have established a comprehensive training system as follows:

Training Category	Training Objective	Training Method	Training Content
New Employee Induction Training	To assist new hires in adapting to the new work environment as quickly as possible and smoothly transitioning into their roles.	Regular in-house lectures	The curriculum is divided into two categories: general modules and professional and technical modules. The specific content of the two categories can be selected according to different positions held. General Modules Subjects: 1. Company overview (including the Company's history, corporate culture, and departmental functions); 2. Company system introduction; 3. Others. Professional and technical modules: 1. Job design and workflow for technical positions; 2. Project management processes and intensive training; 3. Others.

Training Category	Training Objective	Training Method	Training Content
Mentorship On-the-job Training for Interns	To enable new employees to quickly get familiar with the business content and work processes according to the requirements of their positions.	"Fixed mentor responsibility system of "one-to-one" or "one-to-two"	Education on ideological quality and corporate culture; development of professional knowledge and skills; guidance on resolving work-related challenges, etc.
Internal Training	To leverage the internal expertise of the Company to maximize resource efficiency, strengthen internal communication, foster a collaborative learning atmosphere within the company, and enrich employees' amateur learning lives.	In-house lectures, seminars, or knowledge-sharing sessions	Multiple aspects involving the Company's technical and management fields, as well as knowledge and information that employees are interested in outside of work.
External Training	To rely on external expert resources to enhance professionals' knowledge, skills, and techniques required for their jobs, thereby improving work quality and efficiency.	Attend external open courses, exchange seminars, or invite external lecturers to teach within the Company	a) General practical training: involves professional technical knowledge, management methods, leadership skills, etc.; b) Training suitable for senior management: covering corporate strategy and development; c) Personal development training: including MBA programs and professional technical certification.

To ensure training effectiveness, our Group evaluates from two dimensions: teaching quality and learning achievements of trainees. Teaching evaluations cover aspects such as course content, teaching skills, and training effects, while trainee evaluations quantify training outcomes through post-course assessments and the Internal Training Feedback Opinion Form, continuously optimizing training quality and ensuring that training investments effectively serve corporate development goals.

During the Reporting Period, the Group conducted a total of over 50 training programs and provided induction training for nearly 1,566 new employees. The training content covered six categories: In terms of professional quality training, the Group offers courses on professional image building, leadership development, and team management for in-service employees to support their career growth; in terms of beauty professional and technical training, the Group has established a hierarchical training path from new employee basic training to advanced promotion assessments, covering various makeup techniques, regional product knowledge, trainer capability certification, and channel-specific training, continuously consolidating the professional service capabilities of the frontline team; in terms of sales and management training, the Group offers specialized courses on market insight, sales performance management, reserve supervisor training, and new manager skill enhancement for managers at different levels to strengthen the construction of the management talent pipeline; in terms of system operation training, our Group organizes training on the operation of information systems such as the human resources system, traceability code management, storage location management, paperless reimbursement, and project management in conjunction with digital construction to enhance the digital work efficiency of various positions; in terms of quality management training, the Group conducts professional training on enterprise standard interpretation, incoming material inspection, packaging inspection, supplier audit points, and sample management around the entire process of product quality control to ensure the stability and compliance of product quality; in terms of compliance training, the Group regularly conducts specialized training on anti-corruption and social media usage norms to strengthen the compliance awareness and risk prevention capabilities of all employees.

The training indicators for the Year are as follows:

Indicator	Number of Trainees	Training Duration (Hour)
By gender		
Male	596	36.4
Female	3,892	39.6
By employee category		
Supervisor and below	4,277	40.6
Manager level	166	12.4
Director and above	45	2.5

Indicator	Number of Trainees	Participation Rate
By gender		
Female employees	3,892	100%
Male employees	596	100%
By employee category		
Supervisor and below	4,277	100%
Manager level	166	100%
Director and above	45	100%

The total training duration for this year was 175,929.5 hours, with an average training duration of 39.2 hours per person. The Group will continue to optimize the allocation of training resources at all levels and further enhance the depth of training for the management.

Employee Promotion Path

The Group places great emphasis on employee growth and career development, taking a clear and comprehensive employee promotion pathway as the core to establish a scientific and sustainable talent development system. The Company has established a standardized and fair assessment and evaluation mechanism based on the *Employee Handbook* (《員工手冊》) and the *Employee Performance Management System* (《員工績效管理制度》). Meanwhile, it has planned clear career development paths and promotion channels for employees at different positions.

The Group has set up dual promotion routes of management and professional sequences for various positions, covering the growth needs of all employees and providing them with predictable and achievable promotion paths. A systematic training system and a growth mechanism are also established to continuously empower employees to enhance their capabilities, helping them steadily grow from newcomers to management talents or professional experts.

To further optimize employee promotion pathways, the Group has introduced the Beisen talent assessment system to accurately identify employees' strengths and weaknesses in terms of capabilities and match them with professional and systematic training resources. At the same time, it has established a promotion mechanism for sales management talents and for national counter makeup artists, designing exclusive promotion and grading routes for sales management and makeup artist positions to drive talents in different fields to continuously advance.

In addition, the Group implements the sales management reserve talent pool plan to selectively cultivate high-potential employees for management positions, achieving 100% internal cultivation of sales management talents. It also launches the counter mentor selection program, choosing outstanding employees with good performance to serve as internal mentors. This tiered cultivation approach supports the implementation of employee promotion pathways and promotes the simultaneous improvement of the overall team capabilities and talent echelon.

5.5 Occupational Health and Safety

The Group places utmost importance on employee occupational health and safety, strictly adhering to laws and regulations such as *the Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), *the Fire Protection Law of the People's Republic of China* (《中華人民共和國消防法》), and *the Labor Law of the People's Republic of China* (《中華人民共和國勞動法》). It has formulated and implemented internal policies including *the Health and Hygiene Management System* (《健康衛生管理制度》) and *the Laboratory Management System* (《實驗室管理制度》), establishing standardized operating procedures for processes involving potential occupational health risks to minimize safety hazards.

The Group has also established protocols for handling and remedying safety incidents, ensuring immediate medical treatment for injured employees, conducting post-incident reviews to prevent recurrence. achieving zero work-related fatalities over the past three years (including the Year). During the Reporting Period, 10 employees in the Group sustained work-related injuries, resulting in a total of 379 lost workdays. All these work-related injury cases were minor, primarily involving slight sprains, abrasions, and collision injuries in the workplace, as well as traffic accidents during commuting to and from work, and did not involve major production safety accidents. The injured employees have all recovered after treatment and returned to their positions, and all work-related injury incidents have been properly handled. The Group has strengthened safety reminders and preventive measures for the aforementioned common types of work-related injuries, including optimizing anti-slip measures and traffic flow arrangements in the workplace, as well as issuing commuting traffic safety reminders to employees to reduce the likelihood of similar incidents.

	Unit	2023	2024	2025
Number of work-related fatalities	Persons	0	0	**0**
Rate of work-related fatalities	%	0	0	**0**
Number of work-related injuries	Persons	–	5	**10**
Number of lost workdays due to work-related injuries	Days	–	238	**379**

The Health and Hygiene Management System (《健康衛生管理制度》) and *the Staff Handbook* (《員工手冊》) outline clear regulations on regional hygiene, personal hygiene, and health records, providing employees with standardized sanitary procedures and necessary knowledge and skills. Daily personal waste disposal is required between 5:00 PM and closing time, with office waste to be placed in designated areas to maintain clean and comfortable work environments. The Group prioritizes employee well-being by collaborating with medical institutions to offer regular health check-ups, allowing eligible employees to schedule appointments based on personal needs for proactive health monitoring.

The Laboratory Management System (《實驗室管理制度》) specifies detailed guidelines for laboratory environments, covering chemicals, equipment, personnel operations and exhaust gas treatment to prevent injuries or property damage during experiments.

For fire safety management, *the Fire Safety Emergency Plan* (《消防安全應急預案》) has been implemented across all campuses, encompassing responsibility allocation, fire prevention, on-site response, post-incident management, emergency supplies, and training and drills. During the Year, MAOGEPING Beauty Education Institute (毛戈平美妝教育) organized fire drills and training sessions in campuses across Beijing, Shenzhen, Shanghai, Chengdu, Qingdao and other locations, enhancing awareness of fire risks, and self-protection and self-rescue capabilities among faculty and students to safeguard lives and property.

6. UNDERTAKING SOCIAL RESPONSIBILITIES

The Group has always regarded community investment as a crucial part of sustainable corporate development. We adhere to the philanthropic concept of "using beauty as a medium and kindness as the foundation". By virtue of an institutionalized community engagement mechanism, we proactively understand the actual needs of the communities where our business operates and broader social groups, which ensures that our corporate activities fully consider community interests and transform the Group's resources into tangible social value. During the Reporting Period, the total philanthropic donations amounted to approximately RMB6,079,210, and dozens of teachers and students were organized to provide free styling services for multiple philanthropic events.

As a company rooted in the beauty industry, the Group deeply understands the natural connection between "beauty" and female empowerment. The Group consistently advocates for healthy, confident, and diverse aesthetic concepts, encouraging every woman to accept and express herself. At the same time, we provide numerous female students with professional skills training and employment support through its beauty education system, helping them achieve economic independence with their skills and making "the beauty business" a practical path for female self-empowerment.

The Group continues to delve into cultural heritage: leveraging the Group's influence to promote the creative transformation of excellent traditional Chinese culture and safeguard the contemporary value of oriental aesthetics.

The Group helps special groups gain more opportunities to be seen and respected through artistic co-creation and professional skills volunteer services in corporate activities.

The Group believes that corporate social responsibility is not only reflected in daily continuous efforts but also in decisive actions during crises. Extending a timely helping hand is itself an expression of "beauty", conveying the belief in mutual support and respect and cherishment for every life. In November 2025, a Level 5 fire broke out in Wang Fuk Court, Tai Po, New Territories, Hong Kong, causing significant casualties and property damage. A large number of residents lost their homes and faced difficulties in their daily lives. After the disaster, Mao Geping Cosmetics Co., Ltd. responded promptly and donated RMB5 million through the Hong Kong Chamber of Commerce in Zhejiang Province, specifically for the resettlement of affected residents, medical assistance, and the provision of daily necessities.

Elegance Transcending Time and Space

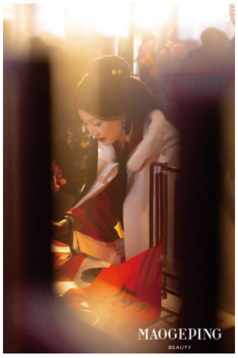
The Group firmly believes that oriental aesthetics are not just echoes of history but also spiritual forces that can be perceived and resonated with in contemporary life. We promote the creative transformation and innovative development of excellent traditional Chinese culture, and enable oriental beauty to evolve from "national trends" to "international recognition", conveying cultural confidence to the world by integrating intangible cultural heritage techniques into contemporary aesthetic narratives and safeguarding the radiance of Chinese faces on international top-tier stages.

Beauty Inheriting the Orient: Bringing Intangible Cultural Heritage into Contemporary Life

Since 2024, the Group has initiated the "Beauty Inheriting the Orient" cultural IP project, collaborating with national-level intangible cultural heritage inheritors and emerging designers. We bring traditional techniques out of museums and transform them into aesthetic landmarks in contemporary life through cross-border co-creation. The project progresses at a pace of "three chapters per year", with each chapter focusing on one intangible cultural heritage technique and a segment of cultural memory. It completes the translation from tradition to the present through dual carriers of products and content.

In the first chapter of 2024, on the occasion of the 60th anniversary of the establishment of diplomatic relations between China and France and the first Spring Festival as a United Nations holiday, Mao Geping Company collaborated with national-level intangible cultural heritage inheritors Chen Bohua and Zhai Yuliang, overseas designer Christoph Brach, and emerging artist Zhang Mingshuo with the theme of "Illuminating Inner Joy", and told the humanistic story of "meeting with lanterns in hand" around the world by taking traditional lantern culture as the inspiration.

During the beautiful moments of the Spring Festival-Lantern Festival "reunion and gathering," in this rapidly developing era, Mao Geping Company re-examined the "emotional encounters" between people and perceived the essence of family love, romantic love, and friendship by means of the humanistic light of oriental beauty: True reunion is not just about sitting together but about "lighting the lamp in one's heart, illuminating each other, and warming each other".



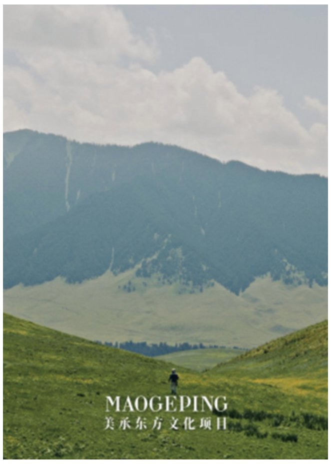
Centering around the spiritual resonance of "Illuminating Inner Joy", Mao Geping Company reproduced palace lanterns in brand gift boxes, resonated with people through the craftsmanship stories of artists, and brought the mutual illumination of oriental humanistic beauty to life through themed events such as lantern festivals in different venues and overseas exchanges. From the emotional reliance between people, it spread to the mutual support between the north and the south, the integration of the ancient and the modern, and the exchange between China and foreign countries. We promoted living heritage and cultural outreach through collisions between traditional culture and contemporary expressions in both online and offline venues, truly allowing the world to see the Chinese New Year relying on the brand's influence.

In the second chapter of 2024, MAOGEPING's Mid-Autumn Festival gift collaborated with National Master Lei Tianyong's Studio and emerging designer Xu Yue to witness the ancient and modern encounter of lacquer and mother-of-pearl inlay with the theme of "Meeting Sooner or Later". Mao Geping Company focused on the cultural significance of the Mid-Autumn Festival, further enriched its humanistic connotations, and redefined "meeting": meeting is not an ending but a beginning. Mao Geping Company expanded the encounter between people to the encounter of inheritance, focusing on the fashionable integration of oriental humanities into daily life. We inherited the techniques and beauty of time, allowing mother-of-pearl inlaid lacquerware to step out of museums and enabling traditional culture to truly enter contemporary life, opening up greater imagination for humanistic art.

The "Meeting" lacquer and mother-of-pearl inlay earrings are a fusion of ancient and modern elements achieved by intangible cultural heritage masters and emerging designers under the bridge of Rongjin Culture. This small ear accessory not only carries profound humanistic emotions and the care and time equivalent to millions in value; it also represents Mao Geping Company's exploration of the possibilities and vitality of intangible cultural heritage culture in modern society, promoting the contemporary transformation of intangible cultural heritage techniques. Moreover, it is Mao Geping Company's cross-industry exploration, gathering more co-promoters for cultural heritage, continuously endowing it with new life, and transmitting the great beauty of culture, as well as witnessing the even greater beauty of culture.

In the third chapter of 2025, with the theme of "Flowers in the Wilderness", Mao Geping Company took "standing on the earth and looking up at the stars" as a starting point, reinterpreted historical stories, and distilled emotions and wisdom that can be universally understood by the world. We transformed the oriental cultural reflections on time and inner strength into content expressions that contemporary audiences can understand and resonate with.

The "Flowers in the Wilderness" program originated from a journey by Mr. Mao Geping. Through presenting real people, real land, and real time scales, it showcased local cultures while focusing on the stories of individuals who maintain inner composure and life resilience in uncertain environments. It presented how individuals establish self-awareness, find inner order, and continue to grow under different cultural and living backgrounds. The spiritual connotation conveyed by the program, "Life is like a seed; no matter where it falls, as long as it takes root, it can bloom its own flower field", represents the brand's long-term advocacy of oriental aesthetics and cultural confidence.



The program was released on December 16, the Belt and Road International Day, paying tribute to the pioneers on the Silk Road by telling the stories of Liu Jieyou and Feng Liao. At the same time, it provided inspiration for how people can face great uncertainties today. "Flowers in the Wilderness" represents the brand's deeper exploration and reflection on cultural heritage. It is also a more penetrating communication practice that uses the brand's influence to promote culture from being "seen" to being "understood", transforming historical figures and humanistic cultures from merely being "remembered" at the knowledge level into spiritual landmarks that can resonate in contemporary contexts.

The Beauty of Competition: Safeguarding the Vibrant Red Under the Five-Star Red Flag

When competing on the world stage draped in the national flag, Chinese athletes showcase not only their competitive prowess but also the spiritual outlook of a nation. MAOGEPING takes "sports makeup" as its entry point, striving to ensure that every Chinese face draped in the national flag shines even brighter with the embellishment of oriental aesthetics.

The Group's connection with Chinese sports can be traced back to the 2008 Beijing Olympics, when Mr. Mao Geping participated in an international major event for the first time as a makeup artist. Since then, the Group has continued to delve into the field of sports makeup: In 2021, it became the official designated makeup product and makeup service supplier for the Hangzhou Asian Games, which was also the first time in the history of the Asian Games that makeup service stations were set up in the Athletes' Village and the Main Media Center. In 2022, Mao Geping Company officially signed with the Chinese National Artistic Swimming Team, designing oriental makeup looks for the team members according to different event themes, helping them win medals at the World Championships.

In September 2023, the MAOGEPING officially became the official makeup service supplier for TEAM CHINA and simultaneously released the "Spark Glory" sports makeup series in a cross-border collaboration with TEAM CHINA. TEAM CHINA selects only one partner in each industry, and this recognition is not only an affirmation of the MAOGEPING's professional strength but also a significant responsibility entrusted to MAOGEPING.

At the 2024 Paris Olympics, MAOGEPING accompanied the Chinese delegation as an official entity to this important international event. MAOGEPING released the "Splendid Aura" collections and Team China Athlete Image Enhancement Kits, set up exclusive exhibition areas and image design makeup stations in the "China House", and established exclusive makeup stations at the delegation's residence for daily use by athletes. The makeup stations at the residence quickly became popular check-in spots in the village – more and more athletes regarded "wearing makeup to compete" as a way to boost their morale before the game. In Paris, the Chinese delegation shone on the world stage with an outstanding performance of 40 gold, 27 silver, and 24 bronze medals, and MAOGEPING helped the Chinese National Artistic Swimming Team win the first Olympic gold medal in the history of Chinese artistic swimming.

In 2025, MAOGEPING has initiated preparations for the 2026 Milan Winter Olympics and will once again collaborate with TEAM CHINA. With the theme of "The Glory of the Nation, Shining in Milan", it will help Chinese winter sports athletes bloom with oriental charm under the Alps.

Skills Illuminate the Future

The Group holds that the ability to perceive beauty is an innate gift in everyone, and professional aesthetic education is the key to unlocking this gift. Whether it's the first curiosity about light and shadow from children in rural classrooms, the spark in the eyes of women in southern Xinjiang after learning their first makeup look, or the cultivation of a new generation of aesthetic talents through school-enterprise collaboration, the Group has consistently used professional skills as a fulcrum to promote aesthetic education and reach a wider audience, transforming "beauty" from an aesthetic experience into an acquirable skill and a life-changing ability.

Light & Shadow Companions: Rooting Aesthetic Education in Rural Areas

Aesthetic education is a crucial component of quality education, yet the lack of professional teachers and curriculum resources remains a long-standing challenge in vast rural regions. The Group chose to empower teachers rather than replace teaching – only by enabling local teachers to teach continuously can aesthetic education truly take root in rural areas.

In 2024, the Group launched the "Light & Shadow Companions" MAOGEPING Rural Children's Aesthetic Education Photosynthesis Initiative, jointly implemented with Southern Weekly and the Shanghai True Love Dream Public Welfare Foundation. Taking Lichuan City, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province, as the first pilot region, the program conducted national aesthetic education policy research, offline pilot school surveys, and questionnaires with 600 local frontline teachers. It produced a systematic research report and developed a customized curriculum named "Oriental Light & Shadow Theater" in 2025.

"Oriental Light & Shadow Theater" follows the thread of Oriental light and shadow aesthetics, integrating artistic concepts, local culture, and natural imagery to guide children in perceiving and expressing beauty through observation and creation. The program's launch ceremony and trial class were officially held at Nanping Primary School in Lichuan City on September 25, 2025. After a semester of practice, the curriculum reached seven local schools, benefiting 1,245 students and 25 teachers. It effectively stimulated students' interest and creativity in aesthetic education while promoting interdisciplinary teaching awareness among teachers. This practical experience will provide valuable insights for the future nationwide promotion of rural aesthetic education programs.

Aesthetic Education Nourishes Xinjiang: Filling the Gap in Professional Makeup Education in Southern Xinjiang

In more remote regions, the lack of aesthetic education affects not only aesthetic literacy but also employment and livelihoods directly. Southern Xinjiang has long lacked professional makeup and beauty education resources, creating barriers for local women to enter and start businesses in the beauty industry.

In August 2025, under the leadership of the Zhejiang Provincial Command Center for Aiding Xinjiang, the Group donated to establish **the MAOGEPING Makeup Art Education Exchange Center** at Aksu Vocational and Technical College. On the donation ceremony day, brand founder Mr. Mao Geping, along with the Group's Art Committee and stylists from various schools, presented a "MAOGEPING Color Cosmetics Art Styling Show" that blended classical aesthetics with modern styling art, allowing oriental fashion beauty to bloom in Southern Xinjiang.

That same day, the center's first makeup skills training class officially began. More than 30 trainees from "Beauty Salon" program in Aksu Prefecture became the first beneficiaries, receiving systematic professional makeup skills training to build capabilities for future employment and entrepreneurship. This marks a significant step in Zhejiang's aid to Xinjiang's "Aesthetic Education Nourishes Xinjiang" initiative and signifies the substantive implementation of MAOGEPING Beauty Education Institute's makeup education in extending professional teaching resources from the east to the west.

School-Enterprise Collaboration: Cultivating the Next Generation of Talents in Oriental Aesthetics

The sustainable development of aesthetic education hinges on the systematic cultivation of professional talents. On December 20, 2025, the "MAOGEPING Industrial College of Zhejiang Vocational Academy of Art" was officially established. This marks a heartfelt gesture of gratitude from brand founder Mr. Mao Geping and his wife, Ms. Wang Liqun, to their alma mater, Zhejiang Vocational Academy of Art, as well as a strategic upgrade in talent cultivation between the two parties.

The signing ceremony took place during the 2025 Annual Conference of the Production-Education Integration Community in the Stage Art Industry, guided by units such as the Department of Science and Technology and Education of the Ministry of Culture and Tourism and the Education Department of Zhejiang Province. Coinciding with the 70th anniversary of Zhejiang Vocational Academy of Art's founding and the 25th anniversary of MAOGEPING Beauty Education Institute's establishment, this school-enterprise collaboration carries special commemorative significance. Grounded in the philosophy of "art-technology integration and industry-education symbiosis", the Industrial College aims to break down barriers between academic education and industry practice, delivering composite talents with both professional expertise and aesthetic depth to China's beauty and styling arts industry.

Serving Society with Professional Skills

Beyond systematic education, the Group has also continuously brought professional aesthetic skills into a broader range of social settings. During the Reporting Period, the brand conducted numerous vocational image enhancement trainings and beauty makeup public welfare classes for women across various industries, including image enhancement courses for female police officers in the public security system, vocational image training for women in the human resources system, beauty makeup classes for working women in industrial parks, and beauty makeup classes for the State Grid system. These initiatives transformed professional aesthetic knowledge into practical daily skills, empowering women in different roles to face work and life with greater confidence.

Love, Nurturing Silently

Beauty is a universal language shared by humanity, and warmth is a force that transcends boundaries. The Group firmly believes that when "beauty" is directed toward those often overlooked groups, it ceases to be merely an aesthetic experience and becomes a gentle social act. During the Reporting Period, the Group continued to focus on special groups such as children with autism, the hearing-impaired, and individuals with disabilities. Through artistic co-creation, professional empowerment, and targeted donations, the brand took concrete steps to enable beauty to transcend physical and situational boundaries, reaching every individual deserving of recognition.

Every Light Deserves to Be Seen: Artistic Public Welfare for Children with Autism

Children with autism often live in their own worlds, yet their inner selves are far from silent – many express rich emotions through painting that are difficult for others to access. In 2022, Mr. Mao Geping was invited to an auction organized by the Shanghai Caopeng Charity Foundation. Deeply moved by Mr. Cao Peng's and the foundation's long-term dedication to children with autism and their families, he bid for and acquired a painting titled "Nadou's Courtyard", created by a child with autism. The bold and unrestrained colors in that painting represented a child's vision of the world – rule-free yet full of vitality.

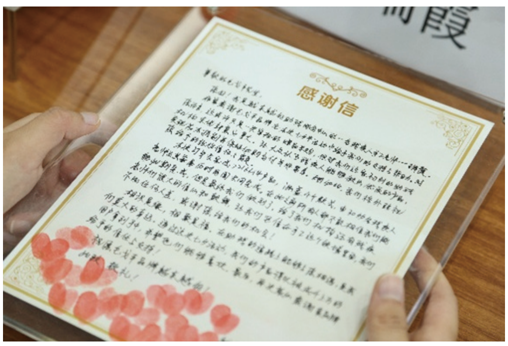
This encounter marked the beginning of an ongoing public welfare collaboration. In 2023, the Group officially partnered with the Shanghai Caopeng Charity Foundation, drawing inspiration from "Nadou's Courtyard" to incorporate original artworks by children with autism into the packaging of the brand's MGP charitable hand cream. This was not a simple collaboration but an expression of goodwill that ensured the children's works were "truly used"–when consumers pick up the hand cream, their fingertips touch a child's imagination of the world.

The program established a donation mechanism linked to the actual usage of products: regardless of whether products were sold or donated for public welfare purposes, donations were calculated based on actual inventory consumption and regularly made to the foundation to support its autism-related public welfare initiatives. This mechanism ensured that public welfare efforts were not one-time acts of kindness but a sustainable, long-term commitment. In 2025, the program continued to operate steadily, maintaining its established public welfare mechanism, completing donations on schedule, and accumulating a total donation of RMB139,000 to continuously support the foundation's autism public welfare programs.

More Companionship, Reaching Further

The Group's attention to special groups is also reflected in daily companionship and presence. During the Reporting Period, teachers and students from MAOGEPING Beauty Education Institute provided volunteer makeup and styling services for events such as the "IHEARU CHARITY FUND" public welfare recitation and hearing-impaired industry exchange conference, contributing warmth to public welfare causes with professional skills. That same year, the Group donated RMB93,000 to "Homes for the Disabled" in three locations in Zhejiang Province to support facility upgrades and condition improvements. Sometimes, kindness does not stem from elaborate planning but naturally grows within commercial operations.

During the 2025 Qixi Festival gift season, while preparing for a Jingshan cultural and creative collaboration, the Group learned that its partner, Jingshan Wenchuang, had a business collaboration with the "Yuelaiyuehao Disability Assistance Service Center", where skilled disabled artisans could create exquisite bracelets for charitable causes. The Group promptly adjusted its procurement plan, prioritizing orders from the assistance center. Ultimately, during the Qixi and Double 11 shopping events, it purchased approximately RMB3.7866 million worth of handmade products from disability assistance organizations, benefiting 43 disabled families. These bracelets, included as limited-edition gift box giveaways to consumers, not only infused the products with unique handmade warmth and emotional value but also provided sustained and stable order income for the disability assistance workshops.



Large-scale public welfare collaborations require systematic design, while small acts of kindness lie in sustainability. Whether it's volunteer styling behind the scenes or community donations, the Group hopes to direct every "beauty" capability to where it is most needed.

APPENDIX 1: INDEX TO THE STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE

Part C: "Comply or Explain" Provisions

Indicator		Disclosure Requirements	Indicators Related Chapters
Environmental Aspects			
A1: Emissions	General Disclosure	Policies and compliance information relating to air emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste.	2. Safeguarding a Green Homeland
	A1.1	The types of emissions and respective emissions data.	2.1 Air Emissions; 2.2 Greenhouse Gas Emissions; 2.3 Waste Management
	~~A1.2~~	~~Direct and energy indirect greenhouse gas emissions and intensity.~~	Deleted on January 1, 2025, and moved to paragraphs 28 and 29 of Part D
	A1.3	Total hazardous waste produced and intensity.	2.3.2 Hazardous Waste Management
	A1.4	Total non-hazardous waste produced and intensity.	2.3.1 Non-hazardous Waste Management
	A1.5	Description of emission target(s) set and steps taken to achieve them.	2.2 Greenhouse Gas Emissions; 2.3 Waste Management
	A1.6	Description of how hazardous and non-hazardous wastes are handled and reduction target(s).	2.3 Waste Management; 2.3.1 Non-hazardous Waste Management; 2.3.2 Hazardous Waste Management

Indicator		Disclosure Requirements	Indicators Related Chapters
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	2.4 Resource Consumption
	A2.1	Direct and/or indirect energy consumption by type (in total and intensity).	2.4.1 Energy Management
	A2.2	Total water consumption and intensity.	2.4.2 Water Management
	A2.3	Description of energy use efficiency target(s) set and steps taken.	2.4.1 Energy Management
	A2.4	Description of any issues in sourcing suitable water sources and water efficiency targets.	2.4.2 Water Management
	A2.5	Total packaging materials used for finished products, with reference to per unit produced.	2.4.3 Packaging Materials Management
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	2. Safeguarding a Green Homeland
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2. Safeguarding a Green Homeland; 2.4 Resource Consumption; 2.5 Climate Change
~~A4: Climate Change~~			Deleted on January 1, 2025, and moved to Part D

Indicator		Disclosure Requirements	Indicators Related Chapters
Social Aspects			
B1: Employment	General Disclosure	Policies and compliance information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. Respect for Employee Value
	B1.1	Total workforce by gender, employment type, age group, and geographical region.	5.1 Employee Profile
	B1.2	Employee turnover rate by gender, age group, and geographical region.	5.1 Employee Profile
B2: Health and Safety	General Disclosure	Policies and compliance information relating to providing a safe working environment and protecting employees from occupational hazards.	5.5 Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	5.5 Occupational Health and Safety
	B2.2	Lost days due to work injury.	5.5 Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.5 Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.4 Employee Development and Growth
	B3.1	Percentage of employees trained by gender and employee category.	5.4 Employee Development and Growth
	B3.2	Average training hours completed per employee by gender and employee category.	5.4 Employee Development and Growth
B4: Labor Standards	General Disclosure	Policies and compliance information relating to preventing child labor and forced labor.	5.2 Equal Employment System
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.2 Equal Employment System
	B4.2	Description of steps taken to eliminate such practices when discovered.	5.2 Equal Employment System

Indicator		Disclosure Requirements	Indicators Related Chapters
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.4 Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	3.4 Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where such practices are implemented, and how they are implemented and monitored.	3.4 Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.4 Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.4 Sustainable Supply Chain
B6: Product Responsibility	General Disclosure	Policies and compliance information relating to health and safety, advertising, labelling and privacy matters relating to products and services, and methods of redress.	3.1 Innovative Products and Services; 3.2 Strengthened Quality Management; 4. Protection of Customer Rights and Interests
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.1 Quality Customer Service (No material complaints were received during the reporting period regarding product recalls due to safety and health reasons)
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.1 Quality Customer Service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Intellectual Property Protection
	B6.4	Description of quality assurance processes and product recall procedures.	3.2 Strengthened Quality Management; 4.1 Quality Customer Service
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.2 Information and Data Security

Indicator		Disclosure Requirements	Indicators Related Chapters
B7: Anti-corruption	General Disclosure	Policies and compliance information relating to prevention of bribery, extortion, fraud and money laundering.	1.6 Anti-Corruption and Anti-Bribery Construction
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes.	1.6 Anti-Corruption and Anti-Bribery Construction (0 corruption cases; 0 corruption complaints or reports)
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.6 Anti-Corruption and Anti-Bribery Construction
	B7.3	Description of anti-corruption training provided to directors and staff.	1.6 Anti-Corruption and Anti-Bribery Construction
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities in which the issuer operates and to ensure its business activities take into consideration community interests.	6. Commitment to Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6. Commitment to Social Responsibility
	B8.2	Resources contributed (e.g. money or time) to the focus areas.	6. Commitment to Social Responsibility

Part D: Climate-related Disclosures

Provision	Disclosure Requirements	Indicators Related Chapters	Exemptions/Remarks
Paragraph 19(a)	Information on the governance body responsible for overseeing climate-related risks and opportunities (skills, frequency of being informed, how climate risks are considered, oversight of targets and remuneration)	1.1 Board Statement; 1.3 Sustainability Governance; 2.5 Climate Change	
Paragraph 19(b)	Management's role in governance processes	1.3 Sustainability Governance; 2.5 Climate Change	
Paragraph 20	Identification and classification (physical/transition) of climate-related risks and opportunities, and definition of time horizons	2.5 Climate Change	

Provision	Disclosure Requirements	Indicators Related Chapters	Exemptions/Remarks
Paragraph 21	Current and anticipated impacts of climate-related risks and opportunities on the business model and value chain	2.5 Climate Change	
Paragraph 22	How climate-related risks and opportunities are addressed in strategy and decision-making, including transition plans	2.5 Climate Change	
Paragraph 23	Progress on plans disclosed in previous reporting periods	1.1 Board Statement; 2.2 Greenhouse Gas Emissions	First year of disclosure under Part D; no corresponding plans disclosed in previous periods
Paragraph 24	Current financial impacts (qualitative and quantitative)	2.5 Climate Change	**Financial impact exemption:** The internal data collection framework is not yet able to isolate climate-related financial expenditures with sufficient precision; quantitative financial data is currently not available for disclosure
Paragraph 25	Anticipated financial impacts (qualitative and quantitative)	2.5 Climate Change	**Financial impact exemption + capability exemption:** The skills, capabilities, or resources required to provide quantitative data on anticipated financial impacts are currently not available
Paragraph 26	Climate resilience (scenario analysis)	2.5 Climate Change	**Capability exemption:** Climate resilience is assessed through qualitative scenario analysis rather than complex financial modeling, which is commensurate with the Group's current level of resource allocation
Paragraph 27(a)	Processes for identifying, assessing, prioritising and monitoring climate-related risks	2.5 Climate Change	

Provision	Disclosure Requirements	Indicators Related Chapters	Exemptions/Remarks
Paragraph 27(b)	Processes for identifying, assessing, prioritising and monitoring climate-related opportunities	2.5 Climate Change	
Paragraph 27(c)	How processes for climate-related risks and opportunities are integrated into overall risk management	1.3 Sustainability Governance; 2.5 Climate Change	
Paragraph 28(a)	Scope 1 greenhouse gas emissions	2.2 Greenhouse Gas Emissions	
Paragraph 28(b)	Scope 2 greenhouse gas emissions	2.2 Greenhouse Gas Emissions	
Paragraph 28(c)	Scope 3 greenhouse gas emissions	2.2 Greenhouse Gas Emissions	
Paragraph 29	Methodologies used to measure greenhouse gas emissions	2.2 Greenhouse Gas Emissions	
Paragraph 30	Amount and percentage of assets or business activities vulnerable to climate-related transition risks	2.5 Climate Change	**Financial impact exemption:** Currently assessed qualitatively; quantitative data currently not available for disclosure
Paragraph 31	Amount and percentage of assets or business activities vulnerable to climate-related physical risks	2.5 Climate Change	**Financial impact exemption:** Currently assessed qualitatively; quantitative data currently not available for disclosure
Paragraph 32	Amount and percentage of assets or business activities aligned with climate-related opportunities	2.5 Climate Change	**Financial impact exemption:** Currently assessed qualitatively; quantitative data currently not available for disclosure
Paragraph 33	Amount of capital expenditure, financing or investment deployed for climate-related risks and opportunities	–	**Financial impact exemption:** The internal data collection framework is not yet able to isolate climate-related financial expenditures with sufficient precision; currently not available for disclosure
Paragraph 34	Internal carbon pricing	2.5 Climate Change	

Provision	Disclosure Requirements	Indicators Related Chapters	Exemptions/Remarks
Paragraph 35	Whether and how climate-related considerations are incorporated into remuneration policies	2.5 Climate Change	
Paragraph 36	Industry metrics	–	
Paragraphs 37–39	Climate-related targets (metrics, objectives, scope, timeline, base year, progress, etc.)	2.2 Greenhouse Gas Emissions	Data and targets have not yet been third-party verified; to be progressively enhanced in future reports
Paragraph 40	Specific disclosures on greenhouse gas emissions targets (the types of greenhouse gases covered, scopes, gross/net, decarbonisation approach, carbon credits, etc.)	2.2 Greenhouse Gas Emissions	

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Mao Geping Cosmetics Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Mao Geping Cosmetics Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 171 to 264, which comprise the consolidated statement of financial position as at 31 December 2025, and 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition – Online direct sales The Group primarily sells its products to customers through offline channels such as direct sales via self-operated counters, retailers and distributors and online channels such as online direct sales and online distributors. The Group recognised revenue of RMB4,903,059,000 from sale of products where direct online sales amounted to RMB1,944,559,000, accounting for approximately 39.7% of the total revenue from sale of products for the year ended 31 December 2025. Considering the risks arising from the large volume of transactions generated from the sales of different products to a significant number of online customers, recognition of revenue from online direct sales required significant audit attention to test the occurrence of the transactions. Relevant disclosures are included in notes 2.4 and 5 to the financial statements.	Our procedures in relation to revenue recognition of online direct sales included: – Obtaining an understanding of the key controls over the recognition of revenue from online direct sales and testing the controls; – Performing walkthrough and testing IT general controls and key application controls for the IT supporting applications which governed the revenue recognition; – Comparing the orders generated from online direct sales with the financial records; – Performing data analytical procedures such as concentration analysis of orders made by account users during the year; and – Performing reconciliation between revenue of direct online sales recorded in the financial system and cash collections.

Key audit matters *(continued)*

Key audit matter	How our audit addressed the key audit matter
Contract liability arising from membership loyalty programme	
The Group operates a membership loyalty programme, which allows customers to accumulate loyalty points when they purchase products. Loyalty points are redeemable for discounts of future purchase. The membership loyalty programme gives rise to a separate performance obligation because it provides a material right to customers and the Group allocates a portion of the transaction price to the loyalty points awarded to customers based on the relative stand-alone selling price. As of 31 December 2025, contract liabilities arising from loyalty points programme amounted to RMB95,356,000. The fair value of the loyalty points was estimated by reference to the discount that the customer would obtain when redeeming the loyalty points for goods and the proportion of loyalty points expected to be forfeited, which required management's significant judgement and estimation. Relevant disclosures are included in notes 2.4, 3 and 24 to the financial statements.	Our procedures in relation to contract liability arising from membership loyalty programme included: – Obtaining an understanding of the policy of loyalty points programme; – Performing walkthrough and testing IT general controls and key application controls for the IT supporting applications in relation to the grant and subsequent redemption and utilisation of loyalty points; – Assessing management's estimate of the stand-alone selling price and the allocation of considerations among sales of goods and loyalty points granted to customers; – Evaluating management's estimation of the percentage of loyalty points that might be redeemed by customers by comparing with the historical information and the settlement of loyalty points subsequent to year end; and – Assessing the adequacy of the Group's disclosures of the loyalty points programme in the financial statements.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee (practising certificate number: P07668).

Ernst & Young
Certified Public Accountants
Hong Kong
26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**5,050,455**	3,884,694
Cost of sales		**(796,770)**	(607,176)
Gross profit		**4,253,685**	3,277,518
Other income and gains	5	**102,411**	68,360
Selling and distribution expenses		**(2,438,322)**	(1,904,060)
Administrative expenses		**(269,053)**	(267,771)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(299)**	3,428
Other expenses		**(50,572)**	(455)
Finance costs	7	**(2,322)**	(5,289)
Share of profit of an associate		**11,623**	5,020
PROFIT BEFORE TAX	6	**1,607,151**	1,176,751
Income tax expense	10	**(401,711)**	(295,422)
PROFIT FOR THE YEAR		**1,205,440**	881,329
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(863)**	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(863)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(863)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,204,577**	881,329

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Profit attributable to:			
Owners of the parent		**1,204,094**	880,611
Non-controlling interests		**1,346**	718
		1,205,440	881,329
Total comprehensive income attributable to:			
Owners of the parent		**1,203,231**	880,611
Non-controlling interests		**1,346**	718
		1,204,577	881,329
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB yuan)	12	**2.46**	2.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**456,650**	278,890
Investment properties	14	**–**	3,042
Right-of-use assets	15(a)	**682,121**	666,686
Other intangible assets	16	**2,757**	2,778
Investment in an associate	17	**48,177**	36,554
Prepayments, other receivables and other assets	20	**4,093**	–
Deferred tax assets	27	**60,369**	38,313
Total non-current assets		**1,254,167**	1,026,263
CURRENT ASSETS			
Inventories	18	**518,631**	323,774
Trade receivables	19	**240,591**	214,543
Prepayments, other receivables and other assets	20	**78,401**	62,266
Derivative financial instruments	21	**5,101**	–
Restricted cash	22	**2,171**	50,167
Cash and cash equivalents	22	**2,441,285**	2,796,456
Time deposits		**992,638**	–
Total current assets		**4,278,818**	3,447,206
CURRENT LIABILITIES			
Trade payables	23	**158,539**	92,065
Other payables and accruals	24	**463,391**	390,209
Interest-bearing bank and other borrowings	25	**–**	320,000
Due to a related party	33(b)	**5,137**	2,948
Due to a director	33(b)	**–**	166
Provision	26	**16**	90
Lease liabilities	15(b)	**36,227**	25,539
Tax payable		**159,534**	120,366
Total current liabilities		**822,844**	951,383
NET CURRENT ASSETS		**3,455,974**	2,495,823
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,710,141**	3,522,086

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,710,141**	3,522,086
NON-CURRENT LIABILITIES			
Lease liabilities	15(b)	**40,217**	18,563
Total non-current liabilities		**40,217**	18,563
Net assets		**4,669,924**	3,503,523
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**245,094**	239,212
Reserves	30	**4,421,269**	3,262,096
		4,666,363	3,501,308
Non-controlling interests		**3,561**	2,215
Total equity		**4,669,924**	3,503,523

MAO Niping
Director

MAO Huiping
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent							
	Share capital RMB'000 (note 28)	Share premium* RMB'000 (note 30)	Capital Reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 30)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	60,000	49,550	140	108,219	1,327,761	1,545,670	2,316	1,547,986
Profit and total comprehensive income for the year	–	–	–	–	880,611	880,611	718	881,329
Share conversion	140,000	(49,550)	–	(90,450)	–	–	–	–
Disposal of partial shareholding in a subsidiary	–	–	1	–	–	1	(1)	–
Capital injection from non-controlling shareholders	–	–	–	–	–	–	96,000	96,000
Acquisition of non-controlling interests	–	–	118	–	–	118	(96,818)	(96,700)
Issue of shares from initial public offerings	39,212	2,122,716	–	–	–	2,161,928	–	2,161,928
Share issue expenses	–	(102,044)	–	–	–	(102,044)	–	(102,044)
Equity-settled share award expense	–	–	15,024	–	–	15,024	–	15,024
Transfer to statutory surplus reserves	–	–	–	139,812	(139,812)	–	–	–
Dividends declared to shareholders	–	–	–	–	(1,000,000)	(1,000,000)	–	(1,000,000)
At 31 December 2024	239,212	2,020,672	15,283	157,581	1,068,560	3,501,308	2,215	3,503,523

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital RMB'000 (note 28)	Share premium* RMB'000 (note 30)	Capital Reserve* RMB'000	Statutory surplus reserve* RMB'000 (note 30)	Exchange fluctuation reserve* RMB'000 (note 30)	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	239,212	2,020,672	15,283	157,581	–	1,068,560	3,501,308	2,215	3,503,523
Profit for the year	–	–	–	–	–	1,204,094	1,204,094	1,346	1,205,440
Other comprehensive loss for the year:									
Exchange differences related to foreign operations	–	–	–	–	(863)	–	(863)	–	(863)
Total comprehensive income for the year	–	–	–	–	(863)	1,204,094	1,203,231	1,346	1,204,577
Issue of shares	5,882	305,223	–	–	–	–	311,105	–	311,105
Equity-settled share award expense	–	–	3,654	–	–	–	3,654	–	3,654
Transfer of share award scheme reserve upon vesting	–	16,192	(16,192)	–	–	–	–	–	–
Dividends declared to shareholders	–	–	–	–	–	(352,935)	(352,935)	–	(352,935)
At 31 December 2025	245,094	2,342,087	2,745	157,581	(863)	1,919,719	4,666,363	3,561	4,669,924

* These reserve accounts comprise the consolidated reserves of RMB4,421,269,000 (2024: RMB3,262,096,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,607,151**	1,176,751
Adjustments for:			
Interest income	5	**(75,116)**	(14,402)
Finance costs	7	**2,322**	5,289
Depreciation of property, plant and equipment	13	**47,213**	40,963
Depreciation of investment properties	14	**71**	122
Amortisation of other intangible assets	16	**865**	835
Loss/(gain) on disposal of items of property, plant and equipment, net		**111**	(242)
Depreciation of right-of-use assets		**42,696**	36,577
Gain on termination of leases, net		**(38)**	(548)
Impairment losses/(reversal of impairment losses) on trade and other receivables, net		**299**	(3,428)
Fair value gain on the derivative financial instruments		**(5,101)**	–
Equity-settled share award expense		**3,654**	15,024
Write-down/(reversal of write-down) of inventories to net realisable values		**399**	(615)
Share of profit of an associate	17	**(11,623)**	(5,020)
Foreign exchange differences, net		**43,827**	(2,158)
		1,656,730	1,249,148
(Increase)/decrease in inventories		**(195,256)**	19,047
Increase in trade receivables		**(26,247)**	(55,993)
Increase in prepayments, other receivables and other assets		**(16,718)**	(2,980)
Decrease/(increase) in restricted cash		**47,996**	(46,917)
Increase/(decrease) in trade payables		**66,474**	(11,524)
Increase in other payables and accruals		**48,614**	90,078
Decrease in provision		**(74)**	(284)
Increase in amounts due to a related party		**2,189**	1,813
(Decrease)/increase in amounts due to a director		**(166)**	166
Cash generated from operations		**1,583,542**	1,242,554
Income tax paid		**(384,116)**	(273,958)
Net cash flows from operating activities		**1,199,426**	968,596

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(186,156)**	(122,634)
Purchases of other intangible assets		**(844)**	(1,058)
Purchase of leasehold land		**–**	(492,215)
Placement of time deposits		**(990,975)**	–
Purchase of a shareholding in an associate		**–**	(22,237)
Proceeds from disposal of items of property, plant and equipment		**105**	527
Loans to related parties		**–**	(265,000)
Repayment of loans to related parties		**–**	265,000
Interest received		**69,644**	9,665
Net cash flows used in investing activities		**(1,108,226)**	(627,952)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**311,105**	2,071,073
Dividends paid		**(352,935)**	(1,025,000)
Repayment of principal portion of lease liabilities		**(41,338)**	(38,408)
Interest paid		**(2,322)**	(2,230)
Proceeds from bank borrowings		**–**	416,941
Repayment of bank borrowings		**(319,628)**	(100,000)
Payment of listing expenses		**–**	(10,653)
Acquisition of non-controlling interests		**–**	(96,700)
Capital injection from non-controlling shareholders of a subsidiary		**–**	96,000
Net cash flows (used in)/from financing activities		**(405,118)**	1,311,023
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(313,918)**	1,651,667
Cash and cash equivalents at beginning of year		**2,791,719**	1,137,894
Effect of foreign exchange rate changes, net		**(40,325)**	2,158
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,437,476**	2,791,719

	Notes	2025 RMB'000	2024 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**2,443,456**	2,846,623
Restricted cash	22	**(2,171)**	(50,167)
Unreceived interest		**(3,809)**	(4,737)
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows		**2,437,476**	2,791,719

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on 28 July 2000. The registered office of the Company is located at Room 1001, Wanyin Building, Shangcheng District, Hangzhou, Zhejiang, PRC.

During the year, the Company and its subsidiaries (together, the "**Group**") were involved in research and development, production and sale of beauty products, and provision of makeup artistry training, experiential and personalised customer service.

In the opinion of the directors of the Company, the ultimate controlling shareholders of the Company are Mr. Mao Geping, Ms. Wang Liqun, Xinyu Zhixun Project Investment Partnership (Limited Partnership) (formerly known as Hangzhou Dijing Investment Management Partnership (Limited Partnership)) ("**Zhixun Investment**") and Xinyu Jiuhuan Project Investment Partnership (Limited Partnership) (formerly known as Hangzhou Jiachi Investment Management Partnership (Limited Partnership)) ("**Jiuhuan Investment**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Mao Geping Technology Co., Ltd.* ("**Mao Geping Technology**") (杭州毛戈平科技有限公司)	PRC/Chinese mainland 12 November 2009	RMB10,000,000	100	–	Research and development, production and sale of beauty products
Hangzhou Love Keeps Cosmetics Co., Ltd.* ("**Hangzhou Love Keeps**") (杭州至愛終生化妝品有限公司)	PRC/Chinese mainland 7 November 2013	RMB8,000,000	100	–	Sale of beauty products
Hangzhou Mao Geping Image Design Art Co., Ltd.* ("**Mao Geping Image Design**") (杭州毛戈平形象設計藝術有限公司)	PRC/Chinese mainland 10 August 2010	RMB10,000,000	100	–	Provision of makeup artistry training

1. CORPORATE AND GROUP INFORMATION *(continued)*

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Diyue Cosmetics Co., Ltd.* ("**Hangzhou Diyue**") (杭州迪悦化妝品有限公司)	PRC/Chinese mainland 2 June 2016	RMB10,000,000	100	–	Sale of beauty products
Beijing Diyue Cosmetics Co., Ltd.* ("**Beijing Diyue**") (北京迪悦化妝品有限公司)	PRC/Chinese mainland 13 May 2019	RMB5,000,000	95	–	Sale of beauty products
Zhejiang Huidu Cosmetics Co., Ltd.* ("**Zhejiang Huidu**") (浙江匯都化妝品有限公司)	PRC/Chinese mainland 8 March 2021	RMB10,000,000	100	–	Sale of beauty products
Hangzhou Keyunshi Biotechnology Co., Ltd.*("**Hangzhou Keyunshi**") (杭州科韻詩生物科技有限公司)	PRC/Chinese mainland 18 August 2022	RMB100,000,000	100	–	Research and development, production and sale of beauty products
Hangzhou Xingyi Equity Investment Co., Ltd.* ("**Hangzhou Xingyi**") (杭州星屹股權投資有限公司)	PRC/Chinese mainland 29 December 2022	RMB100,000,000	100	–	Investment holding
Hangzhou Shang Du Hui Cosmetics Technology Co., Ltd.* ("**Hangzhou Shang Du Hui**") (杭州尚都匯化妝品科技有限公司)	PRC/Chinese mainland 2 January 2024	RMB900,000,000	100	–	Properties holding

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

These entities are registered as domestic enterprises under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments did not have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

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 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment of non-financial assets *(continued)*

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any amortisation/depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Related parties *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	10 months to 10 years
Motor vehicles	3 to 5 years
Office equipment	3 to 5 years
Buildings	20 to 30 years

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 4 to 5 years.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Intangible assets (other than goodwill) *(continued)*

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new technology is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Self-operated counters	1 to 5 years
Office premises and warehouses	18 months to 10 years
Leasehold land	40 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses and self-operated counters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets, which are not capitalised, are recognised as an expense on a straight-line basis over the lease term.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Derecognition of financial assets *(continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, lease liabilities, interest-bearing bank and other borrowings and amounts due to a related party.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, interest-bearing bank borrowings and amounts due to a related party are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Provisions *(continued)*

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain products for general replacement of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of replacements, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) *Sale of products*

The Group primarily sells its products to customers through offline channels such as direct sales via self-operated counters, retailers and distributors and online channels such as direct online sales and distributors. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or upon the confirmation by the customer. Specifically, revenue from direct sales and consignment is recognised when the goods are delivered to consumers directly in the counters or when the goods are sent by express delivery to and accepted by consumers. Revenue from retailers and distributors is recognised when the goods are delivered to designated locations or transferred to designated carriers.

Some contracts for the sales of products provide customers with rights of return and volume rebates, giving rise to variable consideration.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(a) Sale of products (continued)

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised if it is material.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(iii) Membership loyalty programme

The Group operated a membership loyalty programme, which allowed customers to accumulate loyalty points when they purchase products. The loyalty points could be redeemed for discounts on products in a limited period. Under HKFRS 15, the membership loyalty programme gives rise to a separate performance obligation because it provides a material right to the customer and the Group allocated a portion of the transaction price to the loyalty points awarded to customers based on the relative stand-alone selling price.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(b) *Makeup artistry training and related sales*

Revenue from the provision of makeup artistry training service is recognised over the training period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Other related sales mainly include the sale of beauty salon products to program participants who participate in makeup artistry training service and the sale of recorded makeup training courses. Revenue from other related sales is recognised at the point in time when control of the asset is transferred to the customer or the service is rendered.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Share-based payments

The Company operates an employee incentive scheme and a restricted share unit incentive scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is measured at the market value of the shares, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in central pension schemes operated by the local municipal government and the central government. These subsidiaries are required to contribute a certain percentage of payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Foreign currencies *(continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries operating outside Chinese Mainland are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(a) Identification of a customer and gross versus net revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as a principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgement and is based on an evaluation of the terms of the arrangement. The Group is considered a principal if it controls a promised good or service before transferring that good or service to the customer. The Group considers several factors to determine if it controls the good or service and therefore is the principal. These factors include: (a) if the Group is primarily responsible for fulfilling the promise to provide the specified good or service; (b) if the Group has inventory risk before the specified good or service has been transferred to a customer or after the transfer of control to the customer; and (c) if the Group has discretion in establishing price for the specified good or service.

(b) Identifying performance obligations in membership loyalty programme

The Group operates a membership loyalty programme that rewards a customer with membership with loyalty points for each purchase. Loyalty points are redeemable for discounts of future purchase. The Group assessed that the points provide a material right to customers that they would not receive without entering into a contract. Consequently, the Group concludes that the promise to provide loyalty points to the customer is a performance obligation. The Group accounts for loyalty points as a separately identifiable component of the sales transaction(s) in which they are granted. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the components, i.e., the goods sold (revenue) and the loyalty points granted (deferred revenue). The allocation is made by reference to the relative standalone values of the components, i.e., the amounts for which each component could be sold separately.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consuming sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. The carrying amount of inventories is given in note 18 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Deferred revenue – Estimating the fair value of loyalty points in membership loyalty programme

The fair value of the loyalty points is estimated by reference to the discount that the customer would obtain when redeeming the loyalty points for goods. The nominal value of this discount is reduced to take into account:(i) any discount that would be offered to customers who have not earned loyalty points from an initial sale; and (ii) the proportion of loyalty points that are expected to be forfeited by customers.

The Group recognises revenue in respect of the loyalty points in the periods, and reflecting the pattern, in which loyalty points are redeemed. The amount of revenue recognised is based on the number of loyalty points that have been redeemed relative to the total number expected to be redeemed. The part of the consideration allocated to goods sold is recorded in gross sales of products in profit or loss and the deferred revenue is recorded in "Contract liabilities" in the consolidated statement of financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their service and products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2025 **RMB'000**	2024 RMB'000
Chinese mainland	**5,045,500**	3,882,839
Hong Kong	**4,955**	1,855
Total revenue	**5,050,455**	3,884,694

The revenue information above is based on the locations of the customers.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Chinese mainland	1,138,069	951,396
Hong Kong	7,552	–
Total non-current assets	1,145,621	951,396

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from the Group's sales to a single customer or a group of customers under common control amounted to 10% or more of the Group's revenue for each reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	5,050,455	3,884,694

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Types of goods or services		
Sale of products	4,903,059	3,732,979
Makeup artistry training and related sales	147,396	151,715
Total	5,050,455	3,884,694

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

The following table shows the breakdown of revenue from product sales by sales channel:

	2025 RMB'000	2024 RMB'000
Offline channels		
Offline direct sales	2,182,790	1,756,963
Sales to offline distributors	97,946	87,334
Sales to a premium multinational beauty retailer	145,217	104,424
Subtotal	2,425,953	1,948,721
Online channels		
Online direct sales	1,944,559	1,428,585
Sales to online distributors	532,547	355,673
Subtotal	2,477,106	1,784,258
Total	4,903,059	3,732,979

	2025 RMB'000	2024 RMB'000
Geographical markets		
Chinese mainland	5,045,500	3,882,839
Hong Kong	4,955	1,855
Total	5,050,455	3,884,694
Timing of revenue recognition		
Goods transferred or services provided at a point in time	4,921,878	3,758,253
Services provided over time	128,577	126,441
Total	5,050,455	3,884,694

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 **RMB'000**	2024 RMB'000
Sale of products	**80,257**	63,193
Makeup artistry training and related sales	**28,703**	22,907
Total	**108,960**	86,100

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The Group primarily sells its products to customers through offline channels such as direct sales via counters, offline retailers and distributors and online channels such as direct online sales, online distributors and consignment.

Offline Channel

For direct sales via self-operated counters under lease model, the performance obligation is satisfied upon delivery of the goods and payment is mainly on cash or credit card settlement simultaneously. For direct sales via self-operated counters under concession model, the performance obligation is satisfied upon delivery of the goods and payment is collected by shopping malls and is due within 60 days. For retailer and distributor sales, the performance obligation is satisfied upon delivery of the goods and payment in advance before delivery is usually required while some large retailers are granted a credit term of 60 days.

Online Channel

For direct sales, the performance obligation is satisfied upon the acceptance of goods by customers and payment is mainly on cash or credit card settlement simultaneously. For distributor sales, the performance obligation is satisfied upon delivery of the goods and payment in advance is usually required. For consignment sales, the performance obligation is satisfied upon the acceptance of goods by consumers and payment is due within 30 days.

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations *(continued)*

Makeup artistry training and related sales

For the makeup artistry training service, the performance obligation is satisfied over time as training services are rendered and payment in advance is normally required.

For the other related sales, the performance obligation is satisfied upon the acceptance of goods or online courses by customers and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 **RMB'000**	2024 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**30,083**	28,703

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue related to makeup artistry training services. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

An analysis of the Group's other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	75,116	14,209
Interest income from loans to a related party	–	193
Government grants*	17,572	49,311
Gross rental income from investment property operating leases	114	196
Others	4,470	3,661
Total other income	97,272	67,570
Gains		
Gain on disposal of items of property, plant and equipment, net	–	242
Gain on termination of leases, net	38	548
Fair value gain on the derivative financial instrument	5,101	–
Total gains	5,139	790
Total other income and gains	102,411	68,360

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these government grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		**650,872**	489,504
Cost of makeup artistry training services provided and related sales		**52,520**	46,987
Depreciation of property, plant and equipment	13	**47,213**	40,963
Depreciation of investment properties	14	**71**	122
Depreciation of right-of-use assets	15(a)	**58,283**	40,882
Less: Amount capitalised in construction in progress		**(15,587)**	(4,305)
Net depreciation of right-of-use assets		**42,696**	36,577
Amortisation of other intangible assets (i)	16	**865**	835
Research and development costs (ii)		**39,116**	32,311
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses)	15(c)	**22,109**	12,470
Expenses relating to short-term leases and low-value leases (included in administrative expenses and selling and distribution expenses)	15(c)	**12,516**	4,977
Bank interest income		**(75,116)**	(14,209)
Interest income from loans to a related party		**–**	193
Government grants		**(17,572)**	(49,311)
Auditor's remuneration		**4,449**	2,940
Listing expenses		**–**	37,490
Employee benefit expense (excluding directors' and chief executives' remuneration (note 8)):			
Wages, salaries and bonuses		**703,876**	586,416
Equity-settled share award expense	29	**3,654**	15,024
Pension scheme contributions (defined contribution scheme) (iii)		**50,181**	37,939
Staff welfare expenses		**68,378**	56,845
Total		**826,089**	696,224
Foreign exchange differences, net		**43,827**	(2,158)
Gain on termination of leases, net		**(38)**	(548)
Loss/(gain) on disposal of items of property, plant and equipment, net		**111**	(242)
Impairment losses/(reversal of impairment losses) on trade and other receivables, net		**299**	(3,428)
Write-down/(reversal of write-down) of inventories to net realisable values (iv)		**399**	(615)

6. PROFIT BEFORE TAX *(continued)*

The Group's profit before tax is arrived at after charging/(crediting): *(continued)*

(i) The amortisation of other intangible assets is included in "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

(ii) Research and development costs include part of employee benefit expense, depreciation of property, plant and equipment and depreciation of right-of-use assets.

(iii) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

(iv) The write-down/(reversal of write-down) of inventories to net realisable value is included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	**2025** **RMB'000**	2024 RMB'000
Interest on bank and other borrowings		**–**	3,059
Interest on lease liabilities	15(b)	**2,322**	2,230
Total		**2,322**	5,289

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 **RMB'000**	2024 RMB'000
Fees	**612**	484
Other emoluments:		
Salaries, allowances and benefits in kind	**18,783**	14,974
Bonuses	**9,300**	9,511
Pension scheme contributions	**140**	254
Subtotal	**28,223**	24,739
Total	**28,835**	25,223

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 **RMB'000**	2024 RMB'000
Mr. Dong Liming	**–**	20
Ms. Chen Weihua	**–**	20
Ms. Wang Hongwen	**–**	20
Mr. Li Hailong	**156**	80
Mr. Gu Jiong	**228**	172
Mr. Huang Hui	**228**	172
Total	**612**	484

Mr. Dong Liming, Ms. Chen Weihua and Ms. Wang Hongwen resigned as independent non-executive directors on 1 April 2024. Mr. Gu Jiong and Mr. Huang Hui were appointed as independent non-executive directors on 1 April 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION *(continued)*

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2025				
Executive directors:				
Mr. Mao Geping*	**5,129**	**2,400**	**–**	**7,529**
Ms. Wang Liqun	**2,332**	**500**	**42**	**2,874**
Ms. Mao Niping	**3,035**	**1,600**	**–**	**4,635**
Ms. Mao Huiping	**3,035**	**1,600**	**–**	**4,635**
Mr. Wang Lihua	**2,136**	**400**	**49**	**2,585**
Ms. Song Hongquan*	**3,116**	**2,800**	**49**	**5,965**
Total	**18,783**	**9,300**	**140**	**28,223**

	Salaries, allowances and benefits in kind RMB'000	Bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2024				
Executive directors:				
Mr. Mao Geping*	3,196	3,313	25	6,534
Ms. Wang Liqun	1,024	500	40	1,564
Ms. Mao Niping	2,648	1,510	–	4,158
Ms. Mao Huiping	2,644	1,510	–	4,154
Mr. Wang Lihua	1,026	400	43	1,469
Ms. Song Hongquan*	3,378	1,860	44	5,282
Mr. Zhang Jianfeng**	285	–	10	295
Total	14,201	9,093	162	23,456

* Mr. Mao Geping resigned as the chief executive and Ms. Song Hongquan was appointed as the chief executive on 24 March 2024.

** Mr. Zhang Jianfeng resigned as an executive director on 1 April 2024.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

(continued)

(c) Supervisors

	Salaries, allowances and benefits in kind RMB'000	Bonus RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2024				
Ms. Gao Yan	233	79	24	336
Mr. Yang Weiqing	213	86	25	324
Ms. Wu Meijuan	327	253	43	623
Total	773	418	92	1,283

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year.

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Pursuant to the amendment to the Company's articles of association, the Company will no longer have the position of supervisor for the year ended 31 December 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: two) highest paid employees who are neither a director nor chief executive of the Company, are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**1,068**	1,993
Bonuses	**690**	1,277
Equity-settled share award expense	**2,088**	12,175
Pension scheme contributions	**49**	111
Total	**3,895**	15,556

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK$3,500,001 to HK$4,000,000	**1**	–
HK$5,000,001 to HK$5,500,000	**–**	1
HK$10,000,001 to HK$10,500,000	**–**	1
Total	**1**	2

In prior year, share awards were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employee's remuneration disclosures.

During the year, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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

Hong Kong Profits Tax

Hong Kong profits tax has been provided at the rate of 8.25% on the estimated assessable profits arising in Hong Kong during the year, for certain subsidiaries of the Group are qualifying entities under the two-tiered profits tax rates regime, i.e., the first HK$2,000,000 of assessable profits of these subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

PRC Corporate Income Tax

The provision for PRC corporate income tax ("**CIT**") is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

During the year of 2024, Chongqing Diyue Cosmetics Co., Ltd. and five subsidiaries of Mao Geping Image Design are qualified as small and micro enterprises and were subject to preferential income tax rate of 5% for the first RMB3,000,000 of assessable profits.

10. INCOME TAX *(continued)*

PRC Corporate Income Tax *(continued)*

During the year of 2025, Hangzhou Love Keeps, Hangzhou Xingyi, and nine subsidiaries of Mao Geping Image Design are qualified as small and micro enterprises and were subject to preferential income tax rate of 5% for the first RMB3,000,000 of assessable profits.

The major components of income tax expense of the Group during the year are analysed as follows:

	2025 **RMB'000**	2024 RMB'000
Current – Charge for the year	**423,767**	290,765
Deferred tax (note 27)	**(22,056)**	4,657
Total tax charge for the year	**401,711**	295,422

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2025 **RMB'000**	2024 RMB'000
Profit before tax	**1,607,151**	1,176,751
Tax at the applicable tax rate of 25%	**401,788**	294,188
Effect of preferential lower tax rate entitled	**(3,646)**	(1,905)
Effect of different tax rates for subsidiaries	**(9)**	–
Expenses not deductible for tax	**6,484**	4,394
Profit attributable to an associate	**(2,906)**	(1,255)
Tax charge at the Group's effective tax rate	**401,711**	295,422

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends	–	1,000,000
Proposed final – RMB0.72 per ordinary share	**352,935**	–

On 3 February 2024, the Company declared dividends of RMB500,000,000 to its shareholders, which were fully paid in March 2024.

On 1 April 2024, the Company declared dividends of RMB500,000,000 to its shareholders, which were fully paid in May 2024.

A final cash dividend of RMB0.72 per share (including tax, totaling approximately RMB352,935,000) for the year ended 31 December 2024 was approved by the 2024 annual general meeting of the Company on 13 May 2025, which was paid on 20 June 2025.

The proposed final dividend of RMB1.00 per share (tax inclusive) for the year ended 31 December 2025 to the shareholders of the Company, amounting to a total of approximately RMB490,187,000 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 489,961,299 (2024: 404,713,975, as adjusted to reflect the share conversion on 21 March 2024) outstanding during the year. The Group had no potentially dilutive ordinary shares outstanding during the year ended 31 December 2025 (2024:nil).

The calculations of basic and diluted earnings per share are based on:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,204,094**	880,611

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**489,961,299**	404,713,975

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025:						
Cost	206,244	11,221	19,057	88,698	166,828	492,048
Accumulated depreciation	(149,121)	(8,524)	(13,677)	(41,836)	–	(213,158)
Net carrying amount	57,123	2,697	5,380	46,862	166,828	278,890
At 1 January 2025, net of accumulated depreciation	57,123	2,697	5,380	46,862	166,828	278,890
Additions	65,476	863	3,700	2,971	152,179	225,189
Disposals	(3)	(6)	(207)	–	–	(216)
Depreciation provided during the year (note 6)	(40,205)	(1,199)	(2,716)	(3,093)	–	(47,213)
At 31 December 2025, net of accumulated depreciation	82,391	2,355	6,157	46,740	319,007	456,650
At 31 December 2025:						
Cost	267,387	11,973	20,661	92,589	319,007	711,617
Accumulated depreciation	(184,996)	(9,618)	(14,504)	(45,849)	–	(254,967)
Net carrying amount	82,391	2,355	6,157	46,740	319,007	456,650

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold improvements RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Buildings RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	175,889	10,382	17,736	88,698	60,106	352,811
Accumulated depreciation	(125,917)	(7,630)	(12,500)	(38,793)	–	(184,840)
Net carrying amount	49,972	2,752	5,236	49,905	60,106	167,971
At 1 January 2024, net of accumulated depreciation	49,972	2,752	5,236	49,905	60,106	167,971
Additions	41,185	1,229	3,031	–	106,722	152,167
Disposals	–	(20)	(265)	–	–	(285)
Depreciation provided during the year (note 6)	(34,034)	(1,264)	(2,622)	(3,043)	–	(40,963)
At 31 December 2024, net of accumulated depreciation	57,123	2,697	5,380	46,862	166,828	278,890
At 31 December 2024:						
Cost	206,244	11,221	19,057	88,698	166,828	492,048
Accumulated depreciation	(149,121)	(8,524)	(13,677)	(41,836)	–	(213,158)
Net carrying amount	57,123	2,697	5,380	46,862	166,828	278,890

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
At beginning of year:		
Cost	**3,891**	3,891
Accumulated depreciation	**(849)**	(727)
Net carrying amount	**3,042**	3,164
At beginning of year, net of accumulated depreciation	**3,042**	3,164
Depreciation provided during the year (note 6)	**(71)**	(122)
Transfer to owner-occupied property	**(2,971)**	–
At end of year, net of accumulated depreciation	**–**	3,042
At end of year:		
Cost	**–**	3,891
Accumulated depreciation	**–**	(849)
Net carrying amount	**–**	3,042

15. LEASES

The Group as a lessee

The Group has lease contracts for self-operated counters, office, warehouses and leasehold land used in its operations. Leases of self-operated counters generally have lease terms between 1 and 5 years. Leases of office and warehouses generally have lease terms between 18 months and 10 years. Leases of leasehold land generally have lease terms within 50 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include variable lease payments, which are further discussed below.

(a) Right-of-use assets

	Self-operated counters RMB'000	Office and warehouses RMB'000	Leasehold land RMB'000	Total RMB'000
As at 1 January 2024	13,674	25,959	12,421	52,054
Additions	12,249	16,916	610,755	639,920
Termination	–	(7,747)	–	(7,747)
Increase as a result of lease modifications	7,035	16,306	–	23,341
Depreciation provided during the year (note 6)	(16,504)	(20,073)	(4,305)	(40,882)
As at 31 December 2024 and 1 January 2025	**16,454**	**31,361**	**618,871**	**666,686**
Additions	**41,280**	**21,123**	**–**	**62,403**
Termination	**(127)**	**(1,689)**	**–**	**(1,816)**
Exchange realignment	**(75)**	**–**	**–**	**(75)**
Increase as a result of lease modifications	**13,172**	**34**	**–**	**13,206**
Depreciation provided during the year (note 6)	**(25,909)**	**(16,787)**	**(15,587)**	**(58,283)**
As at 31 December 2025	**44,795**	**34,042**	**603,284**	**682,121**

15. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at beginning of year	**44,102**	38,960
New leases	**62,403**	29,165
Accretion of interest recognised during the year (note 7)	**2,322**	2,230
Termination	**(1,854)**	(8,295)
Lease modifications	**13,206**	22,680
Exchange realignment	**(75)**	–
Payments	**(43,660)**	(40,638)
Carrying amount at end of year	**76,444**	44,102
Analysed into:		
Current portion	**36,227**	25,539
Non-current portion	**40,217**	18,563

	2025 RMB'000	2024 RMB'000
Analysed into:		
Lease liabilities repayable:		
Within 1 year	**36,227**	25,539
1 to 2 years	**20,067**	11,979
2 to 5 years	**15,317**	6,584
over 5 years	**4,833**	–
Total	**76,444**	44,102

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

15. LEASES *(continued)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	**2,322**	2,230
Depreciation charge of right-of-use assets	**42,696**	36,577
Gain on termination of leases, net	**(38)**	(548)
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses)	**22,109**	12,470
Expenses relating to short-term leases and low-value leases (included in administrative expenses and selling and distribution expenses)	**12,516**	4,977
Total amount recognised in profit or loss	**79,605**	55,706

(d) Variable lease payments

The Group leased a number of retail stores and units in shopping malls that contain variable lease payment terms based on the Group's turnover generated from retail stores and units in the shopping malls. There are also minimum annual base rental arrangements for these leases. The following summary provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

Year ended 31 December 2025

	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent	43,660	–	43,660
Variable rent with minimum payment	–	22,109	22,109
Total	43,660	22,109	65,769

15. LEASES *(continued)*

The Group as a lessee *(continued)*

(d) Variable lease payments *(continued)*

Year ended 31 December 2024

	Fixed payments RMB'000	Variable payments RMB'000	Total RMB'000
Fixed rent	40,638	–	40,638
Variable rent with minimum payment	–	12,470	12,470
Total	40,638	12,470	53,108

(e) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

16. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	**2,778**
Additions	**844**
Amortisation provided during the year (note 6)	**(865)**
At 31 December 2025, net of accumulated amortisation	**2,757**
At 31 December 2025:	
Cost	**7,840**
Accumulated amortisation	**(5,083)**
Net carrying amount	**2,757**
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	2,555
Additions	1,058
Amortisation provided during the year (note 6)	(835)
At 31 December 2024, net of accumulated amortisation	2,778
At 31 December 2024:	
Cost	6,996
Accumulated amortisation	(4,218)
Net carrying amount	2,778

17. INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	**27,838**	16,215
Goodwill on acquisition	**20,339**	20,339
Total	**48,177**	36,554

The Group's trade payable balances with the associate are disclosed in notes 33(b) to the financial statements.

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associate's profit for the year	**11,623**	5,020
Aggregate carrying amount of the Group's investment in the associate	**48,177**	36,554

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**20,948**	16,858
Work in progress	**41,288**	44,046
Finished goods	**456,395**	262,870
Total	**518,631**	323,774

19. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**241,434**	215,187
Impairment	**(843)**	(644)
Net carrying amount	**240,591**	214,543

The Group's trade receivables usually generate from sales through stores and online platform which helps to collect sales proceeds. The Group usually grants a credit period of within 60 days to the relevant shopping malls, large retailers and online platform. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the transaction date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	**240,062**	214,777
3 to 6 months	**921**	274
6 to 12 months	**334**	15
1 to 2 years	**5**	121
over 2 years	**112**	–
Total	**241,434**	215,187

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**644**	1,846
Impairment losses/(reversal of impairment losses), net	**199**	(873)
Amount written off as uncollectible	**–**	(329)
At end of year	**843**	644

19. TRADE RECEIVABLES *(continued)*

An impairment analysis is performed at the end of each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December 2025		
	Gross carrying amount RMB'000	**Expected credit loss rate**	**Expected credit losses RMB'000**
Defaulted receivables	**637**	**100.00%**	**637**
Other trade receivables aged:			
Within 3 months	**240,062**	**0.08%**	**202**
3 to 6 months	**396**	**0.25%**	**1**
6 to 12 months	**334**	**0.30%**	**1**
1 to 2 years	**5**	**40.00%**	**2**
Total	**241,434**	**0.35%**	**843**

	As at 31 December 2024		
	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Defaulted receivables	–	100.00%	–
Other trade receivables aged:			
Within 3 months	214,777	0.29%	626
3 to 6 months	274	0.36%	1
6 to 12 months	15	0.00%	–
1 to 2 years	121	14.05%	17
Total	215,187	0.30%	644

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Prepayments	46,897	35,951
Deposits and other receivables	30,095	22,636
Deductible input value-added tax	6,105	3,699
Tax recoverable	11	494
	83,108	62,780
Impairment allowance	(614)	(514)
Total	82,494	62,266
Analysed into:		
Current portion	78,401	62,266
Non-current portion	4,093	–

An impairment analysis was performed at the end of each reporting period. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under HKFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

	2025 RMB'000	2024 RMB'000
At beginning of year	514	3,069
Impairment losses/(reversal of impairment losses), net	100	(2,555)
At end of year	614	514

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
Options for foreign currency	**5,101**	–

The options for foreign currency are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging options for foreign currency amounting to RMB5,101,000 (2024: Nil) were charged to the statement of profit or loss and other comprehensive income during the year.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**2,443,456**	2,846,623
Less: restricted cash	**2,171**	50,167
Cash and cash equivalents	**2,441,285**	2,796,456
Denominated in RMB	**1,170,773**	718,492
Denominated in HKD	**393,483**	2,077,042
Denominated in USD	**877,029**	922
Cash and cash equivalents	**2,441,285**	2,796,456

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, restricted cash mainly represents RMB48,000,000 pledged for interest-bearing bank loans and RMB2,000,000 reserved for performance security.

23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	**157,590**	91,793
3 to 6 months	**498**	6
6 to 12 months	**316**	3
Over 1 year	**135**	263
Total	**158,539**	92,065

The trade payables are non-interest-bearing and are normally settled on 30-day to 60-day terms.

24. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Contract liabilities	(a)	**138,863**	108,960
Other payables	(b)	**98,331**	74,406
Refund liabilities	(c)	**876**	974
Taxes payable other than corporate income tax		**55,949**	55,257
Accruals		**62,719**	37,975
Payroll payable		**106,653**	112,558
Advances from customers		**–**	79
Total		**463,391**	390,209

24. OTHER PAYABLES AND ACCRUALS *(continued)*

Notes:

(a) Details of contract liabilities are as follows:

	As at 1 January	As at 31 December	
	2024	2024	**2025**
	RMB'000	RMB'000	**RMB'000**
Short-term advances received from customers			
Sales of products	3,614	789	**2,963**
Makeup artistry training services and related sales	22,907	28,703	**30,083**
Membership loyalty programme	54,514	73,572	**95,356**
Subtotal	81,035	103,064	**128,402**
Liabilities arising from sales rebate			
Sales of products	5,065	5,896	**10,461**
Total	86,100	108,960	**138,863**

Contract liabilities mainly include sales of products, sales rebate, makeup artistry training services and related sales and membership loyalty programme.

The increase in contract liabilities as of 31 December 2024 and 31 December 2025 were mainly due to the growth of sales of products, which led to more loyalty points generated.

(b) Other payables are unsecured, non-interest-bearing and repayable on demand.

(c) Refund liabilities represented the obligation arising from right of return to refund some or all of the consideration received (or receivable) from a customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of reporting period.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Interest-bearing bank loans – secured (note a)	0.85–1.25	2025	320,000

	2025 **RMB'000**	2024 RMB'000
Analysed into:		
Interest-bearing bank loans:		
Within one year	–	320,000
Total	–	320,000

Note:

(a) As at 31 December 2024, the Group's restricted cash of RMB48,000,000 were pledged to secure the bank loans granted to the Group (note 22).

As at 31 December 2024, the Group's banking facilities amounting to RMB300,000,000, of which RMB272,000,000 had been utilised.

26. PROVISION

	Warranties RMB'000
At 1 January 2024	374
Additional provision	90
Amounts utilised during the year	(374)
At 31 December 2024 and 1 January 2025	**90**
Additional provision	**16**
Amounts utilised during the year	**(90)**
At 31 December 2025	**16**

26. PROVISION *(continued)*

The Group provides 7-day to three-year warranties to its customers on certain of its products sold. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of replacements. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

27. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Impairment of trade and other receivables RMB'000	Impairment of inventories RMB'000	Unredeemed membership loyalty points RMB'000	Unrealised profits from inter-company transactions RMB'000	Lease liabilities RMB'000	Accrued expense RMB'000	Refund liabilities and provision RMB'000	Decelerated depreciation for tax purposes RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2024	1,142	1,973	13,275	18,983	8,607	4,136	285	–	3,304	51,705
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(853)	(154)	4,771	(2,725)	2,418	(2,189)	(19)	217	(2,848)	(1,382)
At 31 December 2024 and 1 January 2025	**289**	**1,819**	**18,046**	**16,258**	**11,025**	**1,947**	**266**	**217**	**456**	**50,323**
Deferred tax credited/(charged) to profit or loss during the year (note 10)	**75**	**100**	**5,793**	**17,675**	**6,182**	**(67)**	**(43)**	**(217)**	**(321)**	**29,177**
At 31 December 2025	**364**	**1,919**	**23,839**	**33,933**	**17,207**	**1,880**	**223**	**–**	**135**	**79,500**

27. DEFERRED TAX *(continued)*

Deferred tax liabilities

	Right-of-use assets RMB'000	Right-of-return assets RMB'000	Fair value adjustments of the financial instrument at fair value through profit or loss RMB'000	Total RMB'000
At 1 January 2024	8,706	29	–	8,735
Deferred tax charged/(credited) to profit or loss during the year (note 10)	3,266	9	–	3,275
At 31 December 2024 and 1 January 2025	**11,972**	**38**	**–**	**12,010**
Deferred tax charged/(credited) to profit or loss during the year (note 10)	**5,849**	**(3)**	**1,275**	**7,121**
At 31 December 2025	**17,821**	**35**	**1,275**	**19,131**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**60,369**	38,313

28. SHARE CAPITAL

Shares

	2025 RMB'000	2024 RMB'000
Issued and fully paid: 490,186,900 (2024: 478,423,400) ordinary shares	**245,094**	239,212

28. SHARE CAPITAL *(continued)*

Shares *(continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2024	60,000,000	60,000
Share conversion (note (a))	140,000,000	140,000
Share split (note (b))	200,000,000	–
Issue of shares from initial public offering (note (c))	78,423,400	39,212
At 31 December 2024 and 1 January 2025	**478,423,400**	**239,212**
Issue of shares (note (d))	**11,763,500**	**5,882**
At 31 December 2025	**490,186,900**	**245,094**

Notes:

(a) On 21 March 2024, the share capital of the Company increased from RMB60,000,000 to RMB200,000,000 through conversion of share premium and statutory surplus reserve with amount of RMB49,550,000 and RMB90,450,000, respectively, which was divided into 200,000,000 shares with a par value of RMB1.00 each.

(b) On 24 March 2024, the company resolved to divide the shares according to a ratio of 1:2, and the par value of the shares was divided from RMB1.00 per share to RMB0.50 per share at the time of issuance and listing.

(c) On 10 December 2024, 78,423,400 ordinary shares of par value of RMB0.50 each were issued at a price of HKD29.8 per share in connection with the Company's initial public offering. The proceeds of HKD42,388,000 (equivalent to RMB39,212,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of HKD2,294,629,000 (equivalent to RMB2,122,716,000) before issuing expenses were credited to the share premium account.

(d) The over-allotment option has been fully exercised by the sole overall coordinator (for itself and on behalf of the international underwriters), on 4 January 2025, in respect of an aggregate of 11,763,500 shares, representing approximately 15% of the total number of the offer shares available under the global offering (after taking into account the partial exercise of the offer size adjustment option but before any exercise of the over-allotment option) at HK$29.80 per share. The additional net proceeds of approximately HK$336,500,000 (equivalent to RMB311,105,000) have been received by the Company from the allotment and issue of the over-allotment shares after deducting the underwriting fees and commission on 8 January 2025.

29. SHARE-BASED PAYMENTS

Employee incentive scheme

On 1 April 2024, the Company adopted an employee incentive scheme ("**Employee Incentive Scheme**"), which was valid and effective commencing from its adoption date and subject to termination by the Company in accordance with the terms and conditions of the Employee Incentive Scheme. The shares underlying the awards granted under the Employee Incentive Scheme are held by Zhixun Investment, a shareholder of the Company.

On 2 April 2024, total 600,000 shares of the Company with par value of RMB1.00 each were granted to certain of senior management and employees of the Company in respect of their services to the Group in the past and forthcoming year for a consideration of RMB1,800,000. The shares shall be repurchased at the original cost if the Group is not listed on any stock exchange in 24 months from the date of the listing application submission. 250,000 shares were granted to a senior management and he should be remained at the Group at least during the period which is the earlier of the Company's shares being listed on any stock exchange or 12 months from the date of the listing application submission. The remaining 350,000 shares were granted to a senior management and two employees, each one-third of the shares shall be vested on each anniversary of the date of the financial year end of the year in which the Company's shares are listed on any of the stock exchange.

The following share awards were outstanding under the Employee Incentive Scheme during the year:

	Weighted average subscription price RMB per share	Number of shares
At 1 January 2024	–	–
Granted during the year	3.00	600,000
Share split		600,000
Vested during the year	1.50	(733,333)
At 31 December 2024	1.50	466,667
Vested during the year	1.50	(233,333)
At 31 December 2025	1.50	233,334

The weighted average subscription price for share awards during the year ended 31 December 2024 was RMB3.00 per share before share split and was RMB1.50 per share after share split.

The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted and the subscription price paid by employees. The fair value of the shares granted is measured at the market value of the shares. The fair value of the Employee Incentive Scheme granted was approximately RMB20,100,000, of which the Group recognised a share-based compensation expense of RMB3,654,000 for the year ended 31 December 2025 (2024: RMB15,024,000).

29. SHARE-BASED PAYMENTS *(continued)*

Restricted share unit incentive scheme

On 4 December 2025, the Company adopted a restricted share unit incentive scheme ("**Restricted Share Unit Incentive Scheme**") by resolutions of the shareholders. The purpose of the Restricted Share Unit Incentive Scheme is to further establish and improve the Company's long-term incentive mechanism and fully stimulate the enthusiasm of the Company's core employees, and to build a business community where the interests of the shareholders, the Company, and individual managers are effectively aligned, working together to promote the Company's sustained and healthy development.

The participants under the Restricted Share Unit Incentive Scheme include the Company's senior and middle management personnel, outstanding talents in core positions deemed by the Company to have made exceptional contributions to its development, outstanding employees, and outstanding talents introduced by the Company.

The maximum number of shares that maybe issued under this Restricted Share Unit Incentive Scheme shall be 3,921,495 H shares. The Restricted Share Unit Incentive Scheme shall be valid and effective for a period of six years commencing on the adoption date (i.e. 4 December 2025).

For the purposes of the Restricted Share Unit Incentive Scheme, the Company has appointed trustee (the "**Trustee**") and entrusted institution (the "**Entrusted Institution**"), and executing the relevant appointment agreements. The board of the Company and/or its authorised person shall instruct the Trustee to purchase the Company's H shares from the secondary market and handle matters related to vesting. The funds for purchasing H shares shall be sourced from the Group's internal funds. The board and/or its authorised person shall also instruct the Trustee on whether to utilise any returned shares to fulfill the grant of restricted share units. The board and/or its authorised person may include any conditions or terms in the instructions issued to the Trustee for purchasing H Shares, including but not limited to a specific purchase price or price range, the maximum amount of funds to be used for purchases, and/or the maximum number of H Shares to be purchased.

Total 1,000,827 shares under the Restricted Share Unit Incentive Scheme were granted to 123 employees at the subscription price of HKD45.12 per share on 31 December 2025 (the "**Grant Date**").

All of the granted restricted share units will be subject to both service and performance conditions. The employees may exercise the restricted share units in installments according to the following schedule:

(1) One-third of the restricted share units will be vested within 30 days after the first anniversary of the Grant Date, provided that the Company's 2025 annual report has been published for at least six months;

(2) One-third of the restricted share units will be vested within 30 days after the Company's 2026 annual report has been published for at least six months;

(3) The remaining one-third of the restricted share units will be vested within 30 days after the Company's 2027 annual report has been published for at least six months.

29. SHARE-BASED PAYMENTS *(continued)*

Restricted share unit incentive scheme *(continued)*

The following shares were outstanding under the Restricted Share Unit Incentive Scheme during the year ended 31 December 2025:

	Weighted average subscription price HKD per share	Number of shares
At 1 January 2025	–	–
Granted during the year	45.12	1,000,827
At 31 December 2025	45.12	1,000,827

The weighted average subscription price for share awards during the year ended 31 December 2025 was HKD45.12 per share.

The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted and the subscription price paid by employees. The fair value of the shares granted is measured at the market value of the shares. The fair value of the Restricted Share Unit Incentive Scheme was approximately RMB33,067,000. No share-based compensation expense was recognised under the Restricted Share Unit Incentive Scheme as the shares are granted on 31 December 2025.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

Share premium

Share premium of the Company represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in November 2015 and the share premium raised from the Company's initial public offering and exercise of the over-allotment option.

On 21 March 2024, share premium of RMB49,550,000 was converted into share capital (note 28).

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to its statutory surplus reserve until the reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to registered capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

On 21 March 2024, statutory surplus reserve of RMB90,450,000 was converted into share capital (note 28).

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB75,609,000 (2024: RMB29,165,000), in respect of lease arrangements for self-operated counters, office and warehouses.

During the year ended 31 December 2024, prepayment for leasehold land amounted to RMB118,540,000 was transferred from a bidding deposit paid in 2023.

During the year ended 31 December 2024, the Group obtained interest-bearing bank loans amounting to RMB420,000,000 and the Group received cash amounting to RMB416,941,000, while RMB3,059,000 was deducted by the bank as interest simultaneously. The Group repaid RMB100,000,000 on October 2024 and repaid the remaining balance in 2025.

During the year ended 31 December 2025, prepayment for interest-bearing bank loans amounting to RMB372,000 was deducted by interest income.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Bank and other loans RMB'000	Lease liabilities RMB'000	Dividends payable RMB'000
At 1 January 2025	**320,000**	**44,102**	**–**
Dividends declared	**–**	**–**	**352,935**
Changes from financing cash flows	**(319,628)**	**(43,660)**	**(352,935)**
Reduction as a result of lease termination	**–**	**(1,854)**	**–**
Lease modifications	**–**	**13,206**	**–**
New leases	**–**	**62,403**	**–**
Exchange realignment	**–**	**(75)**	**–**
Interest income deducted from bank borrowing repayment	**(372)**	**–**	**–**
Interest expense accrued	**–**	**2,322**	**–**
At 31 December 2025	**–**	**76,444**	**–**
At 1 January 2024	–	38,960	25,000
Dividends declared	–	–	1,000,000
Changes from financing cash flows	316,941	(40,638)	(1,025,000)
Reduction as a result of lease termination	–	(8,295)	–
Lease modifications	–	22,680	–
New leases	–	29,165	–
Interest expense accrued	3,059	2,230	–
At 31 December 2024	320,000	44,102	–

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	**34,625**	17,447
Within investing activities	**–**	492,215
Within financing activities	**43,660**	40,638
Total	**78,285**	550,300

32. COMMITMENTS

The Group had the following contractual commitments at the end of each reporting period:

	2025 RMB'000	2024 RMB'000
Construction in progress	**185,548**	293,485

Contractual commitments of construction in progress were mainly related to the ongoing construction of the Group's production facility in Hangzhou, Hangzhou R&D Center and headquarters.

In January 2024, the Group entered into an investment and development agreement with the local governmental authority for a parcel of land, pursuant to which the Group agreed to use the parcel of land for the construction of its headquarters to be completed within an agreed-upon timeframe and with total construction and installment costs of no less than RMB400,000,000.

33. RELATED PARTY TRANSACTIONS

Name	Relationship
Hangzhou Shangdu Technology Co., Ltd. (“**Shangdu Technology**”)	An entity controlled by a shareholder
Huamei Kangyan (Suzhou) Biotechnology Co., Ltd. (“**Huamei Kangyan**”)	An associate
Jiuhuan Investment	An entity controlled by shareholders
Zhixun Investment	An entity controlled by shareholders

33. RELATED PARTY TRANSACTIONS *(continued)*

(a) The Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Purchases of products from:			
Huamei Kangyan	(i)	43,654	23,037
Rental and property management fees payment to:			
Shangdu Technology	(ii)	4,882	4,811
Loans to:			
Zhixun Investment	(iii)	–	165,000
Jiuhuan Investment	(iii)	–	100,000
		–	265,000
Interest income from:			
Zhixun Investment	(iii)	–	193
Payable on behalf of:			
Mr. Mao Geping	(iv)	–	11,936
Ms. Wang Liqun	(iv)	–	3,104
Ms. Mao Niping	(iv)	–	3,104
Ms. Mao Huiping	(iv)	–	2,626
Mr. Wang Lihua	(iv)	–	1,671
Ms. Song Hongquan	(iv)	–	1,432
		–	23,873
Name and portrait rights licensing fee to:			
Mr. Mao Geping	(v)	2,771	166

33. RELATED PARTY TRANSACTIONS *(continued)*

(a) The Group had the following transactions with related parties during the year: *(continued)*

Notes:

(i) The purchases from the related party were made according to the published prices and conditions offered by the related party to its major customers.

(ii) The rental and property management fees were charged with reference to prices mutually agreed between the parties.

(iii) According to the loan agreement signed by the Group, Zhixun Investment and Jiuhuan Investment on 16 January 2024, the Group agreed to provide loans up to RMB300,000,000 to Zhixun Investment and Jiuhuan Investment in aggregate. Each loan is unsecured and repayable in three months with interest at 2.4% per annum.

For the year ended 31 December 2024, the Group provided loans amounted to RMB165,000,000 and RMB100,000,000 to Zhixun Investment and Jiuhuan Investment, respectively, which were all repaid at 31 December 2024.

(iv) The amounts of payable on behalf of the directors are withholding individual income tax payable to the relevant tax authorities arising from conversion of share premium and statutory surplus reserve into share capital.

(v) According to the Name and Portrait Rights Licensing Framework Agreement signed on 25 November 2024, Mr. Mao Geping has agreed to grant to the Group exclusive and non-transferrable licenses for the Group's use of his name and portrait rights for an annual licensing fee of HK$2.98 million. The licensing fee has been determined after arm's length negotiations between the Group and Mr. Mao Geping. The initial term of the Name and Portrait Rights Licensing Framework Agreement commenced on 10 December 2024 and will end on 31 December 2026, subject to renewal through mutual consent by the parties.

(vi) On 1 April 2024, the Company, Mr. Mao Geping, Ms. Wang Liqun, Ms. Mao Niping, Ms. Mao Huiping, Mr. Wang Lihua and Ms. Song Hongquan entered into a share transfer agreement, pursuant to which the Company agreed to transfer 22.80% equity interest of Hangzhou Shang Du Hui to them at nil consideration. Since the share capital pertaining to 22.80% equity interest of Hangzhou Shang Du Hui has not yet been paid, the related capital contribution obligations were transferred to transferees simultaneously.

To facilitate the development of the property held by Hangzhou Shang Du Hui and speed up the relevant administrative procedures, on 23 October 2024, the Company acquired the remaining 22.8% of Hangzhou Shang Du Hui's equity interest at a consideration of RMB96,000,000, which was equal to the total contribution made by Mr. Mao Geping, Ms. Wang Liqun, Ms. Mao Niping, Ms. Mao Huiping, Mr. Wang Lihua and Ms. Song Hongquan. Upon the transfer, Hangzhou Shang Du Hui became a direct wholly-owned subsidiary of the Company.

33. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with related parties:

	Notes	2025 RMB'000	2024 RMB'000
Due to a related party (trade)			
Huamei Kangyan	(i)	**5,137**	2,948
Lease liabilities (trade)			
Shangdu Technology	(ii)	–	341
Due to a director (trade)			
Mr. Mao Geping	(iii)	–	166

Notes:

(i) As at 31 December 2024 and 2025, the Group's outstanding balances with related parties are unsecured, interest-free and repayable on demand.

(ii) The Group has entered into several lease agreements in respect of office with Shangdu Technology. The transactions were made according to the price and terms agreed with Shangdu Technology.

(iii) As at 31 December 2024, the Group's outstanding balance due to Mr. Mao Geping is RMB166,000 resulting from the use of his name and portrait rights.

(c) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	**32,097**	29,838
Equity-settled share award expense	**2,088**	12,175
Pension scheme contributions	**241**	458
Total compensation paid to key management personnel	**34,426**	42,471

Further details of directors' and the supervisors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items the lease of office from Shangdu Technology above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

31 December 2025

Financial assets

	Financial assets at fair value through profit or loss		
	Mandatorily designated as such RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	240,591	240,591
Financial assets included in prepayments, other receivables and other assets	–	29,481	29,481
Derivative financial instruments	5,101	–	5,101
Restricted cash	–	2,171	2,171
Time deposits	–	992,638	992,638
Cash and cash equivalents	–	2,441,285	2,441,285
Total	5,101	3,706,166	3,711,267

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	158,539
Financial liabilities included in other payables and accruals	161,050
Due to a related party	5,137
Total	324,726

34. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows: *(continued)*

31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables	214,543
Financial assets included in prepayments, other receivables and other assets	22,122
Restricted cash	50,167
Cash and cash equivalents	2,796,456
Total	3,083,288

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	92,065
Financial liabilities included in other payables and accruals	112,381
Interest-bearing bank and other borrowings	320,000
Due to a director	166
Due to a related party	2,948
Total	527,560

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals and amounts due to a related party approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group enters into derivative financial instruments with a commercial bank. Derivative financial instruments, including options for foreign currency, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of options for foreign currency are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments	–	5,101	–	5,101
Total	–	5,101	–	5,101

The Group did not have any financial assets measured at fair value as at 31 December 2024.

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally options for foreign currency. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from HK$ and US$ denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2025			
If the RMB weakens against the HK$	5	42,504	42,504
If the RMB strengthens against the HK$	(5)	(42,504)	(42,504)
If the RMB weakens against the US$	5	43,851	43,851
If the RMB strengthens against the US$	(5)	(43,851)	(43,851)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2024			
If the RMB weakens against the HK$	5	103,852	103,852
If the RMB strengthens against the HK$	(5)	(103,852)	(103,852)
If the RMB weakens against the US$	5	46	46
If the RMB strengthens against the US$	(5)	(46)	(46)

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	241,434	241,434
Financial assets included in prepayments, other receivables and other assets					
– Normal**	29,481	–	–	–	29,481
– Doubtful**	614	–	–	–	614
Restricted cash					
– Normal	2,171	–	–	–	2,171
Cash and cash equivalents					
– Not yet past due	2,441,285	–	–	–	2,441,285
Time deposits					
– Not yet past due	992,638	–	–	–	992,638
Total	3,466,189	–	–	241,434	3,707,623

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	215,187	215,187
Financial assets included in prepayments, other receivables and other assets					
– Normal**	22,122	–	–	–	22,122
– Doubtful**	514	–	–	–	514
Restricted cash					
– Normal	50,167	–	–	–	50,167
Cash and cash equivalents					
– Not yet past due	2,796,456	–	–	–	2,796,456
Total	2,869,259	–	–	215,187	3,084,446

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of other borrowings.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2025				
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	4,915	153,624	–	–	158,539
Due to a related party	–	5,137	–	–	5,137
Financial liabilities included in other payables and accruals	32,084	117,980	10,986	–	161,050
Lease liabilities	–	9,936	27,512	43,469	80,917
Total contractual undiscounted payments and total expected undiscounted payments	36,999	286,677	38,498	43,469	405,643

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

	31 December 2024				
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	2,718	89,347	–	–	92,065
Interest-bearing bank and other borrowings	–	100,000	220,000	–	320,000
Due to a related party	–	2,948	–	–	2,948
Due to a director	–	166	–	–	166
Financial liabilities included in other payables and accruals	12,769	90,104	9,508	–	112,381
Lease liabilities	–	12,919	13,500	19,649	46,068
Total contractual undiscounted payments and total expected undiscounted payments	15,487	295,484	243,008	19,649	573,628

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management *(continued)*

The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes lease liabilities, trade payables, other payables and accruals and interest-bearing bank and other borrowings. The gearing ratios as at the end of each reporting period were as follows:

	2025 **RMB'000**	2024 RMB'000
Interest-bearing bank and other borrowings	**–**	320,000
Lease liabilities	**76,444**	44,102
Trade payables	**158,539**	92,065
Other payables and accruals	**463,391**	390,209
Debt	**698,374**	846,376
Total assets	**5,532,985**	4,473,469
Gearing ratio	**12.62%**	18.92%

37. EVENTS AFTER THE REPORTING PERIOD

The Company repurchased 337,300 of its shares on the Hong Kong Stock Exchange at a total consideration of HK$29,792,000 in January 2026. The repurchased shares were used for the Restricted Share Unit Incentive Scheme.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	83,740	78,669
Right-of-use assets	5,966	7,848
Other intangible assets	1,030	1,584
Investments in subsidiaries	917,998	811,963
Deferred tax assets	15,893	14,075
Total non-current assets	1,024,627	914,139
CURRENT ASSETS		
Inventories	576,980	321,454
Trade receivables	182,644	176,701
Prepayments, other receivables and other assets	59,250	20,618
Due from subsidiaries	150,066	36,185
Derivative financial instruments	5,101	–
Restricted cash	2,002	50,000
Cash and cash equivalents	1,952,681	2,449,103
Time deposits	932,638	–
Total current assets	3,861,362	3,054,061
CURRENT LIABILITIES		
Trade payables	57	57
Other payables and accruals	219,115	199,367
Interest-bearing bank and other borrowings	–	320,000
Due to subsidiaries	199,657	134,280
Due to a director	–	166
Lease liabilities	2,700	3,733
Tax payable	125,398	102,051
Total current liabilities	546,927	759,654
NET CURRENT ASSETS	3,314,435	2,294,407
TOTAL ASSETS LESS CURRENT LIABILITIES	4,339,062	3,208,546

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Information about the statement of financial position of the Company at the end of the reporting period is as follows: *(continued)*

	2025 **RMB'000**	2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,339,062**	3,208,546
NON-CURRENT LIABILITIES		
Lease liabilities	**1,649**	2,580
Total non-current liabilities	**1,649**	2,580
Net assets	**4,337,413**	3,205,966
EQUITY		
Share capital	**245,094**	239,212
Reserves (note)	**4,092,319**	2,966,754
Total equity	**4,337,413**	3,205,966

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Information about the statement of financial position of the Company at the end of the reporting period is as follows: *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share award scheme reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	49,550	–	108,532	1,184,100	1,342,182
Equity-settled share award expense	–	14,074	–	–	14,074
Profit and total comprehensive income for the year	–	–	–	729,826	729,826
Share conversion	(49,550)	–	(90,450)	–	(140,000)
Dividends declared to shareholders	–	–	–	(1,000,000)	(1,000,000)
Issue of shares from initial public offerings	2,020,672	–	–	–	2,020,672
Transfer to statutory surplus reserves	–	–	139,812	(139,812)	–
At 31 December 2024 and 1 January 2025	2,020,672	14,074	157,894	774,114	2,966,754
Equity-settled share award expense	**–**	**3,134**	**–**	**–**	**3,134**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**1,170,143**	**1,170,143**
Dividends declared to shareholders	**–**	**–**	**–**	**(352,935)**	**(352,935)**
Issue of shares	**305,223**	**–**	**–**	**–**	**305,223**
Transfer of share award scheme reserve upon vesting	**16,192**	**(16,192)**	**–**	**–**	**–**
At 31 December 2025	**2,342,087**	**1,016**	**157,894**	**1,591,322**	**4,092,319**

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

DEFINITIONS

In this annual report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

"Articles of Association" or "Articles"	the articles of association of our Company, as amended, supplemented, or otherwise modified from time to time
"Board" or "Board of Directors"	the board of directors of our Company
"CAGR"	compound annual growth rate, referring to the year-over-year growth rate, which is calculated by taking the nth root of the total percentage growth rate over a specified period of time. The formula for calculating CAGR is: (Ending Value/Beginning Value) ^ (1/number of years)-1
"CG Code"	the Corporate Governance Code as set out in Appendix C1 of the Listing Rules in force during the Reporting Period
"Company" or "our Company" or "the Company"	Mao Geping Cosmetics Co., Ltd. (毛戈平化妝品股份有限公司), a limited liability company established in the PRC on July 28, 2000, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 1318)
"controlling shareholders"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"date of this report"	March 26, 2026
"Zhixun Investment"	Xinyu Zhixun Project Investment Partnership (Limited Partnership) (新余市智循項目投資合夥企業(有限合夥)), formerly known as Hangzhou Dijing Investment Management Partnership (Limited Partnership) (杭州帝景投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 28, 2011, and one of controlling shareholders of the Company
"Director(s)"	the director(s) of our Company
"Global Offering"	the offer of the Shares for subscription as described in the section headed "Structure of the Global Offering" in the Prospectus
"Group," "our Group," "the Group," "we," or "us,"	our Company and its subsidiaries
"Hangzhou Love Keeps"	Hangzhou Love Keeps Cosmetics Co., Ltd. (杭州至愛終生化妝品有限公司), a direct wholly-owned subsidiary of the Company

"Hangzhou Mao Geping"	Hangzhou Mao Geping Cosmetics Co., Ltd. (杭州毛戈平化妝品有限公司), a company established in the PRC with limited liability on July 28, 2000, the predecessor of the Company
"Hangzhou Shang Du Hui"	Hangzhou Shang Du Hui Cosmetics Technology Co., Ltd. (杭州尚都匯化妝品科技有限公司), a direct wholly-owned subsidiary of the Company
"Hangzhou Xingyi"	Hangzhou Xingyi Equity Investment Co., Ltd. (杭州星屹股權投資有限公司), a direct wholly-owned subsidiary of the Company
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB0.50 each, which are subscribed for and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Share(s)
"H Share Full Circulation"	the conversion of 228,344,600 Unlisted Shares into H Shares
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HKFRS Accounting Standards"	All Hong Kong Financial Reporting Standards's Hong Kong Accounting Standards and interpretations as issued by the Hong Kong Institute of Certified Public Accountants
"Jiuhuan Investment"	Xinyu Jiuhuan Project Investment Partnership (Limited Partnership) (新余市九寰項目投資合夥企業(有限合夥)), formerly known as Hangzhou Jiachi Investment Management Partnership (Limited Partnership) (杭州嘉馳投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 28, 2011 and one of controlling shareholders of the Company
"KOL(s)"	key opinion leader(s)
"Listing"	the listing of the H shares on the main board of the Stock Exchange on December 10, 2024
"Listing Date"	the date on which the H shares are listed on the Main Board of the Stock Exchange and from which dealings in the H shares are permitted to commence on the Main Board of the Stock Exchange, i.e. December 10, 2024

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or otherwise supplemented from time to time
"Mao Geping Image Design"	Hangzhou Mao Geping Image Design Art Co., Ltd. (杭州毛戈平形象設計藝術有限公司), a direct wholly-owned subsidiary of the Company
"Mao Geping Technology"	Hangzhou Mao Geping Technology Co., Ltd. (杭州毛戈平科技有限公司), a direct wholly-owned subsidiary of the Company
"Mr. Mao"	Mr. MAO Geping (毛戈平), our founder, chairman of the Board, an executive Director, and one of the Controlling Shareholders of our Company
"Ms. Wang"	Ms. WANG Liqun (汪立群), an executive Director, vice chairperson of the Board, and one of the Controlling Shareholders of our Company
"ODM"	original design manufacturing, where a manufacturer designs and manufactures a product which is specified by the customer and eventually marketed and sold under the customer's brand name or under no specific brand
"Prospectus"	the prospectus of the Company dated December 2, 2024
"Reporting Period"	for the year ended December 31, 2025
"Restricted Share Unit"	restricted share unit(s) conferring the grantee a conditional right to receive H Shares upon vesting
"Restricted Share Unit Incentive Scheme"	the restricted share unit incentive scheme of the Company adopted by resolutions of the Shareholders on December 4, 2025
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB0.50 each, comprising Unlisted Share(s) and H Share(s)
"Shareholder(s)"	the holder(s) of the Share(s)
"SKU(s)"	stock keeping unit(s), to help identify and track inventories

DEFINITIONS

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Unlisted Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB0.50 each, which were subscribed for or credited as paid in Renminbi and held by domestic Shareholders
"Zhejiang Huidu"	Zhejiang Huidu Cosmetics Co., Ltd. (浙江匯都化妝品有限公司), a direct wholly-owned subsidiary of the Company
"%"	per cent