亲亲食品

Better Food, Better Life

親親食品集團（開曼）股份有限公司

QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LIMITED

INCORPORATED IN THE CAYMAN ISLAND WITH LIMITED LIABILITY

STOCK CODE: 1583

2025

Annual Report

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Hui Ching Lau *(Chairman)*
Wong Wai Leung *(Chief Financial Officer)*
Wu Wenxu *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Sze Man Bok
Wu Yinhang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Yiu Fai Youdey
Paul Marin Theil
Tan Wenjie

COMPANY SECRETARY

Wong Wai Leung *FCCA CPA*

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PLACE OF LISTING AND STOCK CODE

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Stock Code: 1583

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KEY FINANCIAL PERFORMANCE AND RATIOS

For the year ended 31 December	2025 (RMB'000)	2024 (RMB'000)	Changes
Revenue	**911,461**	996,497	-8.5%
Gross profit	**249,647**	282,068	-11.5%
Gross profit margin	**27.4%**	28.3%	-0.9% points
(Loss)/profit attributable to equity shareholders of the Company	**(2,241)**	21,130	-110.6%
Adjusted EBITDA[1]	**80,558**	101,306	-20.5%
(Loss)/earnings per share			
– Basic	**RMB(0.003)**	RMB0.028	
– Diluted	**RMB(0.003)**	RMB0.028	
Final dividend per share (proposed)	**RMB0.030**	RMB0.020	

As at 31 December	2025 (RMB'000)	2024 (RMB'000)	Changes
Total assets	**1,751,265**	1,943,865	-9.9%
Net cash position[2]	**380,792**	415,079	-8.3%
Net current assets	**200,952**	182,113	10.3%
Total equity attributable to equity shareholders of the Company	**1,204,970**	1,219,861	-1.2%
Return on equity[3]	**-0.2%**	1.7%	-1.9% points
Net asset per share	**RMB1.6**	RMB1.6	
Finished goods turnover days[4]	**13 days**	12 days	
Trade receivables turnover days[5]	**8 days**	4 days	

Notes:

(1) Adjusted EBITDA is not measure of performance under HKFRS Accounting Standards. This measure does not represent, and should not be used as substitute for, net profit or cash flows from operations as determined in accordance with HKFRS Accounting Standards. Therefore, it is not necessarily an indication of whether cash flow will be sufficient to fund the cash requirements of the Group. In addition, Adjusted EBITDA referred to in this report does not have a standardised meaning prescribed by HKFRS Accounting Standards and therefore may not be comparable to other similarly titled measures used by other listed issuers. The reconciliation from (loss)/profit for the year to Adjusted EBITDA and related explanation notes are set out in the section headed "Management Discussion and Analysis" on page 9 of this report.

(2) Net cash position is equal to the sum of restricted bank deposits and cash and bank balances net of bank borrowings.

(3) Return on equity is equal to loss or profit attributable to equity shareholders divided by total shareholders' equity at the end of the relevant year.

(4) Finished goods turnover days is equal to the average balance of finished goods divided by the cost of sales and multiplied by the number of days in the relevant year.

(5) Trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant year.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "**Board**"), I am pleased to present the results of Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025 ("**FY2025**"). During the year, the Group continued to focus on the manufacturing, distribution and sale of food and snack products in the People's Republic of China (the "**PRC**").

PERFORMANCE

In FY2025, China's food and snack market remained intensely competitive, with both domestic and international brands vying for consumer attention and market share. The rapid emergence of new snack food chains and sales channels has affected the performance of traditional sales channels such as unchained grocers, supermarkets, and convenience stores. After a period of robust expansion, the new snack food chains sector's growth rate has moderated; many branded chains have slowed new store openings and shifted focus to operational optimization in response to market saturation and heightened competition.

The Group also faced challenges such as pricing pressure arising from increased consumer sensitivity to price, the ongoing need for innovation to sustain product lifecycles, and the imperative to strengthen brand recognition. The young generation, acting as influential trendsetters, has demonstrated a clear preference for high-quality, reliable products and personalized consumption experiences. These evolving expectations require the Group to innovate continuously and respond nimbly to changes in consumer demand. Amid this dynamic environment, the Group remains proactive by implementing timely strategies with the target of revenue and profit growth, counterbalancing rising costs, and mitigating operating risks.

The Group's total revenue decreased by 8.5% from RMB996.5 million in FY2024 to RMB911.5 million in FY2025. The decrement was mainly due to reduced sales through traditional sales channels, partially offset by increased sales to snack food chains, OEM manufacturing business and export business. In addition, due to the difference in the timing of the Chinese New Year (the traditional peak sales season), the Chinese New Year in 2025 fell earlier in January, while that in 2026 occurred later in mid-February, resulting in the peak ordering periods before Chinese New Year in both years not being fully captured within FY2025, and consequently leading to an overall decline in revenue. Gross profit in FY2025 was approximately RMB249.7 million (FY2024: RMB282.1 million), representing a decrease of approximately RMB32.4 million or 11.5% year-on-year; gross profit margin was 27.4% (FY2024: 28.3%), representing a decrease of approximately 0.9 percentage points year-on-year. In FY2025, the Group recorded a loss for the year attributable to equity shareholders of the Company of approximately RMB2.2 million, as compared to a profit for the year attributable to the equity shareholders of the Company of approximately RMB21.1 million in FY2024, representing a decrease of net profit of approximately RMB23.3 million year-on-year.

The decrease in gross profit, gross profit margin and net profit of the Group in FY2025 was mainly attributable to the following combined net factors:

(i) the Group recorded a decline in revenue mainly due to reduced sales through traditional sales channels, partially offset by increased sales to snack food chains, OEM manufacturing business and export business. The overall decrease in sales volume also led to reduced economies of scale, contributing to a decrease in gross profit and gross profit margin of approximately RMB32.4 million and 0.9 percentage points respectively in FY2025 when compared to FY2024;

(ii) the Group recorded gain on disposal of property, plant and equipment of RMB5.1 million in FY2025 (FY2024: loss of RMB6.0 million). This one-off disposal gain was mainly arose from the completion of sale of land use rights, the associated production plant and properties of the Group's former production base located in Xiantao City, Hubei Province, the PRC; and

(iii) the Group recorded a one-off impairment loss on construction in progress of RMB6.7 million in FY2025 as the Group decided not to further proceed on a construction development project located in Xiaogan City, Hubei Province, the PRC.

PROSPECTS AND VISION

Looking forward to 2026, we are encouraged by the PRC government's proactive policies aiming at boosting consumer spending, which are expected to drive growth in consumption in the years ahead. Building on this supportive backdrop, the Group's strategic initiatives over recent years, particularly our focus on new products, channel diversification, information management system and the completion of new production facilities and equipment, have established a robust foundation for sustainable business growth.

Although the Group's revenue decreased in FY2025 and results fell short of targets, the Group will continue implementing strategies and measures to boost sales and profitability. The Group has formalized its five-year strategic plan to drive performance recovery over the next five years. Through clear strategic direction, the Group will pursue four-dimensional innovation across products, channels, brands, and organisation, elevating operational quality, efficiency, and market competitiveness while regaining market growth momentum.

The Group will focus its efforts on concentrating resources on core product competitiveness and brand assets. Instead of low-pricing competition, the Group will aim to deliver high quality and experience at reasonable prices. Innovation will extend beyond products to encompass management models, operational processes, and organizational structures. The Group will also strengthen its distribution network in the PRC by enhancing existing cooperation relationships with distributors and expand new sales channels. With the establishment of the new production bases across the PRC, the Group's production efficiency and capability will gradually improve, enabling our products to reach an expanded range of local market in the PRC and enhancing our customer coverage.

The Group will continue refining internal management processes and strengthening the implementation of AI and digital tools to reduce costs and boost efficiency. We will invest in talent development and information management system to raise corporate management standards, improve the Group's operating efficiency and core competitiveness, and enhance the Group's sustainable development. The management team will continue to adhere to the "people-oriented" philosophy in conducting business.

Our vision and strategic objectives reflect our continuing commitment to the Group's long-term development and success. We are confident that we are well positioned to remain competitive amidst this challenging business environment. The Group also believes that it is on the right path towards becoming a century-old enterprise. By adhering to the people-oriented philosophy and pursuing continuous self-improvement, the Group will shine as a leading star in China's food and snacks industry.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to all our shareholders, customers and other business partners for their long-term attention and support to the Group over the years. I would also like to thank the senior management team and all staff of the Group for their dedication and hard work to the Group during the past year.

Hui Ching Lau
Chairman
Hong Kong, 18 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") is a renowned food and snacks company with strong brand recognition in the People's Republic of China (the "**PRC**"). The Group is principally engaged in the manufacturing, distribution and sale of jelly products, crackers and chips, seasoning products, confectionery, rice wine and other food and snacks products under "Qinqin (親親)", "Shangerry (香格里)" and "A Snack Shop (親親物語)" brands.

INDUSTRY ENVIRONMENT

In 2025, China's food and snack market remained intensely competitive, with both domestic and international brands vying for consumer attention and market share. The rapid emergence of new snack food chains and sales channels has affected the performance of traditional sales channels such as unchained grocers, supermarkets, and convenience stores. After a period of robust expansion, the new snack food chains sector's growth rate has moderated; many branded chains have slowed new store openings and shifted focus to operational optimization in response to market saturation and heightened competition.

The Group also faced challenges such as pricing pressure arising from increased consumer sensitivity to price, the ongoing need for innovation to sustain product lifecycles, and the imperative to strengthen brand recognition. The young generation, acting as influential trendsetters, has demonstrated a clear preference for high-quality, reliable products and personalized consumption experiences. These evolving expectations require the Group to innovate continuously and respond nimbly to changes in consumer demand.

Amid this dynamic environment, the Group remains proactive by implementing timely strategies with the target of revenue and profit growth, counterbalancing rising costs, and mitigating operating risks. As consumer awareness of health and living standards improves, purchasing behavior is shifting toward value-for-money products emphasizing flavor, nutrition, enjoyment, and functional benefits. Companies in the industry must swiftly introduce innovative, high-quality, and nutritious products to keep pace with changing consumer preferences.

Additionally, intensifying competition from imported brands and rising input costs, such as raw materials and labor, are reshaping the competitive landscape. Nevertheless, the Group remains confident in the long-term growth potential of China's snack food industry, supported by continued economic development and growing consumer demand.

BUSINESS OVERVIEW

For the year ended 31 December 2025 (the "**Reporting Period**"), the Group's total revenue was approximately RMB911.5 million (2024: RMB996.5 million), representing a decrease of approximately RMB85.0 million or 8.5% year-on-year. The decrement was mainly due to reduced sales through traditional sales channels, partially offset by increased sales to snack food chains, OEM manufacturing business and export business. In addition, due to the difference in the timing of the Chinese New Year (the traditional peak sales season), the Chinese New Year in 2025 fell earlier in January, while that in 2026 occurred later in mid-February, resulting in the peak ordering periods before Chinese New Year in both years not being fully captured within the Reporting Period, and consequently leading to an overall decline in revenue for 2025.

For the Reporting Period, the Group's gross profit and gross profit margin both decreased. Gross profit for the Reporting Period was approximately RMB249.7 million (2024: RMB282.1 million), representing a decrease of approximately RMB32.4 million or 11.5% year-on-year; gross profit margin was 27.4% (2024: 28.3%), representing a decrease of approximately 0.9 percentage points year-on-year. During the Reporting Period, the Group recorded a loss for the year attributable to the equity shareholders of the Company of approximately RMB2.2 million, as compared to a profit for the year attributable to the equity shareholders of the Company of approximately RMB21.1 million for the year ended 31 December 2024, representing a decrease in net profit of approximately RMB23.3 million year-on-year.

The decrease in gross profit, gross profit margin and net profit of the Group in the Reporting Period was mainly attributable to the following combined net factors:

(i) the Group recorded a decline in revenue mainly due to reduced sales through traditional sales channels, partially offset by increased sales to snack food chains, OEM manufacturing business and export business. The overall decrease in sales volume also led to reduced economies of scale, contributing to a decrease in gross profit and gross profit margin of approximately RMB32.4 million and 0.9 percentage points respectively for the Reporting Period when compared to 2024;

(ii) the Group recorded gain on disposal of property, plant and equipment of RMB5.1 million in the Reporting Period (2024: loss of RMB6.0 million). This one-off disposal gain was mainly arose from the completion of sale of land use rights, the associated production plant and properties of the Group's former production base located in Xiantao City, Hubei Province, the PRC; and

(iii) the Group recorded a one-off impairment loss on construction in progress of RMB6.7 million in the Reporting Period as the Group decided not to further proceed on a construction development project located in Xiaogan City, Hubei Province, the PRC.

Jelly products

Sales of jelly products in the Reporting Period were approximately RMB486.7 million (2024: RMB530.6 million), representing a decrease of approximately 8.3% year-on-year, and accounting for 53.4% (2024: 53.2%) of total revenue of the Group. Gross profit was approximately RMB128.4 million (2024: RMB151.8 million), representing a decrease of approximately 15.4% year-on-year. Gross profit margin was approximately 26.4% (2024: 28.6%), representing a decrease of approximately 2.2 percentage points year-on-year.

With the rapid growth of new snack food chains in PRC, sales of the Group's jelly products through distributors to traditional sales channels such as unchained grocers and supermarket have been decreased. During the Reporting Period, although the Group has recorded an increase in sales through new snack food chains, OEM manufacturing business and export business, such increase could not fully offset by the decrease in sales of jelly products through traditional sales channels, which contributed to the overall decrease in sales. In addition, sales of jelly products of the Group during the Reporting Period have been negatively impacted by the competition resulting from the introduction of lower-priced products by competitors. Due to the difference in the timing of the Chinese New Year (the traditional peak sales season), the Chinese New Year in 2025 fell earlier in January, while that in 2026 occurred later in mid-February, resulting in the peak ordering periods before Chinese New Year in both years not being fully captured within the Reporting Period, and consequently leading to an overall decline in revenue for 2025. As the Group's sales volume and gross profit both decreased in the Reporting Period, this also led to reduced economies of scale, contributing to a decrease in gross profit margin.

Although sales of jelly products decreased in 2025 and did not meet the target of the Group, the Group will continue to implement strategies and measures to increase sales and improve the profitability of this segment.

Crackers and Chips

Sales of crackers and chips in the Reporting Period were approximately RMB297.0 million (2024: RMB311.7 million), representing a decrease of approximately 4.7% year-on-year, and accounting for 32.6% (2024: 31.3%) of total revenue of the Group. Gross profit was approximately RMB86.0 million (2024: RMB86.3 million), representing a decrease of approximately 0.4% year-on-year. Gross profit margin was approximately 29.0% (2024: 27.7%), representing an increase of approximately 1.3 percentage points year-on-year.

The decline in sales was mainly attributable to worse performance than expected in traditional sales channels. During the Reporting Period, sales generated from snack food chains have been increased. The Group also continued to expand its export business to other countries and developed OEM business to increase utilization of its production facilities, which partly offset the decrease in sales in the decrease in traditional sales channels. During the Reporting Period, the Group continued to optimize its product portfolio and sales strategies, and focused on expanding and launching new product lines to stimulate sales and improve profitability in this segment and as a result, gross profit margin has been improved due to the change in product mix.

Seasoning Products

Sales of seasoning products in the Reporting Period were approximately RMB62.2 million (2024: RMB73.7 million), representing a decrease of approximately 15.6% year-on-year, and accounting for 6.8% (2024: 7.4%) of total revenue of the Group. Gross profit was approximately RMB22.2 million (2024: RMB25.6 million), representing a decrease of approximately 13.3% year-on-year. Gross profit margin was approximately 35.7% (2024: 34.7%), representing an increase of approximately 1.0 percentage points year-on-year.

During the Reporting Period, the decline in sales was primarily due to the Group's strategy to focus on major and profitable products while reducing the number of category of product. To improve the business performance of this segment, the Group also made adjustment on certain product prices, customers and channels with the aim of maintaining competitiveness in this challenging market segment. As a result, although sales decreased during the Reporting Period, the gross profit margin improved compared to the prior year.

Confectionery and Other Products

Confectionery and other products include confectionary products, new snack products under the brand of "A Snack Shop (親親物語)" such as candies, dried fruits, nuts, biscuits, bakery and dried meat and vegetarian snack products and rice wine and sesame candy products. Sales of confectionery and other products in the Reporting Period were approximately RMB65.6 million (2024: RMB80.5 million), representing a decrease of approximately 18.5% year-on-year, and accounting for 7.2% (2024: 8.1%) of total revenue of the Group. Gross profit was approximately RMB13.1 million (2024: RMB18.3 million), representing a decrease of approximately 28.4% year-on-year. Gross profit margin was approximately 20.0% (2024: 22.7%), representing a decrease of approximately 2.7 percentage points year-on-year.

The decrease in sales during the Reporting Period was mainly attributable to the Group's refinement of its product portfolio in this segment, including a prudent reduction of certain lower-profitability OEM bakery products and confectionery products in the increasingly competitive mass-market confectionery segment. These optimisation measures enabled the Group to better allocate resources to high-margin and self-branded products, but also led to a temporary decline in sales volume and gross profit margin contribution from confectionery and other products during the Reporting Period.

Distribution Cost and Selling Expenses

Distribution cost and selling expenses mainly represented staff costs, transportation costs, marketing and advertising expenses and other selling related expenses. Distribution cost and selling expenses in the Reporting Period were approximately RMB123.9 million (2024: RMB128.2 million), representing a decrease of 3.4% year-on-year, and accounting for 13.6% (2024: 12.9%) of total revenue of the Group. The year-on-year decrease in distribution costs and selling expenses was mainly attributable to lower staff bonuses and transportation costs, which reflected the decline in sales and sales volume during the Reporting Period. The overall decrease was partially offset by an increase in marketing and advertising expenses of RMB4.1 million, as the Group stepped up its promotional efforts across various sales channels to enhance the visibility of its products.

Administrative Expenses

Administrative expenses mainly represented staff costs, depreciation of property, plant and equipment, property and land-use taxes, utilities and various office expenses and other administrative expenses. Administrative expenses in the Reporting Period were approximately RMB137.2 million (2024: RMB140.3 million), representing a decrease of 2.2% year-on-year, and accounting for 15.1% (2024: 14.1%) of total revenue of the Group. The year-on-year decrease was mainly attributable to the decrease in depreciation of property, plant and equipment and property and amortization charges totaling RMB4.4 million since the Group closed down a production base last year and part of the Group's property, plant and equipment were fully depreciated during the Reporting Period.

Adjusted EBITDA

The (loss)/profit for the year is the primary performance indicator of the Group, which reflects the totality of the Group's performance based on HKFRS Accounting Standards and has been discussed in the management discussion in this report. The relevant disclosures on Adjusted EBITDA are intended to provide an additional measure for investors to understand the Group's core operating performance based on elimination of impact that the management considers is not reflective of the core operations of the Group.

The following table sets out the reconciliation from (loss)/profit for the year to Adjusted EBITDA and explanation notes:

For the year ended 31 December	Notes	**2025 (RMB'000)**	2024 (RMB'000)
(Loss)/profit for the year (HKFRS measure)		**(2,241)**	21,130
Finance income	(i)	**(9,921)**	(12,781)
Finance costs (excluded other finance charges)	(i)	**8,150**	7,209
Income tax	(i)	**3,419**	2,934
Depreciation	(i)	**79,828**	83,715
Amortisation	(i)	**1,742**	2,253
EBITDA (non-HKFRS measure)	(i)/(v)	**80,977**	104,460
Added: Share of net loss of an associate	(ii)	**709**	133
Deducted: Net fair value gain on investment properties	(iii)	**(1,128)**	(3,287)
Adjusted EBITDA (non-HKFRS measure)	(iv)/(v)	**80,558**	101,306

Notes:

(i) EBITDA represents profit or loss for the year before finance income, finance costs (excluded other finance charges), income tax, depreciation and amortisation. In the opinion of the directors, it is an additional tool for users of the financial information to understand the cash profit generated by the Group's operations, by eliminating the impact of taxes, interest income (finance income), cost of debts (finance costs) and non-cash depreciation of right-of-use assets and property, plant and equipment and amortisation. EBITDA can also represent the financial outcome of operating management decisions by eliminating the impact of non-operating management decisions, such as tax expenses, interest income, interest expenses, depreciation and amortisation, which enables shareholders and investors to assess the substantive profitability of the Group net of income and expenses dependent on financing decisions, tax strategy, and discretionary depreciation schedules.

(ii) Share of net loss of an associate is not reflective of the daily business operations of the Group, and the removal of such losses would enable the users of the financial information to better understand the core operating performance of the Group.

(iii) Net fair value gain on investment properties reflects the fair value changes of the Group's investment properties held by the Group. The Group's investment properties are factory buildings held for rental purpose, are not part of the Group's core business operations and are subject to periodic fair value changes with fair value gains or losses recognised in the consolidated income statement. The directors considered that such gains or losses are not indicative of the Group's daily business operations and removal of such gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(iv) The relevant disclosures on Adjusted EBITDA in this report are intended to provide an additional measure for shareholders and investors to understand the Group's core operating performance by elimination of impacts that the management considers not reflective of the core operations of the Group.

(v) EBITDA and Adjusted EBITDA are not measures of performance under HKFRS Accounting Standards. These measures do not represent, and should not be used as substitute for, net profit or cash flows from operations as determined in accordance with HKFRS Accounting Standards. Therefore, they are not necessarily indications of whether cash flow will be sufficient to fund the cash requirements of the Group. In addition, EBITDA and Adjusted EBITDA referred to in this report do not have a standardised meaning prescribed by HKFRS Accounting Standards and therefore may not be comparable to other similarly titled measures used by other listed issuers.

Strategic Development Investment Projects

As part of the strategic development plans and business expansion strategies of the Group, the Group has invested in a number of consumer goods companies with synergy with the Group's business. In the Reporting Period, the Group had no new investment projects. These companies mainly engage in the production or sale of food, beverage and alcohol products in the PRC and abroad.

During the Reporting Period, the fair value of these investments decreased by approximately RMB1.7 million (2024: RMB4.7 million), and a fair value loss through other comprehensive income (net of tax) of approximately RMB1.3 million (2024: RMB3.8 million) was recognised by the Group.

Product Development and Upgrade

The Group is committed to developing popular, natural and healthy products with high nutritious value and quality. The Group's product management center, leveraging its outstanding, professional and technical talents as well as research and development capabilities for innovative products, has enhanced its creativity in areas such as product development, packaging design and brand marketing. The Group continued to invest in product innovation, production facilities and quality inspection equipment, thereby ensuring the speed and efficiency of the development and launching of new products.

Promotion and Marketing

The Group will continue to strengthen the management of distribution channels and retail terminals, increase the number of retail sales points, and expand product sales in the areas surrounding production bases. The Group will continue to focus on promoting key products and crossover products, re-optimise key products and upgrade their packaging, so as to better support brand exposure.

The Group made full use of social media including WeChat, Weibo, TikTok, Xiaohongshu and bilibili to establish effective interaction with young consumers, took an advantage of fan economy and built a private community for large-scale marketing exposure to increase its brand awareness.

In addition, the Group will continue to cooperate with certain strategic partners to jointly promote the Group's and their products on e-commerce channels, food fairs and exhibition to attract new customers.

Channel Expansion

Along with product upgrades, the Group continued to broaden its existing distributors network by expanding to new channels such as snack food branded stores, convenience stores, campus snack stores and gas stations. The rapid growth of new snack food chains in PRC has posed an impact on the business of certain traditional sales channels such as unchained grocers, supermarkets and convenience stores as the price of the products sold at the new snack food chains were usually lower than the retail price sold at traditional sales channels.

During the Reporting Period, the Group's sales through new snack food chains have increased which partly compensate on the decrease in sales through traditional channels. Although the new snack food chains sector's growth rate has moderated, the Group will continue to expand its distribution network through snack food chains and other new sales channels.

The Group's development strategies on its e-commerce business was to reduce the sales of low-margin products through e-commerce channels, and increasing the proportion of the sales of self-produced products with higher gross profit to improve the overall profitability of the Group. The e-commerce business will continue to promote and sell products through online platforms and live streaming channels, and employ e-commerce as the main channel for the Group's brand promotion and launch of new products. With the advantages of the Group's production bases and supply chain, transportation and distribution costs will be reduced and the Group will aim to increase its overall revenue and profits. Besides, the Group will continue to actively cooperate with new retailers such as Alibaba, JD and Pinduoduo to develop new retail channels. On this basis, the Group believes that it will further realise growth for this business and generate profits for the Group in the future.

The Group also expanded its presence in the export business and OEM manufacturing sectors. During the Reporting Period, the Group successfully acquired new overseas clients. Leveraging the exceptional factory environment and product quality, the sales volume in the OEM manufacturing business has seen continued growth. The Group will commit to further expand the export and OEM operations and actively pursuing new opportunities to drive long-term growth.

Production Facilities Improvement

The Group has formulated a clear development plan for its production facilities and equipment. In the past few years, the Group completed the development and construction of new production bases located in different regions in the PRC including Xiantao City, Hubei Province, Xiaogan City, Hubei Province, Jining City, Shandong Province, and Meishan City, Sichuan Province and the expansion project for the production base in Quanzhou City, Fujian Province. Not only did it improve the production capacity, quality and efficiency of the Group for its long-term development, it also reduced supply chain logistics costs and laid the foundation for further expanding the sales of products in the local surrounding areas.

During the Reporting Period, the Group decided not to proceed further with a construction development project located in Xiaogan City, Hubei Province, PRC. The project was initially planned to build manufacturing facilities with showroom functions to promote the Group's development in the local food manufacturing industry. After considering the change in economic environment, business development prospects, and the expected return and profitability, the Group decided to discontinue the construction and dispose of 100% equity interest of Xiaogan Qinqin F&B Co., Ltd ("**Xiaogan F&B**"), a subsidiary of the Group which held the construction development project. As a result, the Group recorded a one-off impairment loss on construction in progress of RMB6.7 million during the Reporting Period (2024: nil). In February 2026, the Group entered into a sale and purchase agreement with an entity which is ultimately controlled by a government body of Xiaogan City and completed the disposal of 100% equity interest in Xiaogan F&B.

The total capital expenditure of the Group in the Reporting Period regarding revamping of existing production bases projects was approximately RMB35.7 million. The Group believes that the long-term development and future profit growth of the enterprise will be driven by the optimisation of the Group's resources, the continuous upgrades on plants and equipment to improve its production facilities, production processes and product quality, as well as the improvement of production capacity and efficiency.

The Group entered into certain construction contracts in relation to the construction of production bases in Jining City, Shandong Province, Xiantao City, Hubei Province and Quanzhou City, Fujian Province, which constituted as disclosable transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities of the Stock Exchange. For details, please refer to the Company's announcement dated 27 April 2022.

The Group aimed to reduce the impact of increasing labour costs by increasing the automation level of our production facilities. The Group continued to conduct "equipment transformation, production process enhancement and quality improvement" for its production facilities and cooperated with various foreign equipment enterprises for bringing in production lines including jelly products as well as crackers and chips with the world advanced standards. The Group believes that a highly automated production process with technologically-more-advanced equipment will allow the Group to reduce its reliance on labour, improve production efficiency and accelerate the time-to market for our products. In addition, the Group continued to adopt measures to save energy and lower consumption and products defective rate.

The Group strived to provide consumers with healthy and safe products, and it has always strictly complied with the stringent international production standards. Hence, the Group has been awarded the HALAL, SC, KOSHER, ISO14001 and ISO9001 certifications in respect of its production facilities, quality control and management system.

FUTURE PROSPECTS AND STRATEGIES

The Group's strategic initiatives in recent years, particularly to stay focus on investing in new products, channel expansion, information management system and new production facilities and equipment, has laid a firm foundation for the next chapter in the Group's business development.

Although the market is full of challenges, we are looking forward to the future as the Group will continue to focus our efforts in the following areas, to drive further growth of the Group's business and thereby creating greater value for its shareholders.

- Capture the opportunities of consumer upgrades through continuous product innovations, thereby adhering to its diversified and good value-for-money product strategies, focusing on enhancement of product quality, optimisation of product portfolio and strengthening market position of our key products in terms of operation.

- Expand our distribution channels, strengthen our traditional distribution network, expand export and OEM manufacturing business, and further develop other new market access such as snack food branded stores and restaurants channels in order to increase market penetration.

- Continued to improve production facilities, production processes and product quality, to enhance environmental efficiency and move towards green production and to enhance production capacity and efficiency that will meet the long-term development of the Group.

- Refine internal management process and strengthen the integration of various software systems, and promote the adoption of AI and digital transformation to enhance efficiency. Continue investing in talent development and information management system to elevate corporate management standards, improve the Group's operating efficiency and core competitiveness, and further enhance sustainable development of the Group.

- Explore investment opportunities in consumer goods companies with fast-growing potential and synergy with the Group's business, alliances with strategic partners to facilitate long-term development and business growth of the Group.

LIQUIDITY AND CAPITAL RESOURCES

The Group maintained a solid financial position and remained in a net cash position as at 31 December 2025. The Group's net cash position is equal to the sum of restricted bank deposits and cash and bank balances net of bank borrowings. As at 31 December 2025, the Group had restricted bank deposits and cash and bank balances of RMB488.1 million (2024: RMB587.6 million) and bank borrowings of RMB107.3 million (2024: RMB172.5 million).

As at 31 December 2025, the Group's working capital or net current assets was RMB201.0 million (2024: RMB182.1 million). The current ratio, represented by current assets divided by current liabilities, was 1.4 (2024: 1.3). The Group's total equity was RMB1,205.0 million (2024: RMB1,219.9 million), representing a decrease of approximately 1.2%.

Cash and bank balances were mainly denominated in RMB, HKD and USD. The decrease in net cash position from RMB415.1 million as at 31 December 2024 to RMB380.8 million as at 31 December 2025 was mainly attributable to the payment of RMB66.0 million for the purchase of property, plant and equipment, including additions of construction-in-progress, partially offset by net cash generated from operating activities of RMB33.2 million.

As at 31 December 2025, the Group's bank borrowings denominated in RMB bore interest rates ranging from 1.30% to 3.50% per annum (2024: 1.30% to 3.60% per annum) with an effective interest rate of 2.78% (2024: 2.71%). In addition, the Group obtained trade finance facilities with a total limit of RMB405.0 million from banks for the issuance of bills payable to settle trade payables, of which RMB207.1 million (2024: RMB233.0 million) was utilised by the Group as at 31 December 2025. The interest rates of trade finance facilities ranged from 0.59% to 1.25% per annum (2024: 0.78% to 1.35% per annum) with an effective interest rate of 0.80% (2024: 1.03%). Gearing ratio is equal to net debt position of the Group divided by its shareholders' equity. As the Group was in net cash position as at 31 December 2025 and 31 December 2024, no gearing ratio was presented.

In 2025, the Group invested RMB35.7 million in capital expenditure (2024: RMB12.9 million). The capital expenditure was mainly incurred for the purchase of new production equipment, construction of photovoltaic power generation facilities and construction-in-progress projects for certain factories in PRC to facilitate the Group's long term business development. It is expected that the upcoming capital expenditure requirements will be funded by both internal and external resources of the Group. Overall, the Group's financial position remains sound for continued business expansion.

COMMITMENTS AND CONTINGENCIES

As at 31 December 2025, the Group had total capital commitments (contracted but not provided for) of RMB9.8 million (2024: RMB26.2 million).

As at 31 December 2025, the Group had future aggregate minimum lease payments under non-cancellable short-term leases of RMB0.4 million (2024: RMB2.1 million).

The Group had no material contingent liabilities as at 31 December 2025 and 31 December 2024.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save for those disclosed in this report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year.

CHARGE ON ASSETS

As at 31 December 2025, certain land use rights and buildings of the Group with net book value of RMB264.2 million (2024: RMB362.9 million) were pledged for bank borrowings of RMB107.3 million (2024: RMB164.0 million).

In addition, the Group also had short-term trade finance facilities of RMB207.1 million (2024: RMB225.9 million), which was pledged by the restricted bank deposits of the Group in the amount of RMB31.3 million (2024: RMB43.2 million) as at 31 December 2025.

HUMAN RESOURCES AND MANAGEMENT

As at 31 December 2025, the Group had approximately 2,200 (2024: 2,400) employees. For the year ended 31 December 2025, total employee benefit expenses, including directors' emoluments, was approximately RMB191.5 million (2024: RMB196.8 million). In order to improve the overall profitability and profit margin, the Group has implemented measures to tighten the control over expenses and these measures included simplifying and optimising the department structure. The Group also reduced the use of workers by increasing the automation level of its production facilities. As a result, staff costs decreased accordingly during the year.

The Group aims to create a strong sense of community and a motivating environment for its employees to excel. The Group recruits employees based on a number of factors, including their educational background, work experience and vacancies within the Group. The Group determines employees' compensation based on their qualifications, work experience, position and performance. In addition to salaries, the Group provides a comprehensive range of staff benefits to its employees, including performance or contribution-based bonuses and allowances for meals and free dormitories. Besides, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

The Group also committed to continuing education and development of its employees, and the Group provides various education and training programs both internally and externally to cultivate its employees in improving their skills and developing their potential.

FOREIGN EXCHANGE RISK

The Group operates its businesses primarily in the PRC and its functional currency is RMB. Foreign exchange risk arises mainly from future commercial transactions of sales and purchases with overseas customers and suppliers by the Group and recognised assets or liabilities, such as cash and cash equivalents, term deposits, restricted bank deposits, trade and other receivables, trade and bills payables, and other payables of the Group, which are denominated in HKD, USD and other currencies.

During the year ended 31 December 2025, the Group recorded foreign exchange loss in relation to its cash and cash equivalent in HKD and USD totaling RMB2.7 million (2024: net foreign exchange gain totaling RMB0.7 million). In order to limit this exchange rate risk, the Group closely monitors HKD and USD exposure to an acceptable level by buying or selling foreign currencies at spot rates where necessary. Save as disclosed above, the Group is exposed to minimal foreign exchange risk exposure as the Group focus its sales and purchase within the PRC market.

PROPOSED FINAL DIVIDEND

The board of directors have resolved to recommend the payment of a final dividend of RMB0.03 (2024: RMB0.02) per ordinary share to shareholders, whose names appear in the register of members of the Company on Wednesday, 10 June 2026 (the "**Proposed Final Dividend**"). The Proposed Final Dividend declared in RMB is proposed to be paid in HKD (payable in cash), which is based on the average exchange rate of HKD to RMB as announced by the People's Bank of China for the business day preceding the date of this report. Subject to the passing of the necessary resolution at the forthcoming annual general meeting to be held on Monday, 18 May 2026 (the "**2026 AGM**"), the Proposed Final Dividend will be payable on Thursday, 25 June 2026.

As at the date of this report, a total of 1,320,000 treasury shares are held by the Company and registered in the name of the Company. All such shares will not be entitled to receive the Proposed Final Dividend.

DIRECTORS

Executive Directors

Mr. Hui Ching Lau, aged 46, is the Chairman of the board of directors, an executive director and the chairman and member of nomination committee of the Company. He was a non-executive director of the Company since 22 March 2016 until his re-designation as an executive director on 16 May 2017. He is also a director of most of the subsidiaries of the Group. He is responsible for providing leadership, guidance and strategic advice on corporate development and investment of the Group. He has accumulated over 21 years of experience in the food and snacks business since he became a director of some of the subsidiaries of the Group in April 2003. He is also the managing director of Lianjie Investments Group Limited. He has about 24 years of experience in investment management and is responsible for the daily operation and management of Lianjie Investments Group Limited. Mr. Hui is also an executive director of Hengan International Group Company Limited ("**Hengan**" and, together with its subsidiaries, "**Hengan Group**") (a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 1044) since 10 December 2020 and has been appointed as Chief Executive Officer of Hengan Group on 18 August 2021.

Mr. Hui was a non-executive director of China Huiyuan Juice Group Limited ("**Huiyuan Juice**") from 29 January 2018 to 10 January 2019. Huiyuan Juice is a company incorporated in the Cayman Islands with limited liability and whose shares were listed on the Main Board of the Stock Exchange (Stock code: 1886) until 18 January 2021 when its listing status were cancelled by the Stock Exchange. Huiyuan Juice was principally engaged in production and sale of fruit juice, fruit and vegetable juice and other beverages. In October 2019, a winding-up petition and provisional liquidators application at the High Court of Hong Kong was served on Huiyuan Juice. For further details of the proceedings, please refer to the announcements of Huiyuan Juice including that dated 24 January 2019, 24 October 2019, 19 November 2020 and 30 November 2020.

Mr. Hui is a member of the 11th and 12th Fujian Provincial Committee of Chinese People's Political Consultative Conference ("**CPPCC**") from 2013 to 2022 and a member of the 14th National Committee of CPPCC since 2023. He is the executive vice president of the Fourth Youth Committee of All-China Federation of Returned Overseas Chinese since December 2014. Mr. Hui is also the vice chairman of Fujian Federation of Industry and Commerce (11th session), an executive committee member of All-China Federation of Industry and Commence (12th session), a standing committee member of the 10th Committee of All-China Federation of Returned Overseas Chinese, the life honorary president of the World Jinjiang Youth Association, the life honorary advisor of Federation of Jinjiang Hong Kong Associations, the life honorary chairman of the Hong Kong Federation of Fujian Associations and co-chairman of the China Paper Chamber of Commerce.

Mr. Hui graduated with a Degree of Bachelor of Arts in Accounting & Finance and Economics from the University of Kent at Canterbury in July 2001, and a Degree of Master of Science in Finance from the University of London (Imperial College of Science, Technology and Medicine) in the United Kingdom in November 2002. He also received a Degree of Executive Master of Business Administration from Cheung Kong Graduate School of Business in September 2010 in the People's Republic of China.

Mr. Hui is a director of Sure Wonder Limited, a substantial shareholder within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Wong Wai Leung, aged 48, is an executive director, the chief financial officer and company secretary of the Company since 22 March 2016. He is also a director of certain of the subsidiaries of the Group. He is responsible for the corporate development, investment, accounting and financial, and corporate governance matters of the Group. Mr. Wong worked at Ernst & Young in audit assurance from September 2000 to July 2009. He is an independent non-executive director of MediNet Group Limited, a company listed on the GEM of the Stock Exchange (Stock code: 8161) since 19 May 2016. He was an independent non-executive director of Zhongchang International Holdings Group Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 859) from 13 May 2020 to 12 May 2021, and an independent non-executive director of Vertical International Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock code: 8375) from 24 October 2017 to 27 February 2025. He is also a director in a private group ultimately owned by Mr. Hui Ching Lau, which manages investments and trusts for Mr. Hui Ching Lau's family.

Mr. Wong received a Degree of Bachelor of Business Administration in Accounting from the Hong Kong University of Science and Technology in November 2000. He has also been a member of the Hong Kong Institute of Certified Public Accountants since July 2004, and a fellow of the Association of Chartered Certified Accountants since September 2010.

Mr. Wu Wenxu, aged 54, is an executive director of the Company since 8 December 2020 and has been appointed as the Chief Executive Officer of the Group on 6 May 2021. He is also a director of certain of the subsidiaries of the Group. Prior to Mr. Wu's appointment as the Chief Executive Officer of the Group, he was the vice president of the Group, responsible for managing and overseeing overall production activities and the management of the Group's supply chain, production facilities and equipment. He joined the Group in June 1993 and he has rich experience in production and manufacturing, technological innovation and quality control.

Non-Executive Directors

Mr. Sze Man Bok, aged 76, is a non-executive director of the Company since 22 March 2016 and a director of certain subsidiaries of the Group. He is responsible for providing leadership, guidance and strategic advice to the Group. He has accumulated over 17 years of experience in the food and snacks business since he became a director of some of the subsidiaries of the Group in November 2008. Mr. Sze is an executive director, chairman and founding shareholder of Hengan Group. Mr. Sze was appointed as executive director of Wang Zeng Berhad on 15 June 2017, a company listed on the Main Market of Bursa Malaysia Securities Berhad with a stock code of 7203. He was redesignated as non-independent non-executive director of Wang Zeng Berhad on 25 September 2017.

Mr. Wu Yinhang, aged 58, is a non-executive director of the Company since 22 March 2016. He is responsible for providing leadership and guidance in relation to the general development of the Group. He is one of the founding members of the Group and has accumulated over 35 years of experience in food and snacks production, operation and management.

Independent Non-executive Directors

Mr. Chan Yiu Fai Youdey, aged 56, is an independent non-executive director of the Company since 17 June 2016. He is a member of audit, remuneration and nomination committees of the Company. Mr. Chan has nearly 32 years of experience in the legal industry. Mr. Chan has been a partner of David Y.Y. Fung & Co., solicitors since December 2004. He is also an independent non-executive director of Nan Nan Resources Enterprises Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 1229), since March 2008.

Mr. Chan graduated from the University of Hong Kong with a Degree of Bachelor of Laws in June 1992 and a Postgraduate Certificate in Laws in June 1994. Mr. Chan received a Degree of Master of Laws from the City University of Hong Kong in November 1997 and a Degree of Master of Laws from the People's University of China in June 2001. Mr. Chan was admitted as a solicitor in Hong Kong in February 1997, and in England and Wales in July 1997. He was accredited as a general mediator by the Hong Kong International Arbitration Centre in February 2013.

Mr. Paul Marin Theil, aged 72, is an independent non-executive director of the Company since 17 June 2016. He is the chairman of audit and remuneration committees, and a member of nomination committee of the Company. Mr. Theil has extensive experience in the finance and investment industry. Mr. Theil is the founder of Shenzhen Zhong An Credit Investment Co., Ltd and was appointed as its chairman in January 2008. From October 2013 to June 2021, Mr. Theil was an independent director of China Industrial Bank Co. Ltd., a company listed on the Shanghai Stock Exchange (Stock code: 601166) since October 2013, and he was redesignated as supervisor from June 2021 to June 2024. He is also an independent non-executive director of Hengan since 17 May 2019. Mr. Theil was also formerly a director of Hengan during the period from July 2000 to September 2001.

Mr. Theil graduated from Yale University with a Degree of Bachelor of Arts in June 1975 and a Degree of Master of Arts in East Asian Studies in June 1975. He also graduated with a Degree of Juris Doctor and a Degree of Master of Business Administration from Harvard Law School and Harvard Business School in November 1981 and June 1980 respectively.

Ms. Tan Wenjie, aged 50, is an independent non-executive director of the Company since 17 May 2024. She is a member of audit, remuneration and nomination committees of the Company. Ms. Tan has more than 29 years of experience in human resources management and business management consulting services, and has been a director and vice president of Beijing Hejun Hengcheng Business Management Consultant Corp., Ltd. (formerly known as Hejun Consulting Company Limited) ("**Beijing Hejun**") since April 2019 and a vice president and senior partner of Beijing Hejun during the period from March 2016 to March 2019. Beijing Hejun was listed on The National Equities Exchange and Quotations (Stock number: 839279) since September 2016.

Ms. Tan was a manager and director of human resources department of Nantong Guandong Auto Lighting Co., Ltd. from October 1995 to June 2003. From July 2003 to March 2005, she was the director of Shanghai office of Huaguan Communications (Jiangsu) Co., Ltd., responsible for human resources management. Ms. Tan was a senior partner of Beijing Hejun Education Consulting Co., Ltd. from April 2005 to December 2013, a company providing business consulting and management training services, and was then a senior partner of Beijing Hejun Enterprise Management Consulting Co., Ltd. from January 2014 to February 2016. Ms. Tan graduated from Beijing University of Aeronautics and Astronautics in January 2009 with a major in economic management.

SENIOR MANAGEMENT

Mr. Zheng Junlong, aged 49, is the vice president of the Group, the general manager of the Group's sales and marketing department (fourth division), the general manager of the Group's strategic investment department and the general manager of the Group's risk management department and in charge of the human resource and administration department of the Group. He is responsible for the strategic investment, legal affairs, internal audit and risk management, human resource management and quality control management of the Group. He joined the Group in June 2017. Prior to that, he worked at the legal compliance department of Hengan Group as a senior legal officer from March 1999 to March 2007, at SKSHU Paint Co., Ltd. as the legal affairs manager from March 2007 to December 2007, at Lianjie Investments Group Limited as a vice president from December 2007 to May 2017, where he was responsible for legal affairs and assisting in handling investment affairs. He has over 25 years of experience in corporate legal affairs, investment management and administration. Mr. Zheng obtained a Diploma in Law (online education) from Beijing Normal University in 2009, and obtained the Enterprise Legal Consultant Qualification Certificate of the People's Republic of China jointly issued by the Ministry of Human Resources of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Justice of the People's Republic of China in December 2003.

Mr. Sun Shengli, aged 48, is the general manager of the Group's sales and marketing department (first division). He is responsible for the sales management of the Group's main products. He joined the Group in August 2011. From August 2020 to November 2023, he was the regional general manager of the Group's sales and marketing department in the Beijing-Tianjin-Hebei region, and since November 2023, he has been redesignated as the general manager of the sales and marketing department. Prior to that, he worked at Anhui Ruisen Company Limited (安徽瑞森有限責任公司) as the general manager of the sales department from June 2008 to March 2011. He graduated from Huainan Chemical Engineering School in 1996 with a major in marketing.

Ms. Luo Siyi, aged 40, is the general manager of the human resources and administration department of the Group. She is responsible for the management of the human resources and administration department. She joined the Group in March 2021. Prior to that, she served as the assistant to the general manager of two car dealerships. She has accumulated over 17 years of experience in human resources management. She graduated from Xiamen University, major in business administration, and received a Degree of Master of Business Administration.

Mr. Lin Hede, aged 45, is the general manager of the financial management department of the Group. He is responsible for the financial management and corporate governance matters of the Group. He joined the Group in April 2012. Prior to that, he worked as a financial manager in Hengan Group. He has accumulated over 24 years of experience in financial management and corporate governance. Mr. Lin obtained a Diploma in business administration (business management of small and medium-sized enterprises) from Jimei University (集美大學) in July 2016 and a bachelor's degree in management. In September 2019, he was accredited as a certified management accountant by the Institute of Certified Management Accountants. He was subsequently awarded the title of Senior Economist by the Department of Human Resources and Social Security of Fujian Province, the People's Republic of China in February 2021.

Mr. Chen Xiaolong, aged 41, is the deputy general manager of the Group's digitalization and process management department and the general manager of the Group's sales and marketing department (second division). He is responsible for the Group's digital planning and technology development management. He joined the Group in June 2019. Prior to that, he worked at Hengan Group as the manager of the information technology department from January 2009 to June 2019. He has over 17 years of experience in digital technology development and management in large enterprises. He graduated from Fujian Agriculture and Forestry University with a major in business administration.

CORPORATE GOVERNANCE CODE

Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") recognise the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the board of directors (the "**Board**") is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In the opinion of the directors of the Company (the "**Director(s)**"), the Company has complied with all code provisions that were in force as set out in the CG Code throughout the year ended 31 December 2025.

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it:–

1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where staff have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environmental, social and governance aspects.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025. To ensure Directors' dealings in the securities of the Company (the "**Securities**") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the chairman of the Board (the "**Chairman**") in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

BOARD OF DIRECTORS

The Board is responsible for the overall management of the Group, which includes leadership and control of the Company and oversees the Group's businesses, strategic decisions, internal control, risk management and performances. The management team is delegated with the authority and responsibility by the Board for the day-to-day management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Directors with various professional qualifications, experience and related financial management expertise have contributed to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders. Hence, the Board believes that the current Board composition satisfy the balance of expertise, skills and experience to the corporate governance requirements of the Group as well as the ongoing development and management of its business activities.

The Board comprises eight directors, of which three are executive Directors, namely Mr. Hui Ching Lau (Chairman), Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary) and Mr. Wu Wenxu (Chief Executive Officer); two are non-executive Directors, namely Mr. Sze Man Bok and Mr. Wu Yinhang; and three are independent non-executive Directors, namely Mr. Chan Yiu Fai Youdey, Mr. Paul Marin Theil and Ms. Tan Wenjie. The biographies of the Directors are set out in "Profile of Directors and Senior Management" on pages 16 to 18 of this annual report.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's interim and annual results. During the year, four regular Board meetings were held and the attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report.

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. All Directors are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comments before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Pursuant to the articles of association of the Company, all Directors appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his or her appointment and shall then be eligible for re-election at that meeting. At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

Save as disclosed in the Profile of Directors and Senior Management set out on pages 16 to 18 of this annual report, the Directors do not have material financial, business or other relationships with one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and Chief Executive Officer of the Group (the "**CEO**") are clearly segregated to ensure independence and proper checks and balances. The Chairman focuses on the business strategy and direction of the Company, provides leadership to the Board and ensures proper and effective functioning of the Board in discharge of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and daily business operations.

Mr. Hui Ching Lau is the Chairman and executive director of the Company and he has been the Chairman since 12 April 2017. Mr. Wu Wenxu has been appointed as the CEO since 6 May 2021. The roles of Chairman and CEO are separated and have not been performed by the same individual.

NON-EXECUTIVE DIRECTORS

The non-executive Directors, including independent non-executive Directors, who are appointed to fill a casual vacancy or as an addition to the existing Board, shall hold office only until the first annual general meeting after his or her appointment and shall then be eligible for re-election.

The non-executive Directors are appointed with no specific term while the independent non-executive Directors are appointed for a term of three years, all of which may be terminated by not less than one month's notice in writing served by either party. The directorship is subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from all three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules.

The Board, through the Nomination Committee, has reviewed and assessed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired up to the date of this report.

MECHANISM ON INDEPENDENT VIEWS TO THE BOARD

The Company recognises that board independence is critical to good corporate governance. The Board has established a mechanism is to enable Directors to seek independent professional advice when exercising Directors' duties to ensure a strong independent element to the decision made by the Board which is key to an effective Board.

According to the mechanism, subject to the prior approval by the executive Director of the Company (which approval shall not be unreasonably withheld or delayed), the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively, either on the Company's affairs or in respect of their fiduciary or other duties, at the Company's expense. In case of the Board is seeking independent professional advice, prior approval must be given by the executive Director of the Company (which approval shall not be unreasonably withheld or delayed).

The Board will review this mechanism on an annual basis to ensure the implementation and effectiveness of this mechanism.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Newly appointed Directors will receive a comprehensive, formal and tailored induction on appointment. Besides, the Company provides Directors with regular updates on changes to and developments of the Group's business, and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities to help them make informed decisions and discharge their duties and responsibilities as Directors.

During the year, each Director participated in continuous professional development by attending seminars/workshops/reading materials on the following topics to develop and refresh their knowledge and skills and provided a record of training to the Company:

Name of Directors	Training on corporate governance, industry specific, regulatory development and other relevant topics
Executive Directors	
Mr. Hui Ching Lau	✓
Mr. Wong Wai Leung	✓
Mr. Wu Wenxu	✓
Non-Executive Directors	
Mr. Sze Man Bok	✓
Mr. Wu Huolu (retired on 16 May 2025)	✓
Mr. Wu Yinhang	✓
Independent Non-Executive Directors	
Mr. Chan Yiu Fai Youdey	✓
Mr. Paul Marin Theil	✓
Ms. Tan Wenjie	✓

BOARD AND WORKFORCE DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, experience, independence, gender and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

As at the date of this report, the Board comprises eight directors, amongst them, three are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of age, professional experience, skills, gender and knowledge.

The Nomination Committee will review the board diversity policy and its implementation annually to ensure its effectiveness. Having reviewed the board diversity policy and the Board's composition during the year ended 31 December 2025, the Nomination Committee considered that the requirements of the board diversity policy had been met, implementation was effective and no measurable objective had been set to implement the board diversity policy.

The Group adopted its Workforce Diversity Policy in March 2025, effective from July 2025, to foster a diversified and inclusive workplace that values employees irrespective of their background. As at 31 December 2025, female representation in senior management is 20% (2024: 20%), while the overall employee male-to-female ratio is 58:42 (2024: 59:41). Beyond gender, the Group encompasses diversity across race, ethnicity, disability, social mobility, and age. The Group will continue to strengthen these efforts through inclusive hiring practices and employee training programs.

AUDIT COMMITTEE

An audit committee (the "**Audit Committee**") has been established by the Board with specific written terms of reference and all members of the Audit Committee are Independent Non-Executive Directors. Pursuant to the Audit Committee's terms of reference, the Audit Committee is authorised to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice. Details of the authority and responsibilities of the Audit Committee are set out in the terms of reference which are available on the websites of the Company and the Stock Exchange.

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Paul Marin Theil, Mr. Chan Yiu Fai Youdey and Ms. Tan Wenjie. Mr. Paul Marin Theil is the chairman of the Audit Committee.

During the year ended 31 December 2025, the Audit Committee held two meetings to review the interim and the annual results before their submission to the Board and monitored the integrity of such financial statements; and to review the internal control and risk management systems with auditor. The attendance of each member of the Audit Committee is set out in the section headed "Board and Committees Meetings" of this report.

The Audit Committee has also discussed and reviewed the internal and external audit plans and the key audit matters determined by the external auditor under the new and revised auditor reporting standards under Hong Kong Standards on Auditing for the year ended 31 December 2025.

REMUNERATION COMMITTEE

A remuneration committee (the "**Remuneration Committee**") has been established by the Board with specific written terms of reference and all members of the Remuneration Committee are independent non-executive Directors. Details of the authority and responsibilities of the Remuneration Committee are set out in the terms of reference which are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of the Directors' and senior management's remuneration. The Remuneration Committee also considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration or any benefit in kind.

The Remuneration Committee comprises three Independent Non-Executive Directors, namely Mr. Paul Marin Theil, Mr. Chan Yiu Fai Youdey and Ms. Tan Wenjie. Mr. Paul Marin Theil is the chairman of the Remuneration Committee.

During the year ended 31 December 2025, the Remuneration Committee held two meetings to review the remuneration policy and structure, and to make recommendation of the remuneration packages and performance bonuses for the Directors and senior management of the Company. The Remuneration Committee also reviewed and recommended the renewal of service contract and letter of appointment of directors during the year. The attendance of each member of the Remuneration Committee is set out in the section headed "Board and Committees Meetings" of this report.

There was no material matter relating to share schemes that was reviewed and/or recommended to the Board by the Remuneration Committee during the year ended 31 December 2025.

Details of the amount of Directors' emoluments and other remuneration related matters for the year ended 31 December 2025 are set out in note 39 to the financial statements.

For the year ended 31 December 2025, the remuneration of the members of the senior management who are not directors are within the following bands:

Remuneration band	**Number of persons**
Within HKD1,000,000	5

NOMINATION COMMITTEE

A nomination committee (the "**Nomination Committee**") has been established by the Board with specific terms of reference. The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the reappointment of the Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and responsibilities of the Nomination Committee are set out in the terms of reference which are available on the websites of the Company and the Stock Exchange.

The Nomination Committee comprises three Independent Non-Executive Directors, namely Mr. Chan Yiu Fai Youdey, Mr. Paul Marin Theil and Ms. Tan Wenjie, and the Chairman of the Board and Executive Director, namely Mr. Hui Ching Lau. Mr. Hui Ching Lau is the chairman of the Nomination Committee.

The Board has adopted a nomination policy, which included the selection criteria and nomination procedures, for nomination of new Directors. In identifying and selecting suitable candidates for directorships, the Nomination Committee will consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

According to the nomination policy, for filling a casual vacancy or appointing an additional director to the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election or re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation of candidates to stand for election or re-election at any general meeting.

During the year ended 31 December 2025, the Nomination Committee held two meetings to review the nomination policy and board diversity policy, review and assess the independence of the Independent Non-Executive Directors, and recommend the re-election of Directors based on the nomination policy. The Nomination Committee has also reviewed the structure, size and composition of the Board and concluded that members of the Board has possessed the expertise and independence to carry out the Board's functions and responsibilities during the year ended 31 December 2025.

The attendance of each member of the Nomination Committee is set out in the section headed "Board and Committees Meetings" of this report.

BOARD AND COMMITTEES MEETINGS

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee as well as annual general meeting during the year ended 31 December 2025 are set out below:

	Attendance/Number of Meetings Held during the term of office				
Name of Directors	**Annual General Meeting**	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**
Executive Directors					
Mr. Hui Ching Lau	1/1	4/4	–	–	2/2
Mr. Wong Wai Leung	1/1	4/4	2/2 Note (1)	2/2 Note (1)	2/2 Note (1)
Mr. Wu Wenxu	1/1	4/4	–	–	–
Non-Executive Directors					
Mr. Sze Man Bok	0/1	4/4	–	–	–
Mr. Wu Huolu Note (2)	0/1	1/1	–	–	–
Mr. Wu Yinhang	0/1	4/4	–	–	–
Independent Non-Executive Directors					
Mr. Chan Yiu Fai Youdey	1/1	4/4	2/2	2/2	2/2
Mr. Paul Marin Theil	0/1	4/4	2/2	2/2	2/2
Ms. Tan Wenjie	0/1	4/4	2/2	2/2	2/2

Notes:

(1) Being the secretary of the meetings

(2) Retired from being a Non-Executive Director with effect from 16 May 2025

During the year ended 31 December 2025, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2025 which gives a true and fair view of the state of affairs of the Group as at 31 December 2025, and of the results and cash flows for year then ended. In preparing the financial statements for the year ended 31 December 2025, the Board has selected appropriate accounting policies, applied them consistently in accordance with the HKFRS Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The interim and annual results of the Company are announced in a timely manner within the limit of two months and three months, respectively, after the end of the relevant periods in accordance with the Listing Rules.

The Directors have acknowledged their responsibility for preparing all information and representation contained in the financial statements of the Company for the year ended 31 December 2025. The statement of reporting responsibilities of auditor is set out in the independent auditor's report.

AUDITOR'S REMUNERATION

During the year under review, the remuneration paid/payable to the Company's external auditor, Baker Tilly Hong Kong Limited, is set out as follows:

Services rendered	**Fee paid/payable** RMB'000
Audit of financial statements	1,050
Other non-audit services	
– Interim review service	250
– Tax consultancy services	48
Total	1,348

The Company considers that the provision of non-audit services will not impair the objectivity of the auditor.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the design and implementation of the systems of internal controls which covers financial reporting, operations, compliance and risk management of the Company, as well as continuous monitoring the effectiveness of such systems. The Board has delegated such responsibility to the management of the Company. The management, under the supervision of the Board, has established an on-going process for identifying, evaluating and managing significant risks faced by the Group.

The Audit Committee reviews the risk management and internal control systems that are significant to the Group on an on-going basis. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit, financial reporting function, as well as those relating to the Group's ESG performance and reporting and their training programs and budgets.

During the year, the Company's internal audit department reviewed its internal control procedures and made recommendations to the Board any improvements that can be made to the existing internal control procedures. The internal control and accounting system of the Group have been in place and functioning effectively for the year under review.

The Board is satisfied that the risk management and internal control systems in place covering all material controls including financial, operational and compliance controls for the year under review and up to the date of issuance of the annual report is reasonably effective and adequate.

Risk Management Framework

1. Each business unit is responsible for identifying, assessing and managing risks (including, amongst others, material risks relating to ESG) within its business, ensuring that appropriate internal controls for effective risk management are implemented – principal risks are identified and assessed in the yearly business planning process with action plans to manage those risks;

2. The management is responsible for overseeing the risk management and internal control activities of the Group – regular meetings with each business unit to ensure principal risks are properly managed, and new or changing risks are identified; and

3. The Board is responsible for reviewing and approving the effectiveness and adequacy of the Group's risk management and internal control – review of the annual internal audit report and consideration of the Audit Committee's recommendation.

The risk management framework, coupled with our internal control, ensures that the risks associated with our different business units are effectively controlled in line with the Group's risk appetite.

Whistleblowing Policy

The Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**"). The purpose of the Whistleblowing Policy is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee or the general manager of the risk management department of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2025 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-corruption Policy

The Board has adopted an anti-corruption policy (the "**Anti-corruption Policy**"). The Group is committed to achieve the highest standards of integrity and ethical behaviour in conducting business. The Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-corruption Policy sets out the specific behavioral guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the Anti-corruption Policy has been prepared as a guide to all employees of the Group and third parties dealing with the Group.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With these guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

COMPANY SECRETARY

Mr. Wong Wai Leung has been the Company Secretary of the Company since March 2016. He is a full time employee of the Company and has adequate working knowledge on the Company to discharge his duty as the Company Secretary. Mr. Wong reports to the Chairman of the Company and is responsible for advising the Board on corporate governance matters. For the year under review, Mr. Wong has confirmed that he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to the Company's articles of association and the Companies Act (as consolidated and revised) of the Cayman Islands (the "**Companies Act**"), registered shareholders of the Company (the "**Shareholders**") holding not less than one-tenth (10%) of the voting rights (on a one vote per share basis) of the Company carrying the right of voting at general meetings of the Company (the "**EGM Requisitionists**") can deposit a written request to convene an EGM at the principal office of the Company in Hong Kong (the "**Principal Office**"), which is presently situated at Suite 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong. The EGM Requisitionists must state in their request(s) the objects of the EGM, the resolutions to be added to the meeting agenda and such request(s) must be signed by the EGM Requisitionists.

The Share Registrars will verify the EGM Requisitionists' particulars in the EGM Requisitionists' request. Promptly after confirmation from the Share Registrars that the EGM Requisitionists' request is in order, the Company Secretary will arrange with the Board to convene an EGM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is verified not in order, the EGM Requisitionists will be advised of the outcome and an EGM will not be convened as requested.

The EGM Requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM if within twenty-one (21) days of the deposit of the EGM Requisitionists' request, the Board does not proceed duly to convene an EGM provided that any EGM so convened is held within a further twenty-one (21) days from the date of the original EGM Requisitionists' request. An EGM so convened by the EGM Requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Company.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

There are no provisions in the Company's articles of association or the Companies Act for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceeding paragraph. Shareholders can also send enquiries and proposals putting forward for shareholders' consideration at shareholders' meetings to the Board in writing to the Principal Office of the Company whose contact details are as follows or directly by raising questions at the general meeting of the Company:—

Suite 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong

Shareholders' enquires

Shareholders should direct their enquiries about their shareholdings to the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or call its customer service hotline at (852) 2980 1333.

Shareholders may also make enquiries to the Board at the general meetings of the Company.

Dividend Policy

The Company has adopted a policy on payment of dividends pursuant to code provision of the CG Code, which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of dividends to Shareholders.

Declaration, recommendation and payment of dividends of the Company is subject to the approval of the Board, depending on the results of operation, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. Any future declaration, recommendation and payment of dividends of the Company may or may not reflect the historical declarations and payments of dividends and will be at the absolute discretion of the Board. The Company does not have any predetermined dividend payout ratio.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has adopted the Shareholders Communication Policy with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/qinqin;

(ii) periodic announcements are published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) the share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

During the year, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and was satisfied with the said policy and considered the overall communication with shareholders was effective with the variety of communication channels provided above.

The Company continues to promote investor relations and enhance communication with the existing shareholders and potential investors. The Company welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's Principal Office.

During the year ended 31 December 2025, there were no changes in the Company's memorandum and articles of association. An up-to-date consolidated version of the Company's memorandum and articles of association is available on the Company's website.

ABOUT THE REPORT

Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") strive to build a harmonious enterprise. The Group has created a business model for sustainable development with its vigorous promotion on energy-saving and emission-reduction. To satisfy customers' needs, the Group strives to produce high-quality products and service. The Group also shoulders its social responsibility by taking on practical actions, with a vision to pursue a joint development with its staffs, customers and investors, as well as the society.

The Company has prepared its 2025 Environmental, Social and Governance Report (the "**Report**") in accordance with the requirements of Appendix C2 "Environmental, Social and Governance Reporting Guide" under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This report illustrated the Company's policies and achievements from four aspects, including environment, product, employees and community, with the purpose to enhance our sense of responsibility, awareness and commitment to sustainable development.

Since over 90% of the Group's revenue and businesses occur in mainland China, thus the Report covers the Group's main business information on 8 production companies that operate four major business segments, including jelly, crackers and chips, seasoning products and rice wine, in China and discloses the Environmental, Social and Governance ("**ESG**") performance for the period from 1 January 2025 to 31 December 2025.

The information disclosed in the Report is based on important, quantitative, balanced and consistent reporting principles, with the provision of explanations for those disclosure rules which are not applicable to the Group, and thereby meets the disclosure requirement of "comply or explain". Apart from the environmental information which is disclosed with a focus on the 8 production companies of the Group, all the other information in the Report will be disclosed at the Group's level.

ESG MANAGEMENT

1. ESG Strategies

To boost corporate responsibility competitiveness, the capacity itself has to be supported by a comprehensive ESG management system. The Group continues to consolidate a seamless mix and blend of ESG responsibility motif and operation strategies that will enable us to refine the ESG responsibility management system. The Board of Directors of the Company (the "**Board of Directors**") has always approved the Group's commitment to its corporate social responsibility undertakings and assumed full responsibility for the Group's ESG strategies and reporting. The Board is responsible for assessing and defining the Group's ESG risks and ensures that the Group has formulated appropriate and effective ESG risk management and internal control systems. The Board of Directors reviews the Group's ESG performance annually and approves the Group's annual ESG report.

Our Group's management team is responsible for implementing ESG risk management and internal control systems, as well as reporting to the Board of Directors on ESG-related risks and opportunities, and to provide confirmation regarding the effectiveness of the ESG system.

The Group has established an ESG working group that draws its members from various key departments. The ESG working group is responsible for promoting and undertaking projects and daily management duties, along with setting up a comprehensive system for risk management and internal control, actively assisting the management to coordinate horizontally within the Group, so that each of the functional departments can fully implement each policy and communicate with each other, while effectively provide relevant data and information. The Group will compile reports and provide guidance and trainings based on the collected ESG data and information.

2. Stakeholder Communication

The main stakeholders related to our Group include shareholders and investors, governments and regulatory authorities, distributors and consumers, suppliers and contractors, employees, communities and the environment. The Group is committed to maintaining communication with all stakeholders, to truly understand their opinions and expectations, and through effective and diversified communication channels, which help the Group improve and refine its comprehensive management capabilities and levels on a continuous term. With such undertakings, the Group hope to safeguard the needs of stakeholders. The Group has identified the following distinctive stakeholders:

Stakeholder	Shared objectives	Communication and feedback channels	Frequency of communication
Shareholders and Investors	— Steady growth in return on investments — Asset preservation and appreciation — Explore new markets and opportunities — Prevent operation risk — Safeguard information rights	— Annual General Meeting — Annual Report and Announcement — Investor Meetings — Investor Relations Events and Website	Multiple per year
Government and Regulatory Authorities	— Food safety — Green production — Operation compliance with law — Pay tax in accordance with law	— Monitoring and Inspection — Tax Payment — Policy Consultation, Information Exchange in Meeting and Reporting	Multiple per year
Distributors and Consumers	— Produce diversified and delicious premium products — Food safety — Provide sustainable innovative products — Create win-win situation — Offer refined customer service and communication channels	— Corporate Public Accounts at WeChat and Weibo — Corporate Website — Service Hotline — Product Order Fairs	Daily
Suppliers and Contractors	— Advocate openness and fairness — Promote long-term cooperation and development — Food safety	— Evaluation on Suppliers — On-site Inspection — Daily Communication	Multiple per year

Stakeholder	Shared objectives	Communication and feedback channels	Frequency of communication
Employees	— Protect employers' benefits and rights — Promote occupation health and safety — Provide equal employment opportunities — Promote career development and training — Provide promotion and development — Work-life balance	— Labour Union — Management Mailbox — Staff Training — Staff Activities — Staff Interview	Irregular
Environment	— Preservation of ecological environment — Green and low-carbon development	— Government and Regulatory Authorities Inspection — Third Party Inspection Bodies Inspection	Irregular
Community	— Facilitate employment — Enhance local economic development	— Provide Employment Opportunities — Promote Local Economic Development — Improve Infrastructure at Locality — Poverty Alleviation — Community Charity — Voluntary Services	Multiple per year

3. Materiality Assessment

On the basis of stakeholders communication, the Group has identified and conducted materiality assessment on material issues and related topics according to the "ESG Reporting Guide", important issues of the Company, industry features and social responsibility standards. The Group discloses and responds to relevant subjects in the Report in degrees of detail varying with the materiality result of different subjects, which is shown below:

Materiality Assessment Results

Environmental Protection

The Group insists on a green and low-carbon emission development concept. With regards to its due responsibility on environmental protection, the Group's environmental protection policies are integrated into its corporate development. We enforce the national laws and regulations in the field of environmental protection with rigor, takes further efforts to control pollutants and reduce the total emission volume of pollutants, so as to minimize the environmental impacts of its production and operations, and to achieve growths in both economic benefits and social benefits. We also allocate resources for environmental protection, aiming to ensure that all of its environmental protection and energy consumption indicators comply with national standards. We are working towards improving the efficiency on use of resources and attaining the goal of a pollution-free society in its production and operation processes. On one hand, the Group pays attention to and strictly abides by the laws and regulations in the environmental field; on the other hand, it actively promotes new technologies and new processes, as well as protects and improves the environment by not only cutting wastewater and waste gas emissions but also reducing water, electricity, emissions and resources, effectively integrating green environmental protection into all aspects.

In 2025, the Group continued to made investment in environmental protection equipment for each production base and actively deployed photovoltaic power generation projects as part of its new energy initiatives. During the year, photovoltaic power generation projects have been fully implemented at six production bases. As a clean and renewable energy source, the adoption of photovoltaic power enhances the Group's environmental performance and aligns with national standards, contributing to improved resource efficiency and environmentally friendly operations. The use of photovoltaic energy is of significant importance to the Group in reducing environmental pollution and advancing sustainable development.

All production bases have been in strict compliance with the requirements under the "Environmental Protection Law of the People's Republic of China". All facilities for prevention and control of pollution have met the requirements of the approved Environmental Impact Assessment Document by adopting local sophisticated and reliable processes for the treatment of emissions and wastewater to ensure compliance with discharge standards, online announcements and filing were made as well. The Group has also formulated pollutant management measures and internal control indicators for pollutant emissions based on the operation process of the environmental protection facilities and systems of each base of the Company, and specified the control indicators of each production base to ensure compliance with discharge standards as well as a reduction in pollutant emissions and operating costs.

1. Waste Gas and Wastewater

The major emissions discharged by the Group are the waste gas generated from the combustion of fossil fuels during its production and operation, the wastewater generated from various processes during its product production and the dust particles generated from transport. For the pollutants generated during the production, the Group has been in strict compliance with the requirements under the laws and regulations such as the "Environmental Protection Law of the People's Republic of China", continuously improving production process technology and equipment, and taking effective measures when pollutants are generated and discharged, so as to achieve a balance between production operation and environmental protection, so as to reduce the environmental impact of waste water, waste gas, greenhouse gas, hazardous and non-hazardous solid waste generated during the production. The exhaust gas emissions produced from the production facilities such as SO2 and NOX meet the "Emission Standard of Air Pollutants for Boilers of the PRC" and are discharged in an orderly manner through a funnel, minimizing their impacts on the surrounding environment. From 2024, our production facilities completely halted the use of coal and diesel during the production process, and used natural gas which has less negative environmental impacts relatively or purchased steam and used centralized heating method in production, thereby greatly reducing the dependence on petrochemical products and eradicating the emission of waste gas at source. The waste fume generated during the production will be purified by electrostatic fume pacifier, which effectively reduces the waste gas and pollutants in order to meet the national emission standard.

Wastewater discharged by the Group are mainly production wastewater and domestic wastewater generated during production. The Group has been in strict compliance with the requirements under the laws and regulations such as the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", and therefore ensure that the wastewater discharge indicators are in line with the requirements under the Integrated Wastewater Discharge Standard set out in the National Standards of the People's Republic of China, where all production facilities have built-in sewage treatment systems, and wastewater will meet the discharge standards after treatment. From 2024, each production base is equipped with sewage treatment facilities to minimize pollutant emissions. For the odor such as hydrogen sulfide and biogas produced by wastewater treatment, some production bases have adopted the most sophisticated and high-performance sealing collection hood with fluorocarbon fiber membrane to collect the odor, and treat them by spraying and activated carbon adsorption to reduce the impacts of odor on the surroundings.

(1) Management and supervision of pollutants

The sewage treatment stations of the production facilities under the Group are equipped with professional sewage management personnel who are responsible for the dedicated management of wastewater, waste gas and waste residue treatment facilities in the area to ensure the discharge of various pollutants in compliance with the requirements of national laws and regulations. In addition to the daily management of various environmental indicators for each sewage treatment stations by the person responsible for environmental protection at the production facilities, the Group's environmental protection engineer is dispatched to each production facility every six months to provide technical guidance, supervise and manage the implementation of various environmental protection tasks, and implement the Group's environmental protection work. At the same time, the Group also attaches great importance to environmental management and technical training for environmental protection personnel, and strives to improve and maintain the professional quality of environmental protection personnel.

During the year, in October, the Group engaged Quality Mark Certification Group Fujian Co., Ltd. to review the ISO14001 Environmental Management System Certification of Fujian Qinqin Holdings Co., Ltd. and Quanzhou QinQin Foodstuff Co., Ltd., being the subsidiaries of the Group, and review the standardization, timeliness, feasibility of the documentation, as well as the implementation of on-site inspection of environmental protection facilities and environmental protection measures. In December, the Group organized environmental personnel from all production bases to participate in online training sessions via the internal Feishu environmental management group. The training focused on the interpretation of the Environmental Protection Law and the control of hazardous waste pollution, aiming to enhance the awareness and capability of environmental professionals across the Group to understand, comply with, and apply relevant environmental laws and regulations.

Throughout the year, the Group also carried out unannounced on-site inspections at all production bases. Any identified environmental issues were required to be rectified within prescribed timeframes. The inspections covered key areas including the handling of environmental compliance procedures, inspection of environmental protection facilities, pollutant discharge compliance, plant network support systems, and public disclosure of environmental information. All environmental protection procedures at each base were duly completed, pollutant discharges met applicable standards, and there were no environmental safety incidents or environmental warnings during the year.

(2) Discharge of pollutants in compliance with the standards

By strictly complying with the requirements of national environmental protection laws and regulations, the Group conducts online real-time monitoring of discharged pollutants and sewage, as well as responds to and rectifies the abnormal situations in a timely manner to ensure they are able to stably meet the emission standards. In order to ensure the accuracy of online monitoring data, a third-party institution with environmental testing qualifications will be regularly engaged to monitor various pollutants in the area, including wastewater and odor, and the test reports will be issued. Relevant data will be published on the environmental monitoring platform.

The Group's major emissions in 2025 were as follows:

Emissions	Details of emissions	Emission volume 2025	2024	Unit
Waste gas	Nitrous oxides (NOx)	**0.50**	0.55	Tonne
	Sulphur dioxide (SO2)	**0.0027**	0.0030	Tonne
	Dust particles	**0.0003**	0.0005	Tonne
Wastewater	Chemical oxygen demand (COD)	**104.2**	102.72	Tonne
	Ammonia nitrogen (NH3-N)	**10.40**	10.27	Tonne
	Wastewater volume	**694,703.0**	684,806.0	Cubic metre

Wastewater discharge volume 2025	2024	Unit	Wastewater discharge density 2025	2024	Density unit
694,703.0	684,806.0	Cubic metre	**8.58**	7.57	Cubic metre per each tonne of products

2. *Greenhouse Gas*

Greenhouse gas emitted by the Group is mainly generated from the energy consumption, which includes natural gas, electricity and steam, during its production. By strictly complying with the relevant requirements under the "Work Plan for Controlling Greenhouse Gas Emissions for the 13th Five-Year Period", the Group is committed to, among others, improving equipment energy efficiency, reducing energy consumption, using clean energy and conducting refined product management, in order to reduce the emissions of greenhouse gas. Based on the nature of the Group's business, the major gas emissions are greenhouse gas, sulphur dioxide and dust which are mainly derived from the use of electricity and fuels converted from fossil fuels. The Group's calculation for greenhouse gas mainly covers carbon dioxide, methane and nitrous oxide. Greenhouse gas emissions information are calculated in accordance with the "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange. Scope 1 of greenhouse gas includes the greenhouse gas emission generated directly from the Group's operation; Scope 2 of greenhouse gas is generated from the Group's internal consumption of electricity, heat and steam which led to the "indirect energy" greenhouse gas emission. Scope 3 greenhouse gas emissions arise from the Group's upstream and downstream supply chain activities. The Group currently reports on selected Scope 3 categories based on available data, as set out in the note to this section, and will continue to expand coverage as methodologies develop.

The Group's major greenhouse gas emission volume and emission density in 2025 were as follows:

Greenhouse gas emission*	Emission volume 2025	2024	Unit
Scope1	**6,955.62**	7,585.86	Tonne of carbon dioxide equivalent (tCO_2e)
Scope2	**26,032.62**	30,656.98	Tonne of carbon dioxide equivalent (tCO_2e)
Scope3**	**349,878.14**	— ***	Tonne of carbon dioxide equivalent (tCO_2e)
Total greenhouse gas emission volume (Scope1+2)	**32,988.24**	38,242.84	Tonne of carbon dioxide equivalent (tCO_2e)

Greenhouse gas emission volume (Scope1+2) 2025	2024	Unit	Greenhouse gas emission density 2025	2024	Density unit
32,988.24	38,242.84	Tonne of carbon dioxide equivalent (tCO_2e)	**0.41**	0.42	Tonne of carbon dioxide equivalent (tCO_2e)/tonne of products

* The calculation of the greenhouse gas emission is based on the "Corporate Accounting and Reporting Standard" from GHG Protocol.

** Scope 3: Other indirect emissions that occur in the upstream and downstream activities of the Group. The Group currently reports on selected Scope 3 categories based on available data and will continue to expand coverage as methodologies develop. The significant contribution is mainly from upstream and downstream transportation, which reflects the transport-intensive nature of our supply chain, given the geographic distribution of raw material suppliers and product markets. These emissions are calculated using distance-based methodology and will be refined as supplier-specific data becomes available.

*** Scope 3 emissions for 2024 were not systematically collected. The Group will continue to develop its Scope 3 reporting as data collection processes evolve.

3. Waste Management

The Group has been in strict compliance with the requirements under the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste". After the Group classifies, collects and centrally stores hazardous waste in accordance with the "Administrative Measures for Hazardous Waste Management", hazardous waste is treated and thus rendered harmless by qualified third-party companies before disposal, which meets the standard of causing no harm to human health and reduces secondary pollution in environment from source.

In 2025 the Group's all production bases are in accordance with the requirements of laws and regulations. Recyclable production waste storage warehouses, domestic waste transfer warehouses, hazardous chemicals warehouses, hazardous waste warehouses, etc. have been set up to recycle the recyclable production waste resources. Non-recyclable waste is reasonably classified, stored, and treated and thus rendered harmless.

For non-hazardous wastes, the Group has been in strict compliance with the requirements under the "Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste". Non-hazardous wastes are treated and thus rendered harmless, separated before disposal and finally recycled and reused by the companies with relevant qualifications. The Group continually introduced waste recycling treatments at its production facilities, recycled useful constituent and energy from solid wastes to cut down consumption of resources.

The volume and density of wastes generated by the Group in 2025 were as follows:

Waste discharge	**Unit**	**2025**	2024
Total discharge of hazardous wastes	Litre	**258.5**	434.3
Density of hazardous waste discharge	Litre/tonne of products	**0.003**	0.005
Total discharge of non-hazardous wastes	Tonne	**1,634.89**	1,741.28
Density of non-hazardous waste discharge	Tonne/tonne of products	**0.020**	0.019

Note: (1) Hazardous wastes include ink, detergents etc.;
(2) Non-hazardous wastes are mainly: plastic, sludge, waste paper, production wastes etc.

In 2025, all production bases continued to implement measures to upgrade production equipment, integrate and optimize existing production lines, and invest in environmental protection equipment to improve efficiency and meet national standards.

Due to a decline in the Group's overall production volume, energy consumption decreased accordingly, leading to lower total Scope 1 and 2 greenhouse gas emissions compared to the previous year. Waste generation also saw a significant reduction. This year marks the Group's first disclosure of Scope 3 emissions, which reflect value chain activities including upstream and downstream transportation across our supply chain. The Group will continue to enhance its Scope 3 data collection methodologies in future reporting periods.

Analysis of pollutant emissions and waste discharge

Total waste gas emissions, total greenhouse gas emissions and greenhouse emission density all decreased year-on-year, mainly due to reduced product output and lower energy consumption.

Total wastewater discharge and discharge density increased year-on-year, as customers' requirements for product categories have risen, leading to more frequent product line switches and additional cleaning cycles.

Total hazardous and non-hazardous waste discharge decreased year-on-year, driven by lower production volumes, the continued adoption of UV laser coding machines to replace the use of ink, and improved recycling rates for plastics and paper.

In the coming years, the Group will continue to improve production processes and equipment efficiency, streamline SKUs and focus on core products to further reduce emissions and waste intensity.

4. Use of Resources

The Group is committed to maximizing the recycling of resources in the entire lifecycle of products (research and development, production and withdrawal), and continues to work forwards energy-saving and emission reduction.

(1) Energy Consumption

The major energy consumption of the Group are natural gas, electricity and steam consumed during its production. By strictly complying with the "Energy Conservation Law of the People's Republic of China", the Group always strives to increase its energy efficiency and continuously strive to improve its energy performance.

In accordance with the "Continuous Production Improvement and Management Measures of Qinqin", the Group's continuous production improvement committee assesses the improvement proposals submitted by each production facility every year and announces the awarded improvement proposal accordingly. The Group also encourages all staff to actively participate in the improvement activities, successively and continually improves and optimizes various production processes and equipment, effectively reduces energy waste and production costs, enhances product quality and production effectiveness and efficiency, as well as facilitates its operational management and improvement in effectiveness.

The Group's total energy consumption in 2025 were as follows:

Energy	Type of energy	Volume 2025	2024	Unit
Direct energy	Natural gas	**2,711,114.00**	2,954,286.00	Nm^3
Indirect energy	Purchased electricity	**30,748,834.19**	38,882,993.20	Kilowatt-hour (kWh)
	Purchased steam	**67,736.77**	67,675.69	Tonne

Total energy consumption 2025	2024	Unit	Energy consumption density 2025	2024	Density unit
77,580.33	88,808.78	Megawatt hour (MWh)	**0.96**	0.98	Megawatt hour (MWh)/ tonne of products

(2) Water Consumption

The major water consumption of the Group is derived from its production and living water usage. By strictly complying with the requirements of the laws and regulations such as "Water Law of the People's Republic of China", the Group continues to carry out watersaving technology assessment and application in order to reduce water consumption. The Group obtained its water supply from tap water supplied by water supply companies controlled by relevant local governments. As water supply is a public utility regulated by the PRC government, the Group has not experienced a material shortage during the year. The Group processed the water supplied to the Group according to industry standards before it is used for product production. To monitor water quality, water used by the Group undergoes quality checks in each location of its production facilities.

The total water consumption of the Group in 2025 were as follows:

Total water consumption 2025	2024	Unit	Water consumption density 2025	2024	Density unit
788,631	829,742	Tonne	**9.74**	9.17	Tonne/tonne of products

Analysis of energy and water consumption

In 2025, the Group's total water consumption decreased year-on-year, primarily due to reduced production volumes of its main water-intensive products, namely jelly and pudding. Water consumption intensity, however, increased compared to the previous year. This rise was mainly attributable to the more frequent product line swtiches and additional cleaning cycles.

Total energy consumption and energy consumption density decreased year-on-year, reflecting lower production output which reduced the use of natural gas, electricity, and steam in manufacturing processes. The Group also deployed photovoltaic power generation system which reduced energy consumption.

The Group will continue to explore opportunities to improve energy and water efficiency across its operations. Ongoing initiatives include optimising production layouts, enhancing equipment maintenance practices, advancing photovoltaic power generation projects, and upgrading production equipment to reduce energy and water consumption. These efforts demonstrate the Group's ongoing commitment to improving resource efficiency and minimising environmental impact in the coming years.

5. *Raw Material Consumption*

In terms of raw material consumption, in order to reduce waste, the Group has adhered to the consumption standards on the consumption of packaging materials and raw materials for various production units and individual products. The Group carries out assessment on the relevant key performance indicators monthly and annually. There are reward and punishment systems based on the result of the assessment. Whether the material consumption exceeds the acceptable level will be directly linked to the salary of each employee. Such policy uses performance tools to guide employees in all positions to actively concern about material consumption and effectively reduce material discharge.

The Group's total consumption of packaging materials for finished products and the consumption per unit of production in 2025 were as follows:

Type of packaging materials	**Volume of packaging materials**		**Unit of material consumption volume**	**Density of packaging materials**		**Density unit**
	2025	2024		**2025**	2024	
Plastic	**6,253.31**	6,833.04	Tonne	**0.08**	0.08	Tonne/tonne of finished products
Paper	**8,856.12**	9,670.07	Tonne	**0.11**	0.11	Tonne/tonne of finished products

Analysis of raw material consumption

In 2025, the Group's plastic consumption decreased year-on-year, while consumption intensity remained stable. This was primarily due to lower sales of jelly and pudding products, which typically use plastic packaging and spoons. Paper-based consumption also decreased year-on-year, with intensity remaining stable, driven by lower puffed food production volumes and evolving packaging specifications.

In the coming years, the Group will continue to explore opportunities to reduce packaging material consumption through equipment optimization, process improvements, and initiatives such as expanding UV laser coding to minimize coding consumables, reducing defect rates in packaging, and optimizing cardboard box specifications to align with production requirements. These efforts reflect the Group's commitment to improving resource efficiency and minimizing packaging waste.

6. Environment and Natural Resources

The Group recognizes that its production activities interact with the environment and natural resources. We are committed to minimizing these impacts through adherence to energy-saving and emission-reduction policies across all business operations.

Our approach integrates environmental considerations throughout the product lifecycle, from raw material procurement to production and sales, through the continuous development of "green design" and "green products". This includes investments in cleaner production technologies, such as the photovoltaic power generation projects implemented across multiple production bases, and ongoing efforts to improve resource efficiency.

The Group values sound environmental management as essential to sustainable development. By maintaining compliance with applicable environmental laws and regulations, and through initiatives to reduce emissions, wastewater, and waste, we strive to operate in a manner that safeguards business interests while establishing a harmonious relationship with the natural environment.

In the coming years, the Group will continue to strengthen its environmental management practices and explore further opportunities to reduce its environmental footprint.

7 Climate Resilience

Governance

The Board of Directors has overall responsibility for overseeing the Group's management of climate-related risks and opportunities. This oversight is exercised through the Group's established ESG governance framework, as outlined in the ESG Strategies section. The Board reviews climate-related issues annually, including the progress of emission reduction initiatives and the implementation of mitigation measures such as photovoltaic power generation projects. The ESG working group supports the Board by coordinating climate-related activities across departments and reporting on performance.

Strategy

Climate change poses both risks and opportunities to the Group's business. As a food production company, the Group relies heavily on natural agricultural products as key raw materials, whose yield and quality are directly influenced by climate conditions. Rising global temperatures, shifting rainfall patterns, and the increased frequency of extreme weather events, such as heatwaves and droughts, could adversely impact crop health and productivity, affecting the growth cycle of crops. These changes may lead to reduced crop yields, fluctuations in quality, and rising prices, resulting in increased procurement costs and potential risks to the Group's production, sales, and new product development.

Furthermore, the tightening of global greenhouse gas reduction policies and regulatory requirements has heightened compliance costs and competitive pressures across the industry. The Group is fully aware of these challenges and is committed to addressing climate-related risks and opportunities through sustainable development strategies, ensuring a balance between business growth and ecological conservation.

In the short to medium term, the Group expects to continue investing in operational efficiency and cleaner technologies. Over the longer term, proactive management of climate issues is expected to contribute to enhanced corporate reputation, stronger stakeholder relationships, and improved access to capital.

The following table summarizes the key climate-related risks identified and the Group's approach to managing them:

Climate-related risks description	Time horizon	Financial impact	Steps taken to manage the risks
Physical Risk			
• Increased frequency of extreme weather events (floods, droughts, heatwaves) disrupting raw material supply chains	Short- to long-term	• Increased procurement costs; potential production disruptions.	• Diversifying sourcing locations; maintaining strategic inventory buffers
• Rising temperatures and changing rainfall patterns affecting crop yields and quality	Medium to long-term	• Higher raw material costs; potential need for product reformulation	• Monitoring agricultural trends; exploring alternative ingredient sources
Transition Risk			
• Introduction of stricter carbon pricing or emissions regulations	Medium- to long-term	• Increased compliance costs; potential capital expenditure for upgrades.	• Investing in energy-efficient equipment; expanding renewable energy (photovoltaic projects)
• Changing customer preferences towards lower-carbon products	Medium- to long-term	• Potential loss of market share if expectations are not met	• Innovating products with health and sustainability attributes; enhancing ESG transparency

Metrics and Targets

The Group uses key metrics to measure and manage climate-related risks, including greenhouse gas emissions across Scope 1, Scope 2, and, for the first time this year, Scope 3. Details of these emissions are set out in Section 2 (Greenhouse Gas) of this Report.

The Group recognizes the critical importance of reducing greenhouse gas emissions and has placed it at the core of its sustainable development strategy. Through continuous improvements in production processes, enhanced energy efficiency, and increased adoption of renewable energy, the Group aims to achieve its long-term emission reduction goals. This year marks the Group's first disclosure of Scope 3 emissions data, and a regular disclosure mechanism has been established to ensure transparency and sustainable operational performance.

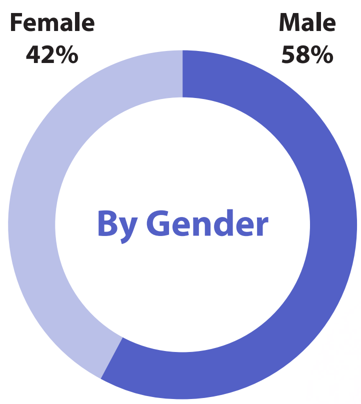
In the coming years, the Group will continue to take proactive measures to tackle the challenges of climate change, strengthening corporate resilience and ensuring long-term sustainable development.

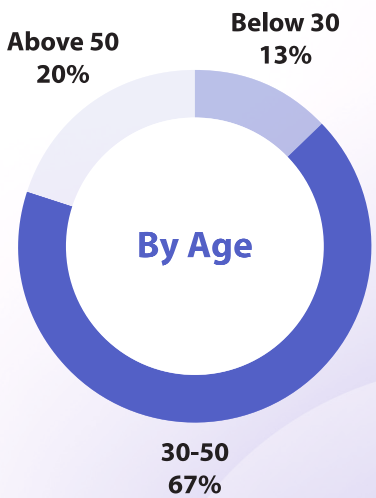
Society

1. Employment

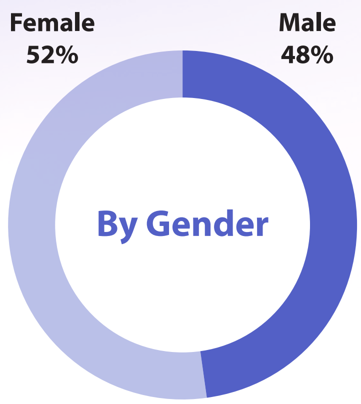
In accordance with the requirements under the laws and regulations as stated in the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China", the Group complies with and constantly optimises its personnel management system, establishes an effective employee protection mechanism to protect the legitimate rights and interests of employees and proactively strive for harmonious labour relations. The Group has formulated the "Personnel Management System of Qinqin". The Group hires employees with different nationalities, genders, ages and religious beliefs, and is always upholding the principles of fairness, impartiality and openness in service appointment. Thus, all of the Group's employees are entitled to equal opportunities and equivalent treatments. In accordance with the "Remuneration Management System of Qinqin", through the establishment of a remuneration management system that integrates position, performance and competence by the Group, the employees are encouraged to learn on their own initiative and to work hard, thereby enhancing their skills and overall quality.

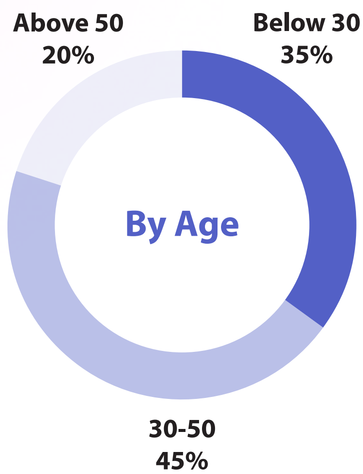
At the end of the reporting period, the Group has approximately 2,200 employees. The following figure sets forth the employee structure by gender and age group:

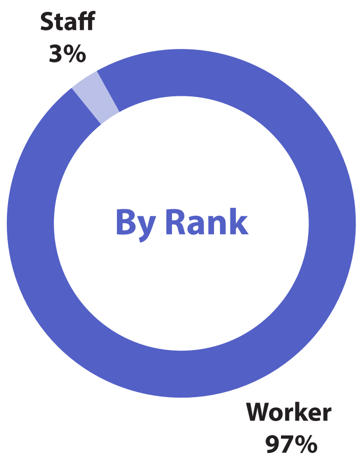




At the end of the reporting period, the employees' turnover rate was 26%. The following figures set forth the employee turnover by gender, age and rank group:







Staff includes office staff and administrative staff at all levels

(1) Fair Employment

The salary provided by the Group's to its staff members is not less than that stipulated by the local minimum wage law, while the overall salary has considered other attributes, including duties and responsibilities, capabilities, knowledge, and experience of the incumbent, and the corresponding standard pay scale for the specific post in the hierarchy ranking, that conforms with the appropriate pay range. Also, in assessing the overall salary, the Group will calibrate against the internal pay scale and performance of the respective incumbent, so that the salary package will represent a fair and justified reward to the staff that corresponds to his/her value returns to the Company. Besides salaries, the Group provides employees with various employees' benefits, including bonuses for performance, contribution, and other allowances such as high-temperature allowances (for working outdoor at high temperature), birthday cash gifts, wedding cash gifts, holiday benefits, reimbursement to cover travel expenses for visiting relatives for staff of management level, staff dormitories, and allowance for housing rentals outside working venues. In addition, pursuant to the terms of the share option scheme adopted by the Company, the Group can grant share options to eligible staff members. In compliance with the relevant requirements under the "Labour Contract Law of the People's Republic of China", the Group will not dismiss employees without reasonable causes. The labour contracts contain provisions setting out the rights and obligations of the parties to protect the lawful rights and interests of workers and to build and develop harmonious and stable labour relations. The Group upholds the principles of openness and fairness for recruitment in accordance with the relevant regulations. Various types of discrimination are prohibited. The recruitment process is solely based on the assessment of individual capabilities of candidates, regardless of race, colour, gender, age and religious beliefs. All employees and job applicants are entitled to equal opportunities and fair treatments. Employees of different genders are present across the Board, each department and position levels. Such diversification in service appointment helps to enhance the strengths of the Group. It also attracts different talents with various skills. The Group treats every employee's contribution fairly.

(2) Working Hours and Holidays

The Group's working hour policies for its employees have been in strict compliance with the requirements under the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China", which ensure sufficient rest time and appropriate work-life balance for employees. On the New Year's Day, Spring Festival, Ching Ming Festival, International Labour Day, Dragon Boat Festival, Mid-Autumn Festival, National Day and other statutory holidays provided under the relevant laws and regulations, workers are allowed to take leave, aiming to increase their sense of wellbeing.

2. *Health and Safety*

The Group is committed to providing employees with a healthy, safe and comfortable working environment. In addition to national policies and regulations, the Group has formulated systems and regulations including the "Safety Management System of Qinqin" and "Safety Work Management Measures for the Production and Operation Department", which ensure the health and safety of employees. The Group has also established production safety teams at various levels, and it has further provided basic management work and secured production safety. The Group regularly trains employees on safety production practices, purchases suitable protective devices and tools for employees, and posts safety warnings and signs at workplaces, with the aim to constantly reminding employees to be cautious of hidden dangers. Every year, the Group arranges medical examinations for employees in order to protect the health of each and every employee. In the past three years, the Group has not had any employee work-related death cases.

(1) Production Safety

The Group enhances the safety and precaution awareness and self-protection abilities of all staff through safety training, regularly distributes various labor-protection supplies according to the job needs of each post, as well as supervises and educates them on proper wearing and use of such supplies. The Group identifies responsible personnel for production safety in departments, implements safety education, training and publicity, and regularly arranges relevant personnel to conduct safety inspections in workplaces, so as to identify safety issues in time to eliminate hidden dangers, and also carries out fire drill trainings with the fire department on a regular basis. The Group installs dust and exhaust devices for facilities that generate dust and waste gas. For the equipment generating excessive noise, priority is first given to eliminating or reducing noise sources, then to control over the spread of noise, and last to wearing protective equipment. The Group is actively improving its production equipment and the working environment of its employees through lean production.

(2) Occupational Safety

The Group conducts occupational health examinations on frontline staff on a regular basis, offers check-ups once every year for staff above employee level, and creates occupational health management files, so as to protect their physical and psychological health, which enables them to pay attention to personal health during their work. The Group has been in strict compliance with the regulations of the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" and the "Measures for the Administration of Occupational Health Examination", and regularly carries out pre-employment, on-job and pre-departure occupational health examination annually. The Group liaises with external medical resources to hold a series of activities, including health talks and free medical consultations, further enhancing employees' occupational health awareness. The Group cares about the physical conditions and working environment of each employee and their daily activities in the Group.

(3) Hazard Identification and Control Measures

The Group identifies and evaluates the risk factors present in the existing workplaces, and it determines the necessary control measures to eliminate and reduce risks and to achieve system security. For potential emergencies (such as fires, flammable leaks, typhoons, accidental injuries), each of the production facilities has formulated the "Environmental Emergency Response Plan of Qinqin", such plan details the possible and unpredictable environmental events and existing risks within the Group and the corresponding emergency plans and response control procedures in place and manages them according to emergency procedures.

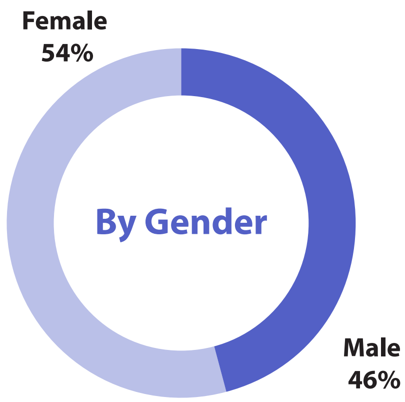
3. Development and Training

The Group implements a "people-oriented" management philosophy and is committed to building a "ever-learning enterprise" which creates a strong learning atmosphere. The overall quality of its staff service is continuously enhanced. The Group has a consistent focus on employees' personal and professional developments. Apart from expanding its business, the Group also provides training and promotion opportunities for employees who are passionate about their work. Under the "Training Management System of Qinqin" and "Internal Trainer Management System of Qinqin", the Group has established a unique talent training system which has been implemented by the Group through coordination between various departments, leveraging external resources and internal teaching capabilities and using a variety of training methods.

The Group's training programs cover various areas, including new staffs orientation, management trainees development, management and professional skill training, key positions training, the General Manager Academy and corporate culture training. These are conducted through a combination of internal and outsourced programs. During the year, the Group focused on advancing core training initiatives, organising 5 company-wide training sessions and nominating senior management to participate in external training and Executive Development Programs. An innovative "online + offline + post-training follow-up" model was introduced, alongside a total of 1,625 regular training sessions (including workshop practicals), reaching approximately 23,649 participants. These efforts integrated theory with practice, comprehensively met the development needs of employees at all levels, and strengthen the Group's overall organisational capabilities.

The Group established a training effectiveness tracking and evaluation mechanism, producing specialized reports for management trainees covering learning performance, personality traits, and potential assessments to support talent planning with data-driven insights. External professional consultants were engaged for on-site advisory services, focusing on deepening internal capabilities, continuously optimizing operational systems, strengthening organizational efficiency, and driving core enterprise enhancements alongside high-quality development.

The per capita training of the Group's staffs in 2025 were as follows:



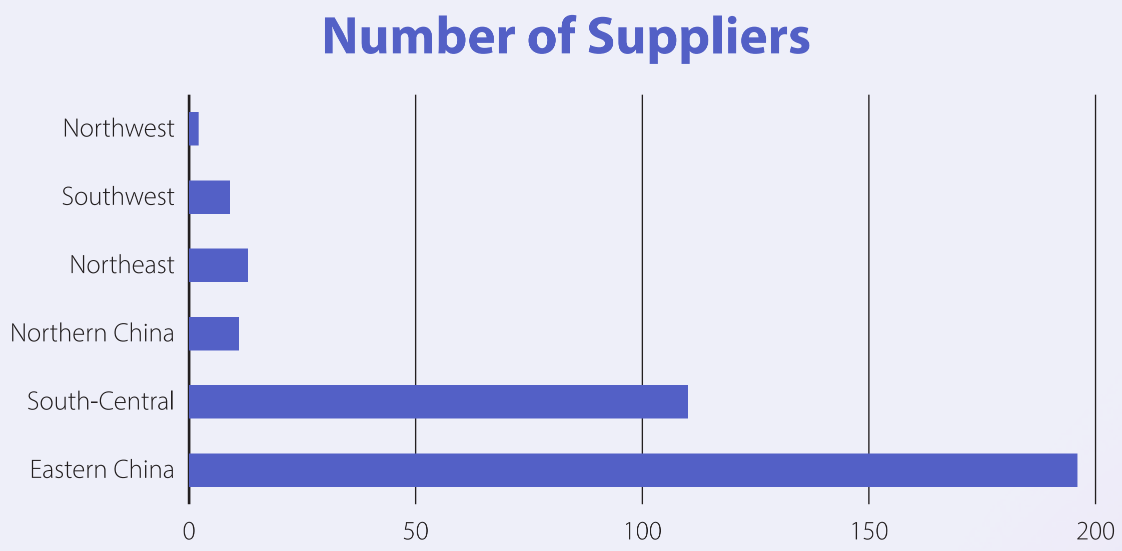
4. Employee Guidelines

In compliance with the requirements under the laws and regulations such as the "Labour Contract Law of the People's Republic of China", the Group prohibits child labour or forced labour. Pursuant to the "Personnel Management System of Qinqin", in the recruitment and selection of talents, those under 16 years of age must not be recruited. In addition, a restriction is set out in the human resource information system of the Group that the information on person under 16 years of age cannot be entered. As such, there has been no forced labour for the Group. The Group adheres to the equal and voluntary principle, fully understands employees' decisions and supports their development, and coordinates necessary procedures, e.g. personnel files and social security transfer for employees who voluntarily terminate their labour contracts. For employees who fail to fulfil their labour contractual obligations or fail to pass qualification assessment upon expiry of contract, the Group will terminate such labour contracts in accordance with relevant laws and regulations.

5. *Supply Chain Management*

For the production of food and snack products, the Group implements strict procedures for selecting suppliers, in order to ensure the quality of raw materials. The Group has developed the "Procurement Management System of Qinqin" and "Supplier Management and Evaluation Measures of Qinqin" to conduct assessment, selection, review and appraisal of its suppliers. Qualified suppliers, which have been confirmed by the review and appraisal results, shall have the proven ability to meet the Company's requirements for the quality of materials to be procured. In addition, management and control are conducted over the procurement process to ensure that the materials procured meet the requirements for production technologies and product quality. Apart from the financial status, the Group shall consider the suppliers' environmental, social and ethical morals while selecting suppliers or evaluating supplier relationships. Such investigations and assessments shall cover the basic situation, qualification certificate, technical competitiveness, production capacity, quality assurance system, after-sales service capacity and food safety control of the suppliers. The Group requires suppliers to possess business licenses and related food production licenses and to comply with laws and regulations.

The following is the number of suppliers of the Group divided by region:



	Eastern China	South-Central	Northern China	Northeast	Southwest	Northwest
Suppliers	196	110	11	13	9	2

6. *Product Responsibility*

The Group has been in strict compliance with a series of laws and regulations (including the "Food Safety Law of the People's Republic of China", the "Production Safety Law of the People's Republic of China" and the "Law of the People's Republic of China on the Protection of Consumers' Rights and Interests") related to areas such as production and operation, food packaging and food safety. The Group ensures the strict compliance with the laws and regulations in sections including food production and processing, product packaging and product transportation, thereby guarantees product quality.

(1) Product Innovation

The Group is committed to providing the consumer-centred services, that it will follow closely the current tidal trend in consumption upgrade and continuously apply innovative measures to improve product contents and product portfolio. Besides, the Group will adopt an innovative approach, to provide consumers with attentive and well-thought services, along with improving the products' overall accessibility. Based on the product management center and product research and development (R&D) team, the Group has continuously invested in the research and development team and scale-up R&D efforts to research on new products, so as to meet the diverse needs of consumers. The Group actively participates in various technology sharing endeavours, that it has joined hands with the Sports Medicine Research Institute of the General Administration of Sport of China, among other research centres and professional institutes, including the Food Institute of Fujian Normal University, Fujian Agriculture and Forestry University, and Hubei University of Technology, among others. The Group also introduced the world- advanced level jelly production line from Japan and other global advanced production lines, so as to promote market competitiveness of new products with the application of top-notch techniques and technology. The innovative products launched by the Group covered several functional purposes including low salt, low sugar, zero additives, high nutrition, and weight management. With such initiatives, the Group hope to promote healthy and nutritious eating habits.

(2) Quality Control

The Group's quality management department is responsible for the development, management and supervision of the quality monitoring system and food safety management policy of the Group. The quality control teams continuously monitor the raw materials, ensuring that the quality and safety meet the specifications and quality requirements of the Group. The Group also adopts strict quality control measures for the production process to ensure consistent product quality and carries out inspection and tests in the whole production process. All products must be inspected at all stages of the production process, including later production inspection and final quality control before it is delivered for sale. The Group also works with certified third-party inspection companies to carry out product quality and food safety testing for the products of the Group. Furthermore, the Group continues to improve its internal management system by abiding to the latest developments in the relevant food safety laws and regulations.

The Group has been in strict compliance with the requirements of relevant laws and regulations, including the "Food Safety Law of the People's Republic of China" and the "Law of the People's Republic of China on the Protection of Consumers' Rights and Interests". The Group implements national food safety principles, as well as carries out quality control in several areas, such as the creation of an outstanding quality control team, establishment of a professional quality control system, improvement of the Group's standard quality control system and the promotion of building of safety culture.

All of the Group's production facilities and production lines are designed in compliance with the PRC's national quality standards. All production bases have obtained international ISO9001, ISO22000 or FSSC22000 Quality, Food Safety Management System and SC Food Production License, while some production bases have obtained ISO14001 Environmental Management, ISO45001 occupational health and safety management, ISO50001 Energy Management System, FDA Registration, SA8000 Social Accountability, HALAL certification, Organic Food Certification, Green Food Certification and HACCP (Hazard Analysis and Critical Control Point) Certification. The Group has achieved full coverage of system certification. Every year, the Group engages a third-party external certification body to conduct external assessment on the Group's corporate quality control system certification.

Dining counts most for people, of which food safety comes first. Therefore, food safety is of the utmost importance and the foundation of the development of Qinqin. The management of the Group plays a leading and influential role with the signing of the Food Safety Responsibility Commitment Letter annually, and actively carries out a number of food safety activities such as Quality and Safety Month, Food Safety Self-Assessment Evaluation, food-safety-themed activities, product quality evaluation and rating, and study sessions to strengthen food safety awareness among its overall staff members and further promote the food safety culture, thereby spreading the message of food safety to the rest of the community.

(3) Product Information

The Group has formulated the "Management Procedures for Design and Modification of Packaging and Samples Printing and the Label Review Management Rules" for standardising the product label review, which strengthens the label management and enhances the label compliance. The Group has established a cross-department label checking team, with members from the product management department, risk management department and quality management department, to review contents of labels, including product brand, advertising slogan, trademark, product ingredients and related food safety information, in accordance with the "Advertising Law of the People's Republic of China", the "Food Safety Law of the People's Republic of China", the "National Standard for Food Safety — General Code for Pre-packaged Food Labelling", the "National Standard for Food Safety — General Principles for Nutrition Labelling of Pre-packaged Food", as well as the relevant laws and regulations and food safety standards. The commencement of any packaging materials printing process is subject to the duly pass of the review assessment on label contents (or subsequent to the due rectification of any label error and re-assessment approval), to ensure product label compliance. The Group's product packaging, promotion materials, website, advertising video, among others, can only be launched into or released into the markets after the relevant approval from the group's legal department on intellectual property rights is obtained to ensure the legal compliance of the Group's products and marketing practices.

In 2025, the Group did not encounter any product recalls incident due to safety and health issues. The Group has set up a product tracking management system and manages information of all the process online through SAP system. It generates tracking management information from all aspects such as raw material arrival, production process and sales of products, to realize the directional tracking of products.

(4) Customer Complaints

The Group values every customer's complaint. The Group adopts an internal policy which promotes real-time response to product complaints. The Group has a dedicated customer service team and a customer service hotline to ensure prompt response to customers and consumers. The Group received a total of 244 complaints in 2025, with a resolution rate of 100%. Customer complaints are handled by the customer service staff of the sales management team, and the relevant departments in the Group's headquarter will be notified of in real-time to take remedial measures and to adopt appropriate preventive measure so as to avoid recurrence in the future.

As the foundation for its quality management in 2025, the Group has consistently upheld quality culture. To this end, it has encouraged the development of quality culture through a number of initiatives, including the quality activities associated with "315 International Consumer Rights Day", which have raised employee participation and awareness of quality standards. In order to achieve digitization and improve management and control of the quality process, the Group insisted on adopting new technologies, introduced new production lines, continuously upgraded and increased hardware investment, established automated high-standard production workshops, and introduced advanced digital information systems. The Group strictly abided by national laws and regulations, integrated the management system for the food industry, promoted quality standardization and full-process system control, and achieved quality targets through five lines of control, being product design, supplier protection, production control, product release and risk control.

The Group has product quality guidelines and policies to clarifies quality objectives. Each department will plan a specific path towards the quality objectives, and then the quality management department will supervise the progress of achieving the objectives, analyzes, summarizes and immediately handles the situation of quality defects, as well as tracking the quality improvement verification. The Group has implemented the management measures such as "Administrative Measures for Food Recalls". It has established product recall procedures and set up a product recall team, in order to investigate and perform quality and safety checks for potential recall products. Once the Group confirms any recalled product, the Group shall immediately establish a recall-product committee, aiming to identify the batches of products to be recalled and promptly notify the relevant parties.

(5) Intellectual Property Protection

The Group greatly concerns with the protection and management of intellectual property rights, and strictly abides by laws and regulations, including the "Trademark Law of the People's Republic of China", the "Copyright Law of the People's Republic of China", and the "Patent Law of the People's Republic of China", among other laws and regulations.

(6) Privacy protection

The Group attaches great importance to consumer information and privacy and strictly complies with the requirements of relevant laws and regulations including the "Law of the People's Republic of China on the Protection of Consumers' Rights and Interests". The Group properly handles and keeps strict confidentiality of consumers' personal information collected through sales channels. The "Personnel Management System of Qinqin" specifies that no employee shall disclose business information, production formula, technical data, documents and other trade secrets of the Company. For any employees whose deliberate disclosure of technical and business secrets of the Group which caused significant economic losses to the Group, their labour contracts with the Group will be terminated.

7. *Business Integrity*

The Group strictly complies with the requirements of relevant laws and regulations such as the "Interim Provisions on Banning Commercial Bribery" and "Anti-Unfair Competition Law of the People's Republic of China". In accordance with relevant laws and regulations and actual situations of the Company, the Group set up the "Whistleblowing System of Qinqin" and the "Management Measures for Litigation Cases of Qinqin". The Group prohibits any corruption and bribery. Directors and employees must comply with corporate policies regarding the acceptance of benefits, and shall not seek personal gain in insider information in any circumstance. All persons involved in the selection of suppliers and contractors and procurement matters must avoid abuse of power or avoid any circumstances that prevent them from making independent decisions when purchasing goods and services. The Group has committed to the establishment of an anti-corruption and fraudulence mechanism, has "zero tolerance" on any violations of professional integrity and business ethics, and it has conducted special audits on areas where high risks of corruption and fraudulence exist.

The Group has established a whistleblowing system, internal audit department and market surveillance team, set up whistleblowing hotlines and CEO mailbox and promoting them to employees and business partners such as customers and suppliers/contractors, encourage employees, customers, suppliers etc. to report any corruption and fraudulent behaviors. The Group has established an internal audit department and market surveillance team, which enables independent investigations of reported matters. Such assisted the Group in identifying financial management loopholes, strengthening the financial management system, enhancing the financial management quality, enhancing self-discipline, self-improvement and disciplinary concepts of the leaders and promote honesty and integrity. The Group has also adopted necessary protective measures to avoid any relevant persons from being exposed to any form of harassment after reporting or cooperating in an investigation. Penalties will be imposed according to the severity of the verified violations of relevant regulations, until given relevant legal responsibilities.

8. *Care for Society*

The Group bears in mind its corporate social responsibility and mission. By proactively participating in social welfare undertakings and positively serving the community, the Group keeps paying back to society. While pursuing corporate growth, the Group also promotes social development and progress and fulfils its social responsibility as a corporate citizen through charitable donations, support for cultural undertakings, volunteer activities, and care for the elderly and children.

The Group has established production companies and trading branches across Mainland China, which contributed to the solving of local unemployment problem. The Group also actively participates in public welfare and charity cause. Some of the events organized or participated in by the Group during the year are as follows:

1) In March 2025, to support families of children with autism, the Group sponsored the "Autism Family Intervention and Rehabilitation" classroom activities in Jinjiang City, providing material assistance to these families in the hope that the children will recover soon;

2) In May 2025, on the occasion of Children's Day, the Group donated delicious snacks to Jinjiang No.8 Experimental Primary School, Jinjiang Hualin Primary School, Lingshui Central Primary School, Qunfeng Primary School, Chunyu Kindergarten, and Jinjiang No.8 Experimental Kindergarten, wishing the children a happy holiday and healthy growth;

3) In October 2025, to carry forward the traditional virtues of respecting and caring for the elderly, the Group delivered Double Ninth Festival supplies to the elderly at the Party and Mass Service Station of Grid 5, Lingshui Community, Lingyuan Street, Jinjiang City.

The directors (the "**Director(s)**") of Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") herein present their report together with the audited financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. During the year, the Group is principally engaged in the manufacturing, distribution and sale of food and snack products in the People's Republic of China (the "**PRC**").

The principal activities of the Company's subsidiaries are set out in note 37 to the consolidated financial statements in the annual report.

Further discussion and analysis of the Group's principal activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 6 and 15 of this annual report. An analysis using financial key performance indicators can be found in "Financial Highlights" on page 3 of this annual report. The above discussion and highlight form part of this Directors' report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2025 are set out in the consolidated income statement on page 74 of this annual report.

The Board has adopted a dividend policy. Subject to the articles of associations of the Company and all applicable laws and regulations, declaration, recommendation and payment of dividends of the Company is subject to the approval of the Board, depending on the results of operation, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time.

The Directors recommend the payment of a final dividend of RMB0.03 (2024: RMB0.02) per ordinary share, approximately RMB22,614,000 (2024: RMB15,102,000) (the "**Proposed Final Dividend**"). Such dividend is to be approved by shareholders of the Company at the annual general meeting to be held on 18 May 2026 (the "**2026 AGM**"). The Company did not pay any interim dividend in respect of the first six months of 2025. Therefore, the total dividend for the year ended 31 December 2025 under review amounted to approximately RMB22,614,000 (2024: RMB15,102,000).

The Proposed Final Dividend declared in RMB will be paid in HKD (payable in cash). The exchange rate adopted by the Company is the middle rate of HKD to RMB announced by the People's Bank of China for the business day preceding the date of this report. The Proposed Final Dividend of RMB0.03 per ordinary share equivalent to HKD0.034063 per ordinary share using the exchange rate of HKD to RMB on 17 March 2026, which is 0.88073.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the 2026 AGM

For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company (the "**Shareholders**") will be closed from Wednesday, 13 May 2026 to Monday, 18 May 2026 (both days inclusive), during which period no transfer of shares will be registered. The record date will be Monday, 18 May 2026. In order to be eligible to attend and vote at the 2026 AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 12 May 2026.

(2) For determining the entitlement to the Proposed Final Dividend

For determining the entitlement to the Proposed Final Dividend for the year ended 31 December 2025, the register of members of the Company will also be closed from Tuesday, 9 June 2026 to Wednesday, 10 June 2026, both days inclusive, during which period no transfer of shares will be registered. The record date will be Wednesday, 10 June 2026. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 8 June 2026.

RESERVES

Details of the movement in reserves of the Company and of the Group during the year are set out in note 38 to the consolidated financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

The Company's net reserves available for distribution, calculated in accordance with the Companies Act of the Cayman Islands, as consolidated and revised from time to time, as at 31 December 2025 amounted to RMB561,108,000 (2024: RMB589,242,000), which represented the retained earnings/accumulated losses and share premium.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 26 to the consolidated financial statements in the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 144.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Hui Ching Lau *(Chairman)*
Mr. Wong Wai Leung *(Chief Financial Officer)*
Mr. Wu Wenxu *(Chief Executive Officer)*

Non-Executive Directors

Mr. Sze Man Bok
Mr. Wu Huolu (retired on 16 May 2025)
Mr. Wu Yinhang

Independent Non-Executive Directors

Mr. Chan Yiu Fai Youdey
Mr. Paul Marin Theil
Ms. Tan Wenjie

Pursuant to the articles of association of the Company, all Directors appointed to fill a causal vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his or her appointment and shall then be eligible for re-election at that meeting. In addition, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, Mr. Sze Man Bok, Mr. Chan Yiu Fai Youdey and Mr. Paul Marin Theil shall retire by rotation at the 2026 AGM. Except Mr. Sze Man Bok and Mr. Paul Marin Theil who will not offer themselves for re-election, the remaining retiring Director, namely Mr. Chan Yiu Fai Youdey, being eligible, will offer himself for re-election at the 2026 AGM.

DIRECTORS' SERVICE AGREEMENT

Each of the executive Directors has respectively entered into a service contract with the Company for a term expiring on 7 July 2028. The service contract may be terminated in accordance with the respective terms of the service contract.

Non-executive Directors have entered into service contract with the Company on 20 June 2016 (as amended and supplemented on 20 May 2022) with no specific term, but subject to retirement and re-election provisions set out in the articles of association of the Company, which may be terminated by not less than one month's notice in writing served by either party.

Independent non-executive Directors were appointed pursuant to the respective letters of appointment for a term of three years. Except for Ms. Tan Wenjie, in which her appointment term will expire on 16 May 2027, the term of all other independent non-executive Directors will expire on 7 July 2028, all of which may be terminated by not less than one month's notice in writing served by either party.

None of the Directors of the Company has entered or has proposed to enter into any service contract with the Company or any member of the Group other than contracts expiring or terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENTS

The Group has a Directors' Remuneration Policy in place to determine the remuneration packages of Directors and senior management. The remuneration committee has been charged with the responsibility of making recommendations to the Board on the appropriated policy and structures for all aspects of the Directors' and senior management's remuneration. The remuneration committee also considers factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

Executive Directors' and senior management's remuneration package comprises fixed and variable components and other benefits including performance based bonuses, allowances and share options. Non-executive Directors and Independent Non-executive Directors are entitled to receive directors' fee, but are not entitled to performance based remuneration and share options.

Details of the remuneration of the Directors are set out in note 39 to the consolidated financial statements. There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

HUMAN RESOURCES AND MANAGEMENT

As at 31 December 2025, the Group had approximately 2,200 (2024: 2,400) employees. The Group aims to create a strong sense of community and a motivating environment for its employees to excel. The Group recruits employees based on a number of factors, including their educational background, work experience and vacancies within the Group. The Group determines employees' compensation based on their qualifications, work experience, position and performance. In addition to salaries, the Group provides a comprehensive range of staff benefits to its employees, including performance or contribution-based bonuses and allowances for meals and free dormitories. Besides, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

The Group also committed to continuing education and development of its employees, and the Group provides various education and training programs both internally and externally to cultivate its employees in improving their skills and developing their potential.

Remuneration of Directors and senior management of the Group is reviewed by the Company's remuneration committee against the Company's goals and objectives.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management are set out on pages 16 to 19.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 36 to the consolidated financial statements, no transactions, arrangements or 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 a Director of the Company or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year.

COMPETING BUSINESSES

As at 31 December 2025, none of the Directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under note 36 to the consolidated financial statements. None of them constitutes a disclosable transaction as defined under the Listing Rules.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2025, the interest and short positions of the Directors in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which the Directors have taken or deemed to have taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules to be notified to the Company and the Stock Exchange were set out below:

Long positions in the shares of the Company (the "Shares")

Name of Director	Note	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the Company (Note 1)
Mr. Hui Ching Lau	2	Interest of controlled corporation/corporate interest	425,806,219	56.49%
Mr. Sze Man Bok	3	Beneficial owner and founder of discretionary trust/personal and other interests	45,760,919	6.07%

Notes:

1. The percentages expressed are based on the total number of issued Shares (excluding treasury shares) of 753,796,557 as at 31 December 2025.

2. These 425,806,219 Shares are held and owned by Sure Wonder Limited, which is wholly owned by Mr. Hui Ching Lau and accordingly, Mr. Hui Ching Lau is deemed to be interested in the said 425,806,219 Shares.

3. These 45,760,919 Shares comprise 45,645,799 Shares held and owned by Tin Lee Investments Limited ("**Tin Lee**") and 115,120 Shares held and owned by Mr. Sze Man Bok. Tin Lee is a wholly owned subsidiary of Tin Wing Holdings Limited, which is wholly-owned by Hang Seng Bank (Trustee) Limited, the trustee of the Sze's Family Trust. Mr. Sze Man Bok is settlor and beneficiary of the Sze's Family Trust and accordingly, is deemed to be interested in the said 45,645,799 Shares.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change of information of the Directors is set out below:

The monthly remuneration of Mr. Hui Ching Lau, an executive Director, was adjusted from HK$5,000 to HK$0 with effect from 1 October 2024 retrospectively.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES OF THE COMPANY

As at 31 December 2025, so far as the Directors are aware, the following persons (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the Shares or short positions in the Shares and the underlying Shares, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, or to be notified to the Company, were as follows:

Long Positions in the Shares of the Company

Name of Substantial Shareholder	Note	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of interest in the Company (Note 1)
Sure Wonder Limited	2	Beneficial owner/beneficial interest	425,806,219	56.49%
Tin Lee Investments Limited	3	Beneficial owner/beneficial interest	45,645,799	6.06%
Hang Seng Bank (Trustee) Limited	3	Trustee/other interest	45,645,799	6.06%

Notes:

1. The percentages expressed are based on the total number of issued Shares (excluding treasury shares) of 753,796,557 as at 31 December 2025.

2. Mr. Hui Ching Lau, the Chairman and executive Director of the Company, is the sole director and sole shareholder of Sure Wonder Limited. His interest in Shares is disclosed in the "Directors' Interests in Securities" above.

3. Tin Lee Investments Limited is a wholly owned subsidiary of Tin Wing Holdings Limited which is wholly-owned by Hang Seng Bank (Trustee) Limited, the trustee of the Sze's Family Trust. Each of Tin Wing Holdings Limited and Hang Seng Bank (Trustee) Limited, and Mr. Sze Man Bok are deemed to be interested in 45,645,799 Shares held and owned by Tin Lee Investments Limited under the SFO. Mr. Sze's interest in Shares is disclosed in the "Directors' Interests in Securities" above.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Scheme**") on 16 May 2017 which is valid and effective for a period of 10 years commencing on the date of adoption of the Scheme. Further details of the Scheme are disclosed in note 27 to the consolidated financial statements.

(1) The terms of the Scheme are summarised as follows:

(i) Purpose of the Scheme
The purpose of the Scheme is to provide the participants with the opportunity to acquire proprietary interests in the Company, to encourage participants to work towards achieving performance targets in order to enhance the value of the Company and the Shares for the benefit of the Company and the Shareholders as a whole and at the same time allow participants to enjoy the results of the Company attained through their efforts and contribution, to retain participants who achieve such performance targets and attract human resources that are valuable to the Group. The Scheme will provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants.

(ii) Eligible Persons
Participants of the Scheme comprise of directors (including executive Director(s), non-executive Directors and independent non-executive Directors), officers and employees of any member of the Group as determined by the Board from time to time. The Directors may, at their discretion, invite participants to participate in the Scheme. In determining the basis of eligibility of each participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

(iii) Maximum Number of Shares Available for Issue
The maximum number of shares available for issue after considering the options already granted under the Scheme as at the date of the annual report are 47,569,655, representing 6.3% of total issued shares (excluding treasury shares) of the Company as at the date of this annual report, which are not more than 10% of the issued share capital of the Company (i.e. 47,569,655 shares) as at the date of the approval of the Scheme.

(iv) Maximum Entitlement of Each Participant

Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding Options, if any) in any 12-month period shall not exceed 1% of the Shares in issue. Any further grant of options to a participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding Options, if any) in the 12-month period up to and including the date of such further grant exceeding the said 1% limit shall be subject to Shareholders' approval in advance with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. A circular containing the information required under the Listing Rules must be sent to the Shareholders disclosing the identity of such participant and the number and terms of the options granted and to be granted.

Where any grant of Options to a substantial Shareholder or an independent non-Executive Director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding, if any) to such person in the 12 month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the shares then in issue; and

(b) having an aggregate value, based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of such grant, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange),

such further grant of options shall be subject to prior approval by the Shareholders. The proposed grantee, his associates and all core connected persons (as such terms are defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that such grantee, his associates or all core connected persons may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(v) Time on Exercise of Options

An option may be exercised in accordance with the terms of the Scheme and the offer of the grant of an option at any time commencing on the date of grant and expiring on such date as determined by the Board provided that the option may not be exercised after the expiration of 10 years from the date of grant.

(vi) Acceptance of Offer

An offer for the grant of options must be accepted for a period of 10 business days from the offer date and must be accompanied by payment of HK$1.00.

(vii) Subscription Prices
The subscription price for the shares shall be such price determined by the Board at its absolute discretion and notified to the Participant in the offer of option and shall be no less than the higher of:

(a) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of a share on the date of grant.

(viii) Remaining Life of the Scheme
The Scheme will remain in force before 16 May 2027.

The Company should also comply with the requirements under the Chapter 17 of the Listing Rules in respect of the matters of share options.

(2) The table below sets out movements in the share options granted under the Scheme during the year ended 31 December 2025:

	Number of share options							
Eligible person	**Balance as at 1/1/2025**	**Granted during the year**	**Exercised during the year**	**Cancelled or lapsed during the year**	**Balance as at 31/12/2025**	**Exercise price per share** HK$	**Date of grant** (DD/MM/YYYY)	**Exercisable period** (DD/MM/YYYY)
Directors								
Mr. Wong Wai Leung	48,000	–	–	(48,000)	–	2.19	23/08/2021	24/08/2024-23/08/2025
Mr. Wu Wenxu	120,000	–	–	(120,000)	–	2.19	23/08/2021	24/08/2024-23/08/2025
Other employees	2,716,000	–	–	(2,716,000)	–	2.19	23/08/2021	24/08/2024-23/08/2025
	2,884,000	–	–	(2,884,000)	–			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of exercise period.

2. The closing price of the Shares immediately before the date on which the share options being granted on 23 August 2021 was HK$2.19 respectively.

3. During the year, no options were granted, exercised or cancelled under the Scheme.

All share options granted on 23 August 2021 lapsed during the year ended 31 December 2025. There was no unamortised fair value charged to the consolidated income statement during the year ended 31 December 2025 (2024: RMB186,000). The Company does not have any outstanding share option under the Scheme as at the date of this report.

(3) The table below sets out the additional information in respect of the Scheme during the year ended 31 December 2025:

Number of options available for grant as at 1 January 2025	Number of options available for grant as at 31 December 2025	Number of outstanding options divided by weighted average number Shares in issue as at 31 December 2025
44,685,655	47,569,655	0%

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules for securities transactions by the Directors. Having made specific enquiries with all the Directors, they have confirmed compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2025.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed the independence of all the Independent Non-executive Directors and is satisfied of their independence.

AUDIT COMMITTEE

The audit committee, which comprises three Independent Non-executive Directors of the Company, has reviewed with the management in conjunction with the auditor, the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of audited consolidated financial statements of the Group for the year ended 31 December 2025.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers primarily comprise of distributors, direct key accounts and other retailers. The Group has maintained well-established relationships with its distributors and direct key accounts and leverages the strength of their distribution channels to efficiently distribute products and reach consumers in different regions of China.

The Group selects its suppliers based on price, product quality, safety and market reputation and typically collaborate with reliable and reputable suppliers of raw materials. The Group has had stable relationships with many of its suppliers of raw materials, and the Group generally has various sources of supply for each type of raw material to reduce the reliance on a single supplier and to make reference to prevailing market prices for the same raw material.

The percentages of purchases and sales for the year ended 31 December 2025 contributed by the Group's major suppliers and customers are as follows:

Purchases		
–	the largest supplier	3.7%
–	five largest suppliers combined	11.3%
Sales		
–	the largest customer	3.8%
–	five largest customers combined	13.1%

None of Directors, their close associates or substantial shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital (excluding any treasury shares)) were interested, at any time during the year, in the Group's five largest customers or suppliers.

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 a sufficient public float during the year ended 31 December 2025 under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

According to the articles of association of the Company, every director of the Company shall be entitled to be indemnified out of assets of the Company against all losses or liabilities incurred or sustained by him as a director in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted.

Save as disclosed herein, at no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

AUDITOR

The financial statements for the year ended 31 December 2025 have been audited by Baker Tilly Hong Kong Limited who shall hold office until the conclusion of the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting for reappointment of Baker Tilly Hong Kong Limited as auditor of the Company.

RAISING OF FUNDS AND USE OF PROCEEDS

The Company did not have any unutilised proceeds from fund raising activities brought forward from previous financial years and did not have any fund raising activity during the year ended 31 December 2025 and up to the date of this report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2025, the Company repurchased a total of 1,300,000 Shares on the Stock Exchange for an aggregate consideration of HKD1,647,960 before expenses, which are held as treasury shares (as defined under the Listing Rules) of the Company. Details of the Shares repurchased during the Reporting Period are as follows:

Month of purchase in 2025	Number of Shares bought back	Price paid per share Highest price paid (HKD)	 Lowest price paid (HKD)	Aggregate consideration (before expenses) (HKD)
August	320,000	1.27	1.26	406,250
October	443,000	1.30	1.22	557,160
November	357,000	1.30	1.25	455,520
December	180,000	1.30	1.23	229,030
Total	1,300,000			1,647,960

The Board believes that such Shares repurchased would benefit the Company and its shareholders, and would lead to an enhancement of the net value of the Company and its assets per share and/or its earnings per share. As at 31 December 2025, the Company held 1,300,000 treasury shares which are held for potential future resale or used for other purposes in compliance with the Listing Rules.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities or sold or transferred any of the Company's treasury shares during the year ended 31 December 2025.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There was no significant event of the Group occurred after the reporting period.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Details of the Company's environmental, social and governance practices are set out in the Environmental, Social and Governance Report of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year, the Group was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

On behalf of the Board
Qinqin Foodstuffs Group (Cayman) Company Limited

Hui Ching Lau
Chairman

Hong Kong, 18 March 2026

天職國際

Independent auditor's report to the shareholders of
Qinqin Foodstuffs Group (Cayman) Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 74 to 143, which comprise the consolidated balance sheet as at 31 December 2025, the consolidated income statement, the consolidated statement of 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, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Cayman Islands. 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 MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition — sales of goods	
During the year ended 31 December 2025, the Group recognised revenue from sales of goods amounting to RMB911.5 million. Revenue is recognised when the Group satisfies a performance obligation by transferring the control of promised good to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that good. We focused on this area due to the large volume of revenue transactions generated from sales of numerous kinds of products to a large number of customers, including direct customers and distributors in many different locations.	We understood, evaluated and validated management's key controls in respect of the Group's sales transactions. In addition, we tested the general control environment of the Group's information technology systems and the key automated controls that were related to capturing revenue transactions. We conducted testing of revenue transactions on a sample basis by examining the relevant supporting documents including customer contracts and orders, sales invoices and goods delivery notes. In addition, we circulated confirmations on a sample basis on trade receivables balances as at the balance sheet date. Furthermore, we tested sales transactions that took place shortly before and after the balance sheet date, by reconciling recognised revenue with the goods delivery notes, to assess whether revenue was recognised in the correct reporting periods.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report, but does not include 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 AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible 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. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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.

- 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 group 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 director on the audit resulting in this independent auditor's report is Chu, Johnny Chun Yin.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 18 March 2026
Chu, Johnny Chun Yin
Practising certificate number P08355

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Notes	**2025 RMB'000**	2024 RMB'000
Revenue	5	**911,461**	996,497
Cost of goods sold	6	**(661,814)**	(714,429)
Gross profit		**249,647**	282,068
Distribution cost and selling expenses	6	**(123,851)**	(128,236)
Administrative expenses	6	**(137,149)**	(140,291)
Other income and other gains — net	8	**12,525**	6,618
Operating profit		**1,172**	20,159
Finance income	9	**9,921**	12,781
Finance costs	9	**(9,206)**	(8,743)
Finance income — net		**715**	4,038
Share of net loss of an associate	19	**(709)**	(133)
Profit before income tax		**1,178**	24,064
Income tax expense	10	**(3,419)**	(2,934)
(Loss)/profit for the year		**(2,241)**	21,130
(Loss)/earnings per share			
— Basic (loss)/earnings per share (expressed in RMB per share)	11	**RMB(0.003)**	RMB0.028
— Diluted (loss)/earnings per share (expressed in RMB per share)	11	**RMB(0.003)**	RMB0.028

The notes on pages 80 to 143 are an integral part of these consolidated financial statements.

For the year ended 31 December 2025

	Note	**2025** **RMB'000**	2024 RMB'000
(Loss)/profit for the year		**(2,241)**	21,130
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Gain on revaluation of investment properties, net of tax	16	**5,229**	1,044
Fair value losses on financial assets at fair value through other comprehensive income, net of tax	20	**(1,275)**	(3,837)
Other comprehensive income/(loss) for the year, net of tax		**3,954**	(2,793)
Total comprehensive income for the year		**1,713**	18,337

The notes on pages 80 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

	Notes	As at 31 December 2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	**887,330**	1,011,799
Construction-in-progress	14	**9,257**	15,407
Right-of-use assets	15	**50,581**	70,465
Investment properties	16	**88,234**	34,232
Intangible assets	17	**1,091**	1,417
Prepayments for non-current assets	18	**6,538**	5,852
Deferred income tax assets	31	**21,774**	22,027
Investment in an associate	19	**9,561**	10,270
Financial assets at fair value through other comprehensive income	20	**17,167**	18,867
		1,091,533	1,190,336
Current assets			
Inventories	22	**110,277**	129,174
Trade receivables	23	**24,199**	15,037
Other receivables, prepayments and deposits	23	**11,614**	17,795
Financial assets at fair value through profit or loss	24	**2,000**	2,000
Current income tax recoverable		**—**	1,977
Restricted bank deposits	25	**31,260**	43,171
Cash and bank balances	25	**456,812**	544,375
		636,162	753,529
Assets classified as held for sale	32	**23,570**	—
		659,732	753,529
Total assets		**1,751,265**	1,943,865
Equity			
Share capital	26	**6,433**	6,433
Other reserves	28	**691,993**	699,907
Retained earnings		**506,544**	513,521
Total equity		**1,204,970**	1,219,861

	Notes	As at 31 December 2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	30	**84,320**	143,734
Deferred income tax liabilities	31	**3,195**	8,854
		87,515	152,588
Current liabilities			
Trade and bills payables	29	**276,048**	316,148
Other payables and accrued charges	29	**96,812**	160,804
Contract liabilities	5(3)	**56,556**	65,731
Current income tax liabilities		**6,289**	—
Borrowings	30	**22,960**	28,733
		458,665	571,416
Liabilities associated with assets classified as held for sale	32	**115**	—
		458,780	571,416
Total liabilities		**546,295**	724,004
Total equity and liabilities		**1,751,265**	1,943,865

The notes on pages 80 to 143 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 74 to 143 were approved by the Board of Directors on 18 March 2026 and were signed on its behalf.

Hui Ching Lau
Director

Wong Wai Leung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Notes	Equity attributable to equity shareholders of the Company			
		Share capital	**Other reserves**	**Retained earnings**	**Total equity**
		RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		6,433	698,508	496,397	1,201,338
Total comprehensive (loss)/income					
Profit for the year		—	—	21,130	21,130
Other comprehensive (loss)/income					
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		—	(3,837)	—	(3,837)
Gain on revaluation of an investment property, net of tax		—	1,044	—	1,044
Total comprehensive (loss)/income for the year		—	(2,793)	21,130	18,337
Transactions with equity holders					
Equity-settled share-based payment expenses	27	—	186	—	186
Appropriation to statutory reserves	28	—	4,006	(4,006)	—
Total transactions with equity holders		—	4,192	(4,006)	186
Balance at 31 December 2024 and 1 January 2025		6,433	699,907	513,521	1,219,861
Total comprehensive income/(loss)					
Loss for the year		—	—	(2,241)	(2,241)
Other comprehensive income/(loss)					
Fair value losses on financial assets at fair value through other comprehensive income, net of tax		—	(1,275)	—	(1,275)
Gain on revaluation of investment properties, net of tax		—	5,229	—	5,229
Total comprehensive income/(loss) for the year		—	3,954	(2,241)	1,713
Transactions with equity holders					
Dividends recognised as distributions	28	—	(15,102)	—	(15,102)
Appropriation to statutory reserves	28	—	4,736	(4,736)	—
Repurchase of shares	26	—	(1,502)	—	(1,502)
Total transactions with equity holders		—	(11,868)	(4,736)	(16,604)
Balance at 31 December 2025		6,433	691,993	506,544	1,204,970

The notes on pages 80 to 143 are an integral part of these consolidated financial statements.

For the year ended 31 December 2025

	Notes	Year ended 31 December 2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	33(a)	**13,389**	272,092
Interest paid		**(5,431)**	(7,058)
Income tax paid		**(1,878)**	(7,782)
Net cash generated from operating activities		**6,080**	257,252
Investing activities			
Settlement of term deposits		**134,378**	254,574
Interest received from bank deposits		**9,921**	12,040
Proceeds from disposal of property, plant and equipment	33(b)	**35,004**	1,854
Placement of term deposits		**(92,044)**	(294,373)
Placement of restricted bank deposits		**—**	(43,171)
Purchase of property, plant and equipment, including additions of construction-in-progress		**(65,969)**	(85,250)
Withdrawal of restricted bank deposits		**11,911**	—
Net cash generated from/(used in) investing activities		**33,201**	(154,326)
Financing activities			
Dividend paid	12	**(15,102)**	—
Repurchase of shares	26	**(1,502)**	—
Repayment of borrowings	33(c)	**(65,187)**	(119,827)
Net cash used in financing activities		**(81,791)**	(119,827)
Net decrease in cash and cash equivalents		**(42,510)**	(16,901)
Cash and cash equivalents at beginning of the year		**455,507**	471,667
Effect of foreign exchange rate changes in cash and cash equivalents		**(2,719)**	741
Cash and cash equivalents at end of the year	25	**410,278**	455,507

The notes on pages 80 to 143 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") was incorporated in the Cayman Islands on 14 January 2016 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of the Company's registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of the Company's principal business place is Unit 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Admiralty, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the "**Group**") are principally engaged in the manufacturing, distribution and sale of food and snack products in the People's Republic of China (the "**PRC**").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 8 July 2016.

The ultimate holding company of the Company is Sure Wonder Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Hui Ching Lau. The ultimate controlling party of the Group is Mr. Hui Ching Lau.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(1) Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties and certain financial assets measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(2) Changes in accounting policies

(i) Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

The Group has applied the following amendments to a HKFRS Accounting Standard for the first time for their annual reporting period commencing on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability

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

(ii) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The following new and amendments to HKFRS Accounting Standards relevant to the Group have been issued but are not effective for the financial year beginning on 1 January 2025 and have not been early adopted by the Group:

Standards		**Effective for annual periods beginning on or after**
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(2) Changes in accounting policies *(Continued)*

(ii) New and amendments to HKFRS Accounting Standards in issue but not yet effective (Continued)

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

Except for the above, no significant impact on the financial performance and position of the Group is expected when these new or amendments to HKFRS Accounting Standards become effective.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(3) Subsidiaries

(i) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and statement of changes in equity respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(3) Subsidiaries *(Continued)*

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(4) Associate

Associate is an entity over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Equity method

Under the equity method of accounting, the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investee have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investment is tested for impairment in accordance with the policy described in Note 2(12).

Change in ownership interests

When the Group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(5) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors of the Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as being the chief operating decision maker who makes strategic decisions.

(6) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's and its subsidiaries' functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" and "finance costs", where applicable. All other foreign exchange gains and losses are presented in the consolidated income statement within "other income and other gains — net".

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(6) Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

— Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

— All resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(7) Property, plant and equipment

Buildings comprise mainly factories, warehouses and offices. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Construction-in-progress represents buildings, plant and equipment under construction or pending installation and is stated at cost less accumulated impairment losses. Cost includes the costs of construction and acquisition. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(7) Property, plant and equipment *(Continued)*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Machineries	10 - 20 years
Office equipment, furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other income and other gains — net" in the consolidated income statement.

(8) Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods of the lease. Amortisation of land use rights is calculated on a straight-line basis over the period of the leases.

(9) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. Property held by the lessee as a right-of-use asset for long-term rental yields or for capital appreciation or both is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is determined an open market value basis at the end of each reporting period. Changes in fair value are recognised in the consolidated income statement.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a property revaluation reserve.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(10) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(10) Leases *(Continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Leases for which the Group is a lessor are classified as operating leases. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

(11) Intangible assets — Computer softwares

Computer softwares represent purchased softwares initially recognised at historical cost and are amortised over their estimated useful lives (10 years).

(12) Impairment of investments in subsidiaries and non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, i.e. the cash-generating units ("**CGUs**"). Non-financial assets that suffered an impairment are reviewed for possible reversal of an impairment at the balance sheet date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(13) Financial assets

(i) Classification

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

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

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

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

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and other gains — net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(13) Financial assets *(Continued)*

(iii) Measurement (Continued)

Equity instruments

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

Changes in the fair value of financial assets at FVPL are recognised in other income and other gains — net in the consolidated income statement as applicable.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see Note 3(1)(ii)(b) for further details).

(14) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(15) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventory excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(16) Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3(1)(ii)(b) for the description of the Group's impairment policies.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(17) Cash and cash equivalents

In the consolidated statement of cash flow, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(18) Share capital and treasury shares

Ordinary shares are classified as equity.

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

Repurchase of the Company's own equity instruments is recognised as treasury shares and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(19) Trade, bills and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade, bills and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(20) Borrowings

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(20) Borrowings *(Continued)*

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

Borrowings are classified as current liabilities unless, at the balance sheet date, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

(21) Borrowing costs

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

(22) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the jurisdictions where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(22) Current and deferred income tax *(Continued)*

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(23) Employee benefits

(i) Short-term obligation

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the balance sheet date in which the employees render the related service are recognised in respect of employees' services up to the balance sheet date and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(ii) Pension obligations

The employees of the Group in the PRC are covered by the government-sponsored defined contribution pension plan under which the retired employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to the pension plan. Under the pension plan, the Group has no obligation for post-retirement benefits beyond the contributions made. The contributions are recognised as employee benefit expense when they are due.

The Group's subsidiary in Hong Kong operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. The assets of the MPF Scheme are held separately from those of the subsidiary in an independently administered fund. The subsidiary's employer contributions vest fully with the employees when contributed into the MPF Scheme. There are no forfeited contributions to offset existing contributions under the MPF Scheme.

(iii) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period, and recognised as employee benefit expense when they are due.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(22) Current and deferred income tax *(Continued)*

(iv) Share-based compensation

The Group operates an equity-settled share-based payment plan. The fair value of the employee services received in exchange for the grant of the options to purchase shares of the Company is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (e.g. profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account.

When the share options are lapsed or forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share option reserve.

(24) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(25) Revenue recognition and other income

(i) Sale of goods

The Group manufactures, distributes and sells food and snack products. Revenue is recognised when control of the products has transferred, being when the products are delivered and the customers have inspected and accepted the products. Customers have full discretion over the channel and price to sell the products, and there is no more unfulfilled obligation that could affect the acceptance of the products. Delivery occurs when the products have been shipped to the specific location. The risks of obsolescence and loss have been transferred to the customers when either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's products are often sold with retrospective volume discounts based on aggregate sales over a period of time. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in other payables and accrued charges) is recognised for expected volume discounts payable to customers in relation to sales made.

Most of the sales were made with advance payment, and no element of financing is deemed present as the remaining sales are made with credit terms of 30 to 90 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered and the customers has inspected and accepted the products as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income other gains — net.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(26) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(27) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are presented in the consolidated balance sheet by deducting the grant in arriving at the carrying amount of the asset and are recognised in the consolidated income statement on a straight-line basis over the life of a depreciable asset as a reduced depreciation expense.

(28) Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the balance sheet date but not distributed at the balance sheet date.

(29) Non-current assets and disposal groups held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(29) Non-current assets and disposal groups held for sale *(Continued)*

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 and deferred tax assets which continue to be measured in accordance with the accounting policies as set out in respective sections.

3 FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

(a) Foreign exchange risk

The Group operates primarily in the PRC and the functional currency of majority of the companies in the Group is RMB. Foreign exchange risk arises mainly from future commercial transactions of sales and purchases with overseas customers and suppliers by the Group and recognised assets or liabilities, such as cash and cash equivalents, term deposits, trade and other receivables of the Group, which are denominated in Hong Kong Dollar ("**HKD**"), United States Dollar ("**USD**") and other currencies that are not the functional currency of the relevant companies in the Group.

As at 31 December 2025, if RMB had strengthened/weakened by 5% against the foreign currencies with all other variables unchanged, the Group's profit before income tax would have been RMB5,179,000 (2024: RMB4,756,000) lower/higher.

(b) Cash flow and fair value interest rate risk

Except for cash and cash equivalents, restricted bank deposits, term deposits and borrowings, the Group has no other significant interest-bearing assets and liabilities. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group has not used any financial instruments to hedge its exposure to cash flow interest rate risk.

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits, term deposits, fixed-rate bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and Loan Prime Rate ("**LPR**") arising from the Group's RMB denominated borrowings.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Financial risk factors *(Continued)*

(ii) Credit risk

Credit risk arises from bank balances, restricted bank deposits, trade and other receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions.

(a) Risk management

Credit risk is managed on a group basis. All bank balances and restricted bank deposits were placed with or entered into with highly reputable and sizable banks and financial institutions without significant credit risk. Majority of the Group's sales are settled in cash by its customers on or before delivery of goods. Credit sales are made only to selected customers with good credit history. The Group has policies in place to ensure that settlement of trade receivables are followed up on a timely basis.

The Group has no significant concentrations of credit risk. The carrying amounts of bank balances, restricted bank deposits, trade receivables and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

The table below shows the bank balances and restricted bank deposits with counterparties as at 31 December 2025 and 2024:

	2025 **RMB'000**	2024 RMB'000
Counterparties		
— Big 4 state-owned banks (Note)	**70,640**	129,186
— Other reputable and sizeable domestic commercial banks	**365,934**	456,101
— Highly reputable and sizeable foreign-owned banks	**51,498**	2,259
	488,072	587,546

Note: Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Financial risk factors *(Continued)*

(ii) Credit risk

(b) Impairment of financial assets

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

- trade receivables for sales of goods, and
- other financial assets at amortised cost.

While bank balances and restricted bank deposits were also subject to the impairment requirements of HKFRS 9, no impairment loss was identified.

Trade receivables

The Group applied the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the ageing profiles of trade receivables over a period of 36 months before 31 December 2025 and 31 December 2024 respectively. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The expected credit losses on trade receivables is assessed as immaterial as at 31 December 2025 and 2024.

Other financial assets at amortised cost

There is no loss allowance for other financial assets at amortised cost as at 31 December 2025 and 2024.

(iii) Liquidity risk

Cash flow is managed at Group level by head office finance department ("**Group Finance**"). Group Finance monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs at all times and does not breach borrowing limits or covenants on any of its borrowing facilities. Group Finance usually takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Group Finance mainly invests surplus cash in time deposits, with appropriate maturities.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Financial risk factors *(Continued)*

(iii) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Weighted average interest rates	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2025							
Trade and bills payables		**276,048**	**—**	**—**	**—**	**276,048**	**276,048**
Other payables (excluding non-financial liabilities)		**17,934**	**—**	**—**	**—**	**17,934**	**17,934**
Borrowings	**2.78%**	**25,482**	**26,954**	**61,304**	**—**	**113,740**	**107,280**
		319,464	**26,954**	**61,304**	**—**	**407,722**	**401,262**
At 31 December 2024							
Trade and bills payables		315,770	378	—	—	316,148	316,148
Other payables (excluding non-financial liabilities)		74,191	—	—	—	74,191	74,191
Borrowings	2.71%	32,678	42,478	105,233	4,981	185,370	172,467
		422,639	42,856	105,233	4,981	575,709	562,806

(2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase of shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated on the basis of the net borrowings as a percentage of the total shareholders' equity. As the Group was in net cash position as at 31 December 2025 and 2024, no gearing ratio was presented.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2025 and 2024:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at FVPL		
— Level 3	**2,000**	2,000
Financial assets at FVOCI		
— Level 3	**17,167**	18,867
	19,167	20,867

During the years ended 31 December 2025 and 2024, there were no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

The fair values of level 3 financial assets are mainly derived from valuation technique using an unobservable range of data. In estimating the fair value of a financial asset under level 3, the Group engages an external valuer or establishes appropriate valuation techniques internally to perform the valuations which are reviewed by management.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Fair value estimation *(Continued)*

The following table provides further information regarding the valuation of material financial assets under level 3.

	Fair value as at 31 December 2025 RMB'000	2024 RMB'000	Valuation technique	Significant unobservable inputs	Input values	Sensitivity analysis
Financial assets at FVPL						
— Unlisted equity investment	**2,000**	2,000	Market approach	Enterprise value to sales ratio	3.05 (2024: 3.05)	An increase in enterprise value to sales ratio would result in an increase in the fair value
Financial assets at FVOCI						
— Unlisted equity investments	**12,000**	14,000	Discounted cashflow	Discount rate	13% (2024: 13%)	An increase in discount rate would result in a decrease in the fair value
	5,167	4,867	Market approach	Enterprise value to sales ratio	0.72 (2024: 0.86)	An increase in enterprise value to sales ratio would result in an increase in the fair value

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Fair value estimation *(Continued)*

The following table presents the changes in level 3 instruments for the years ended 31 December 2025 and 2024:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Opening Balance	**20,867**	25,561
Fair value changes — loss to other comprehensive income	**(1,700)**	(4,694)
Closing balance	**19,167**	20,867

Reconciliation of level 3 fair value measurements:

	Financial assets at FVPL	**Financial assets at FVOCI**
	RMB'000	RMB'000
At 1 January 2024	2,000	23,561
Total fair value losses — in other comprehensive income	—	(4,694)
At 31 December 2024 and 1 January 2025	2,000	18,867
Total fair value losses — in other comprehensive income	—	(1,700)
At 31 December 2025	2,000	17,167

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and are that are believed to be reasonable under the circumstances.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(2) Impairment of property, plant and equipment

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in Note 2(12). The recoverable amount of a CGU has been determined based on higher of value-in-use and fair value less costs to sell.

The Group measured the value-in-use and fair value less costs to sell by discounting the future estimated cash flow deriving from the property, plant and equipment. These calculations required the Group to estimate the expected future cash flows from the CGUs and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

(3) Impairment of financial assets

The expected credit loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the balance sheet date.

(4) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market, such as equity interest classified as FVOCI and equity interest classified as FVPL are determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

(5) Estimation of fair value of investment properties

The best evidence of fair value is current price in an active market of similar leases or transactions. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from fair market value by reference to independent valuation. This conclusion is supported by an independent professionally qualified valuer who was engaged by the Group during the year to perform valuation on the Group's investment properties. The carrying amount of the investment properties at 31 December 2025 was RMB88,234,000 (2024: RMB34,232,000).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates *(Continued)*

(6) Current tax and deferred tax

The Group is subject to income taxes in the PRC and in Hong Kong. Significant judgement is required in determining the provision for income taxes. There may be some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

4.2 Critical accounting judgements

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

5 REVENUE AND SEGMENT INFORMATION

(1) Description of segments

The Board of Directors of the Company monitors the gross profit of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

i. Jelly Products
ii. Crackers and Chips
iii. Seasoning Products
iv. Confectionery and Other Products

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(2) Segments results

	Year ended 31 December 2025				
	Jelly products RMB'000	Crackers and chips RMB'000	Seasoning products RMB'000	Confectionery and other products RMB'000	Group RMB'000
Revenue — recognised at a point in time					
Sales to external customers	**486,652**	**297,047**	**62,191**	**65,571**	**911,461**
Cost of goods sold	**(358,297)**	**(211,018)**	**(40,035)**	**(52,464)**	**(661,814)**
Results of reportable segments	**128,355**	**86,029**	**22,156**	**13,107**	**249,647**

A reconciliation of results of reportable segments to loss for the year is as follows:

Results of reportable segments	**249,647**
Distribution cost and selling expenses	**(123,851)**
Administrative expenses	**(137,149)**
Other income and other gains — net	**12,525**
Finance income	**9,921**
Finance costs	**(9,206)**
Share of net loss of an associate	**(709)**
Profit before income tax	**1,178**
Income tax expense	**(3,419)**
Loss for the year	**(2,241)**

Other segment information is as follows:

	Jelly products RMB'000	Crackers and chips RMB'000	Seasoning products RMB'000	Confectionery and other products RMB'000	Group RMB'000
Depreciation and amortisation charges					
Allocated	**44,252**	**24,100**	**5,616**	**7,537**	**81,505**
Unallocated					**65**
					81,570
Capital expenditures					
Allocated	**16,991**	**11,651**	**5,524**	**1,541**	**35,707**
Unallocated					**—**
					35,707

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(2) Segments results *(Continued)*

	Year ended 31 December 2024				
	Jelly products RMB'000	Crackers and chips RMB'000	Seasoning products RMB'000	Confectionery and other products RMB'000	Group RMB'000
Revenue — recognised at a point in time					
Sales to external customers	530,638	311,725	73,684	80,450	996,497
Cost of goods sold	(378,837)	(225,393)	(48,079)	(62,120)	(714,429)
Results of reportable segments	151,801	86,332	25,605	18,330	282,068

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	282,068
Distribution cost and selling expenses	(128,236)
Administrative expenses	(140,291)
Other income and other gains — net	6,618
Finance income	12,781
Finance costs	(8,743)
Share of net loss of an associate	(133)
Profit before income tax	24,064
Income tax expense	(2,934)
Profit for the year	21,130

Other segment information is as follows:

	Jelly products RMB'000	Crackers and chips RMB'000	Seasoning products RMB'000	Confectionery and other products RMB'000	Group RMB'000
Depreciation and amortisation charges					
Allocated	45,351	26,501	5,701	8,334	85,887
Unallocated					81
					85,968
Capital expenditures					
Allocated	4,716	2,441	2,550	3,203	12,910
Unallocated					9
					12,919

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(2) Segments results *(Continued)*

Geographical information

Over 90% of the Group's revenue and operating profit were generated from the sales in the PRC and over 90% of the Group's non-current assets were located in the PRC, therefore no geographical information is presented in accordance with HKFRS 8 'Operating Segments'.

Major customers

None of the Group's sales to a single customer accounting to 10% or more of the Group's total revenue for both years, therefore no major customer information is presented in accordance with HKFRS 8 'Operating Segments'.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the Board of Directors of the Company for review.

(3) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2025 **RMB'000**	2024 RMB'000
Contract liabilities — advances from customers	**56,556**	65,731

As at 1 January 2024, contract liabilities amounted to RMB83,366,000.

The following table shows how much of the revenue recognised in the current financial year that was related to carried-forward contract liabilities:

	2025 **RMB'000**	2024 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**65,731**	83,366

The Group elected to apply the practical expedient in HKFRS 15.121(a) and omitted the disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

6 EXPENSES BY NATURE

Expenses included in cost of goods sold, distribution cost and selling expenses and administrative expenses were analysed as follows:

	2025 RMB'000	2024 RMB'000
Raw materials and consumables used	**433,506**	490,083
Changes in inventories of work-in-progress and finished goods	**15,166**	6,445
Employee benefit expense, including directors' emoluments (note 7)	**191,453**	196,798
Utilities and various office expenses	**83,319**	90,670
Transportation and packaging expenses	**54,349**	56,960
Depreciation of property, plant and equipment (note 13)	**79,828**	83,715
Travelling expenses	**16,358**	18,136
Marketing and advertising expenses	**12,299**	8,037
Research and development expenses	**6,543**	6,052
(Reversal of)/provision for decline in value of inventories (note 22)	**(501)**	1,006
Short-term lease expenses (note 15)	**966**	1,222
Amortisation of right-of-use assets (note 15)	**1,416**	1,876
Auditor's remuneration	**1,300**	1,260
Amortisation of intangible assets (note 17)	**326**	377
Others	**26,486**	20,319
Total cost of goods sold, distribution cost and selling expenses and administrative expenses	**922,814**	982,956

7 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS

	2025 RMB'000	2024 RMB'000
Salaries and bonuses, housing allowances, other allowances and benefits in kind	**169,135**	176,842
Equity-settled share-based payment expense (note 27)	**—**	186
Pension, housing fund allowances, medical insurance and other social benefits	**22,318**	19,770
Total employee benefit expenses	**191,453**	196,798

7 EMPLOYEE BENEFIT EXPENSE, INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included two (2024: two) directors, details of whose emoluments are reflected in the analysis presented in note 39. The emoluments payable to the remaining three (2024: three) individuals during the year were as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**963**	892
Discretionary bonuses	**276**	206
Contribution to pension schemes	**42**	44
Equity-settled share-based payment expense	**—**	2
	1,281	1,144

The emoluments fell within the following band:

	Numbers of the individual	
	2025	2024
Emolument band		
Within HKD1,000,000	**3**	3

8 OTHER INCOME AND OTHER GAINS — NET

	2025 RMB'000	2024 RMB'000
Government grants	**5,105**	1,754
Net fair value gain on investment properties (note 16)	**1,128**	3,287
Compensation payment from suppliers	**1**	58
Gain on early termination of a lease contract	**—**	3,061
Impairment loss of construction-in-progress (note 32)	**(6,683)**	—
Penalty income	**976**	1,083
Gains on write-off of payables	**788**	337
Gains/(losses) on disposal of property, plant and equipment — net (note 33(b))	**5,084**	(6,026)
Operating lease income	**6,708**	4,060
Others	**(582)**	(996)
	12,525	6,618

Government grants received during the year primarily comprised financial subsidies received from various local government authorities in the PRC. There are no unfulfilled conditions or contingencies relating to these government grants.

9 FINANCE INCOME AND FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Finance income:		
Exchange gains, net	**—**	741
Interest income from bank deposits	**9,921**	12,040
	9,921	12,781
Finance costs:		
Interest expense for borrowings	**(5,431)**	(7,058)
Interest expense for lease liabilities	**—**	(151)
Exchange losses, net	**(2,719)**	—
Other finance charges	**(1,056)**	(1,534)
	(9,206)	(8,743)
Finance income — net	**715**	4,038

10 INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 RMB'000	2024 RMB'000
Current income tax — PRC Enterprise Income Tax ("**EIT**")	**1,083**	1,635
Current income tax — PRC withholding tax	**1,377**	762
Deferred income tax, net (note 31)	**959**	537
Income tax expense	**3,419**	2,934

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory income tax rate of the Company and its PRC subsidiaries is 25% for both years.

Deferred income tax is calculated on temporary differences under the liability method using the prevailing tax rates applicable to the PRC subsidiaries of the Group.

The profits of PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors in Hong Kong.

10 INCOME TAX EXPENSE *(Continued)*

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB42,891,000 (2024: RMB45,766,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. As at 31 December 2025, deferred income tax liabilities of approximately RMB2,145,000 (2024: RMB2,288,000) have not been recognised for the withholding tax that would be payable on such unremitted earnings of those PRC subsidiaries.

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

	2025 **RMB'000**	2024 RMB'000
Profit before income tax	**1,178**	24,064
Tax calculated at tax rates applicable to profits of the Group's companies	**470**	5,987
Income not subject to tax	**(1,637)**	(2,012)
Expenses not deductible	**663**	436
Tax effect of tax losses not recognised	**6,824**	2,089
Utilisation of tax losses previously not recognised	**(3,837)**	(4,082)
Withholding tax levied on dividend paid	**1,377**	762
Others	**(441)**	(246)
Income tax expense	**3,419**	2,934

11 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025 RMB'000	2024 RMB'000
(Loss)/profit attributable to equity shareholders of the Company (RMB'000)	**(2,241)**	21,130
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**754,857,499**	755,096,557
Basic (loss)/earnings per share	**RMB(0.003)**	RMB0.028

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share for the years ended 31 December 2025 and 2024, as the share options had no dilutive effect on ordinary shares for the year because the exercise price of the Company's share options was higher than the average market price of the Company's shares in the year.

12 DIVIDENDS

The final dividend in respect of the year ended 31 December 2024 of RMB0.02 per share (equivalent to HKD0.021668 per share), amounting to RMB15,102,000 in aggregate, was approved by the shareholders of the Company at the annual general meeting held on 16 May 2025, and subsequently paid in June 2025.

A final dividend in respect of the year ended 31 December 2025 of RMB0.03 per share, amounting to approximately RMB22,614,000 was proposed by the Board of Directors at a meeting held on 18 March 2026, subject to the final approval by the shareholders of the Company at the annual general meeting to be held on 18 May 2026. These financial statements do not reflect this dividend payable.

The proposed final dividend of RMB0.03 per share, which will be payable in HKD by cash, is equivalent to HKD0.034063 per share in accordance with the average exchange rate of HKD to RMB as announced by the People's Bank of China on 17 March 2026, the business day preceding the date of this report.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machineries RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2025					
Cost	**987,861**	**408,197**	**43,685**	**1,171**	**1,440,914**
Accumulated depreciation	**(248,102)**	**(151,925)**	**(28,437)**	**(651)**	**(429,115)**
Net book amount	**739,759**	**256,272**	**15,248**	**520**	**1,011,799**
Year ended 31 December 2025					
Opening net book amount	**739,759**	**256,272**	**15,248**	**520**	**1,011,799**
Additions	**3,056**	**5,448**	**6,246**	**245**	**14,995**
Transfer from construction-in-progress (note 14)	**10,881**	**3,586**	**22**	**—**	**14,489**
Transfer to investment properties (note 16)	**(44,205)**	**—**	**—**	**—**	**(44,205)**
Depreciation for the year (note 6)	**(41,036)**	**(28,172)**	**(10,453)**	**(167)**	**(79,828)**
Disposals	**(16,513)**	**(12,804)**	**(526)**	**(77)**	**(29,920)**
Closing net book amount	**651,942**	**224,330**	**10,537**	**521**	**887,330**
At 31 December 2025					
Cost	**923,146**	**371,531**	**47,803**	**1,149**	**1,343,629**
Accumulated depreciation	**(271,204)**	**(147,201)**	**(37,266)**	**(628)**	**(456,299)**
Net book amount	**651,942**	**224,330**	**10,537**	**521**	**887,330**

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Machineries RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2024					
Cost	947,410	398,130	39,874	1,355	1,386,769
Accumulated depreciation	(201,436)	(124,799)	(24,437)	(971)	(351,643)
Net book amount	745,974	273,331	15,437	384	1,035,126
Year ended 31 December 2024					
Opening net book amount	745,974	273,331	15,437	384	1,035,126
Additions	—	6,807	2,969	340	10,116
Transfer from construction-in-progress (note 14)	51,473	5,324	1,355	—	58,152
Depreciation for the year (note 6)	(50,080)	(29,117)	(4,366)	(152)	(83,715)
Disposals	(7,608)	(73)	(147)	(52)	(7,880)
Closing net book amount	739,759	256,272	15,248	520	1,011,799
At 31 December 2024					
Cost	987,861	408,197	43,685	1,171	1,440,914
Accumulated depreciation	(248,102)	(151,925)	(28,437)	(651)	(429,115)
Net book amount	739,759	256,272	15,248	520	1,011,799

Depreciation expenses have been charged to the consolidated income statement as follows:

	2025 RMB'000	2024 RMB'000
Manufacturing overheads included in cost of goods sold	**44,602**	46,128
Distribution and selling expenses	**22**	37
Administrative expenses	**35,204**	37,550
	79,828	83,715

As at 31 December 2025, certain land use rights (note 15) and buildings of the Group, with a total net book value of RMB264,172,000 (2024: RMB362,866,000), were pledged as security for borrowings amounting to RMB107,280,000 (2024: RMB163,967,000) of the Group as disclosed in note 30.

14 CONSTRUCTION-IN-PROGRESS

	2025 **RMB'000**	2024 RMB'000
At 1 January	**15,407**	99,586
Additions	**20,712**	2,803
Transfer to property, plant and equipment (note 13)	**(14,489)**	(58,152)
Transfer to investment properties (note 16)	**—**	(28,830)
Transfer to assets classified as held for sale (note 32)	**(12,373)**	—
At 31 December	**9,257**	15,407

15 LEASES (INCLUDING LAND USE RIGHTS)

Right-of-use assets as at year end:

	2025 **RMB'000**	2024 RMB'000
Right-of-use assets		
Land use rights	**50,581**	70,465

Movements of right-of-use assets during the year are analysed as follows:

	Buildings RMB'000	**Land use rights** RMB'000	**Total** RMB'000
At 1 January 2024	4,363	72,960	77,323
Transfer to investment properties (note 16)	—	(723)	(723)
Early termination of a lease contract (note (b))	(4,259)	—	(4,259)
Amortisation charges (note 6)	(104)	(1,772)	(1,876)
At 31 December 2024 and 1 January 2025	—	70,465	70,465
Transfer to investment properties (note 16)	—	(1,696)	(1,696)
Transfer to assets classified as held for sale (note 32)	—	(16,772)	(16,772)
Amortisation charges (note 6)	—	(1,416)	(1,416)
At 31 December 2025	—	50,581	50,581

Note (a): As at 31 December 2025, certain land use rights of the Group that are situated within the Jinjiang Industrial Zone, Fujian Province, the PRC, with carrying amount of approximately RMB5,744,000 (2024: RMB5,892,000) were still in the process of applying for the ownership certificates.

Note (b): In previous years, the Group leased a production property with rental period of 10 years. The lease was early terminated during the year ended 31 December 2024.

15 LEASES (INCLUDING LAND USE RIGHTS *(Continued)*

The total cash outflow for short-term leases in 2025, not considering the receipt of government grant, was RMB966,000 (2024: RMB1,222,000).

The Group leases various office, warehouses and staff dormitory. Rental contracts are typically made for fixed periods within 1 year.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

16 INVESTMENT PROPERTIES

	RMB'000
Fair value	
At 1 January 2024	—
Transfer from construction-in-progress (note 14)	28,830
Transfer from right-of-use assets (note 15)	723
Surplus on valuation	1,392
Increase in fair value recognised in profit or loss (note 8)	3,287
At 31 December 2024 and 1 January 2025	34,232
Transfer from property, plant and equipment (note 13)	44,205
Transfer from right-of-use assets (note 15)	1,696
Surplus on valuation	6,973
Increase in fair value recognised in profit or loss (note 8)	1,128
At 31 December 2025	88,234

During the year ended 31 December 2025, the Group transferred certain factory units located in the PRC classified under property, plant and equipment and right-of-use assets (2024: construction-in-progress and right-of-use assets) to investment properties and leased them to independent third parties for rental income. Upon transfer to investment properties, the assets were revalued with a surplus on valuation of RMB6,973,000 (2024: RMB1,392,000) credited to property revaluation reserve.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The Group leases out these factory units under operating leases with rentals payable monthly with lease term of 1 to 10 years. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair value of the Group's investment properties at the date of transfer and at 31 December 2025 and 2024 was determined by independent qualified professional valuers. The Group Finance works closely with the professional valuers to establish the appropriate valuation techniques and inputs to the model. The team reports the findings to the senior management and the audit committee of the Company at the balance sheet date to explain the causes of fluctuations in the fair value of the properties.

16 INVESTMENT PROPERTIES *(Continued)*

In estimating the fair value of the investment properties, the highest and best use of the investment properties are their current use.

The valuation was arrived at by using income approach taking into account the current rent receivable from existing tenancy agreements and the reversionary potential of property interests. Details of the Group's investment properties and information about the fair value hierarchy as at the balance sheet date are as follows:

	Valuation technique	**Significant unobservable inputs**	**Sensitivity**
Factory units located in the PRC	Income approach	Based on: (i) estimated rental value per square metre per month; and (ii) reversionary yield rate ranging from 4.95% to 5.95% (2024: 5.5%) per annum.	(i) Slightly higher the market rent, slightly higher the fair value. (ii) Slightly higher the reversionary yield rate, slightly lower the fair value.

The fair value measurement is categorised into level 3 fair value hierarchy. There were no transfer into or out of level 3 during the year.

17 INTANGIBLE ASSETS

	2025 RMB'000	2024 RMB'000
Computer softwares		
At 1 January		
Cost	**3,612**	3,612
Accumulated amortisation	**(2,195)**	(1,818)
Net book amount	**1,417**	1,794
Year ended 31 December		
Opening net book amount	**1,417**	1,794
Amortisation for the year (note 6)	**(326)**	(377)
Closing net book amount	**1,091**	1,417
At 31 December		
Cost	**3,612**	3,612
Accumulated amortisation	**(2,521)**	(2,195)
Net book amount	**1,091**	1,417

Amortisation of intangible assets has been charged to cost of goods sold and administrative expenses in the consolidated income statement.

18 PREPAYMENTS FOR NON-CURRENT ASSETS

The balance represented prepayments for purchase of property, plant and equipment and land use rights.

19 INVESTMENT IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
At 1 January	**10,270**	10,403
Share of result	**(709)**	(133)
At 31 December	**9,561**	10,270

Hangzhou Zhuanxiang

In September 2021, the Group invested RMB11,520,000 in Hangzhou Zhuanxiang Culture Communication Co., Ltd. (杭州磚巷文化傳播有限公司) ("**Hangzhou Zhuanxiang**") for a 30.00% equity interest in Hangzhou Zhuanxiang with one board seat. Hangzhou Zhuanxiang was established on 28 March 2016 and is in the business of the manufacture and sale of customised beer products.

Set out below is the associate of the Group as at 31 December 2025 and 2024. In the opinion of the directors, the Group's associate is individually immaterial to the Group.

Name of entity	Place of business and date of establishment	% of ownership interest		Nature of relationship	Principal activities	Carrying amount	
		2025 %	2024 %			2025 RMB'000	2024 RMB'000
Hangzhou Zhuanxiang	The PRC, 28 March 2016	**30.00**	30.00	Associate	Manufacture and sale of customised beer products	**9,561**	10,270

The associate is a private company and there are no quoted market price available for their shares.

There are no material contingent liabilities relating to the Group's interest in the associate.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investments		
At 1 January	**18,867**	23,561
Fair value changes	**(1,700)**	(4,694)
At 31 December	**17,167**	18,867

As at 31 December 2025 and 2024, the Group held equity investments in a number of consumer products companies and foodstuff and beverage manufacturing companies. The fair values of these investments, categorised in level 3 of the fair value hierarchy (note 3(3)), were determined based on discounted cashflow model or market approach by making reference to quoted market enterprise value to sales ratios.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The Group intended to invest in these unlisted equity investments for long-term purposes and did not expect any immediate disposal of these unlisted equity investments in the short term. Accordingly, these unlisted equity investments are classified as non-current assets and designated at FVOCI.

21 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	2025 RMB'000	2024 RMB'000
Financial assets			
Financial assets at amortised cost			
— Trade receivables	23	**24,199**	15,037
— Other receivables, prepayments and deposits, excluding non-financial assets	23	**129**	104
— Restricted bank deposits	25	**31,260**	43,171
— Cash and bank balances	25	**456,812**	544,375
Financial assets at FVPL	24	**2,000**	2,000
Financial assets at FVOCI	20	**17,167**	18,867
		531,567	623,554
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and bills payables	29	**276,048**	316,148
— Other payables, excluding non-financial liabilities	29	**17,934**	74,191
Borrowings	30	**107,280**	172,467
		401,262	562,806

22 INVENTORIES

	2025 RMB'000	2024 RMB'000
Finished goods	**19,538**	26,987
Work-in-progress	**34,652**	42,369
Raw materials	**54,675**	58,829
Spare parts and consumables	**1,412**	989
	110,277	129,174

The cost of inventories recognised as expenses and included in cost of goods sold amounted to RMB448,672,000 (2024: RMB496,528,000).

The Group recorded a reversal of decline in value of inventories amounting to RMB501,000 (2024: provision of decline in value of RMB1,006,000). These amounts have been included in cost of goods sold in the consolidated income statement. The reversal of write-down of inventories made in current year arose due to the subsequent usage.

23 TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2025 RMB'000	2024 RMB'000
Trade receivables — contracts with customers	**24,199**	15,037
Other receivables, prepayments and deposits	**2,962**	7,318
Value added tax recoverable (i)	**—**	2,962
Advance payments to suppliers	**10,601**	13,779
Prepayments for utility and other expenses	**884**	950
Others	**129**	104
	11,614	17,795
Total	**35,813**	32,832

(i) The Group's distribution and sale of self-manufactured products are subject to value added tax ("**VAT**") for both years. Input VAT from purchases of raw materials, certain property, plant and equipment and utilities can be deducted from output VAT. VAT recoverable is the net difference between deductible input and output VAT.

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB6,216,000.

The credit period ranges from 30 to 105 days (2024: 30 to 90 days). The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at 31 December 2025 was as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	**22,166**	13,384
31 — 180 days	**1,972**	1,613
181 — 365 days	**61**	40
	24,199	15,037

There is no significant concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As the credit terms are short and most of the trade receivables, other receivables, prepayments and deposits are due for settlement within one year, the carrying amount of the trade receivables, other receivables, prepayments and deposits approximate their fair value at the balance sheet date.

The maximum exposure to credit risk at the balance sheet date is the carrying amounts of each class of receivables mentioned above. The Group does not hold any collateral as security.

23 TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	**24,030**	13,855
Other currencies	**169**	1,182
	24,199	15,037

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Unlisted equity investment (note)	**2,000**	2,000

Note:

The fair value of the unlisted equity investment was determined mainly based on market approach by making reference to quoted market enterprise value to sales ratios. The fair value measurement is categorised within level 3 of the fair value hierarchy (see note 3(3)).

25 CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	**410,278**	455,507
Term deposits	**46,534**	88,868
	456,812	544,375
Restricted bank deposits	**31,260**	43,171
Total	**488,072**	587,546

The cash and cash equivalents represented cash deposits held at banks and on hand and deposits with original maturity within three months.

The restricted bank deposits are deposits held at banks to secure trade finance facilities of the Group.

The term deposits have original maturities over three months at inception.

25 CASH AND BANK BALANCES AND RESTRICTED BANK DEPOSITS *(Continued)*

The carrying amounts of the cash and bank balances and restricted bank deposits were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	**384,224**	492,786
HKD	**9,539**	2,133
USD	**94,309**	92,627
Total	**488,072**	587,546

The Group's bank deposits and cash denominated in RMB included deposits with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

26 SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HKD0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**1,000,000,000**	**10,000**

	Number of shares	**Share capital** RMB'000
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**755,096,557**	**6,433**

	Number of shares	**Amount** RMB'000
Treasury shares:		
Repurchase of shares during the year and balance as at 31 December 2025	**1,300,000**	**1,502**

26 SHARE CAPITAL *(Continued)*

During the year ended 31 December 2025, the Company repurchased its own ordinary shares on the Stock Exchange. Details as follows:

Month of repurchase	**Number of ordinary shares**	**Average price per share**	**Aggregate consideration paid**
		HKD	HKD'000
August 2025	320,000	1.27	408
October 2025	443,000	1.26	559
November 2025	357,000	1.28	457
December 2025	180,000	1.28	230
	1,300,000		1,654
			RMB'000
Equivalent to			1,502

The above ordinary shares were not cancelled and remained as treasury shares at 31 December 2025.

27 SHARE OPTION SCHEME

The Company adopted a share option scheme on 16 May 2017 (the "**Scheme**").

On 23 August 2021, 12,950,000 Options to subscribe for a total of 12,950,000 ordinary shares of the Company were granted to two directors and certain employees of the Group pursuant to the Scheme. Out of the 12,950,000 Options, 12,720,000 Options were accepted by the grantees.

Movements in the number of options outstanding and their exercise prices are as follows:

Options granted on 23 August 2021 (exercise price HKD2.19 per share)	Total number of options
At 1 January 2024	5,656,000
Cancelled/lapsed during the year	(2,772,000)
At 31 December 2024 and 1 January 2025	2,884,000
Cancelled/lapsed during the year	(2,884,000)
At 31 December 2025	—

27 SHARE OPTION SCHEME *(Continued)*

Options outstanding at the end of the year had the following expiry date and exercise price:

Grant Date	Exercisable Date	Expiry date	Exercise price	Number of options	
				2025	2024
23 August 2021	24 August 2024	23 August 2025	HKD2.19	—	2,884,000

The total amount of the fair value of share options granted to the directors of the Company and selected employees is expensed over the vesting period. The equity-settled share-based payment expense for the year ended 31 December 2024 amounted to RMB186,000 and there is no remaining unamortised fair value of share options granted that is charged to the consolidated income statement in the current year and in the future.

The following assumptions were used to calculate the fair values of the Options by using Binomial Model:

	Options Granted on 23 August 2021		
Grant date share price		HKD2.19	
Exercise price		HKD2.19	
Expected life	2 years	3 years	4 years
Expected volatility (note a)	41%	39%	37%
Risk-free rate (note b)	0.18%	0.29%	0.45%
Dividend yield (note c)	0%	0%	0%

Notes:

(a) Expected volatility is estimated with reference to the historical share price of the Company and a set of comparable companies.

(b) Risk-free rate is determined with reference to the yield of Hong Kong Exchange Fund Notes.

(c) Dividend yield is estimated by reference to the historical share price and dividend paid of the Company and a set of comparable companies.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At the balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

28 OTHER RESERVES

	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Property revaluation reserve RMB'000	Statutory reserves RMB'000	FVOCI reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2025	**614,980**	**—**	**(115,044)**	**1,044**	**221,431**	**(36,140)**	**3,359**	**10,277**	**699,907**
Fair value losses on financial assets at FVOCI, net of tax	**—**	**—**	**—**	**—**	**—**	**(1,275)**	**—**	**—**	**(1,275)**
Gain on revaluation of investment properties, net of tax	**—**	**—**	**—**	**5,229**	**—**	**—**	**—**	**—**	**5,229**
Appropriation to statutory reserves	**—**	**—**	**—**	**—**	**4,736**	**—**	**—**	**—**	**4,736**
Dividends recognised as distributions	**(15,102)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(15,102)**
Repurchase of shares (note 26)	**—**	**(1,502)**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,502)**
At 31 December 2025	**599,878**	**(1,502)**	**(115,044)**	**6,273**	**226,167**	**(37,415)**	**3,359**	**10,277**	**691,993**
At 1 January 2024	614,980	—	(115,044)	—	217,425	(32,395)	3,451	10,091	698,508
Fair value losses on financial assets at FVOCI, net of tax	—	—	—	—	—	(3,837)	—	—	(3,837)
Gain on revaluation of an investment property, net of tax	—	—	—	1,044	—	—	—	—	1,044
Exchange differences	—	—	—	—	—	92	(92)	—	—
Equity-settled share-based payment expenses (note 27)	—	—	—	—	—	—	—	186	186
Appropriation to statutory reserves	—	—	—	—	4,006	—	—	—	4,006
At 31 December 2024	614,980	—	(115,044)	1,044	221,431	(36,140)	3,359	10,277	699,907

The shares repurchased by the Company are held as treasury shares. The Company ensures that treasury shares are appropriately identified and segregated and the listing of all shares which are held as treasury shares are properly retained.

Statutory reserves comprise statutory surplus reserves of the subsidiary companies in the PRC. The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the accounting regulations and before distribution to shareholders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations at rate of 10% or at the discretion of the Board of Directors of the subsidiaries, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in note 2(13). These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Other reserve arising from the reorganisation activity in preparation for the listing in 2016, there was no movement from prior years.

29 TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	2025 **RMB'000**	2024 RMB'000
Trade and bills payables	**276,048**	316,148
Other payables and accrued charges		
Payables for purchase of property, plant and equipment	**17,934**	74,191
Accrued expenses and other payables	**36,233**	37,533
Staff salaries payables	**39,074**	45,769
Taxes payables	**3,571**	3,311
	96,812	160,804
Total	**372,860**	476,952

At 31 December 2025, the ageing analysis of trade and bills payables based on invoice date or issue date was as follows:

	2025 **RMB'000**	2024 RMB'000
Within 30 days	**65,441**	82,890
31-180 days	**210,414**	232,686
181-365 days	**151**	194
Over 365 days	**42**	378
	276,048	316,148

The carrying amounts of trade and bills payables and other payables approximate their fair value as at the balance sheet date due to short-term maturity.

The carrying amounts of trade and bills payables were denominated in RMB.

30 BORROWINGS

	2025 RMB'000	2024 RMB'000
Current		
Bank loans — unsecured	**—**	1,000
Bank loans — secured	**22,960**	27,733
	22,960	28,733
Non-current		
Bank loans — unsecured	**—**	7,500
Bank loans — secured	**84,320**	136,234
	84,320	143,734
Total borrowings	**107,280**	172,467

The maturity analysis of borrowings is as follows:

	2025 RMB'000	2024 RMB'000
The carrying amounts of the above borrowings are repayable:		
— Within one year	**22,960**	28,733
— Within a period of more than one year but not exceeding two years	**25,020**	38,733
— Within a period of more than two years but not exceeding five years	**59,300**	100,081
— Within a period of more than five years	**—**	4,920
	107,280	172,467
Less: Amounts due within one year shown under current liabilities	**(22,960)**	(28,733)
Amounts shown under non-current liabilities	**84,320**	143,734

The secured borrowings of the Group as at 31 December 2025 and 2024 were secured by the Group's land use rights (note 15) and buildings (note 13).

For the year ended 31 December 2025, the weighted average effective interest rates on borrowings were 2.78% (2024: 2.71%).

The carrying amounts of borrowings are denominated in RMB.

The fair values of borrowings approximate their carrying amounts as of the balance sheet date, determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

30 BORROWINGS *(Continued)*

The exposure of borrowings is as follows:

	2025 RMB'000	2024 RMB'000
Variable-rate borrowings	**107,280**	172,467
	172,467	292,294

The Group's variable-rate borrowings carry interest at LPR minus 100 basis points (2024: ranging from LPR minus 100 basis points to LPR minus 30 basis points). Interest will be reset for periods not exceeding one year.

31 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Deferred income tax assets		
— Deferred income tax asset to be recovered after more than 12 months	**2,104**	2,384
— Deferred income tax asset to be recovered within 12 months	**19,670**	19,643
	21,774	22,027
Deferred income tax liabilities		
— Deferred income tax liability to be settled after more than 12 months	**(3,195)**	(8,854)
Net amount	**18,579**	13,173

The net movements on the deferred income tax account are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of the year	**13,173**	13,201
(Charged)/credited to consolidated statement of other comprehensive income	**(1,319)**	509
Charged to consolidated income statement (note 10)	**(959)**	(537)
Disposal of property, plant and equipment	**7,684**	—
At end of the year	**18,579**	13,173

31 DEFERRED INCOME TAX *(Continued)*

The movements in the deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

	Accrued expense and provisions		Unrealised profit in inventories arising from intra-group transactions		Tax losses		Tax effect on fair value losses on financial assets at FVOCI		Temporary differences attributable to lease		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
At beginning of the year	**4,843**	4,117	**738**	769	**2,384**	2,641	**14,062**	12,828	**–**	1,091	**22,027**	21,446
Credited to other comprehensive income	**–**	–	**–**	–	**–**	–	**425**	857	**–**	–	**425**	857
(Charged)/credited to consolidated income statement	**(879)**	726	**481**	(31)	**(280)**	(257)	**–**	377	**–**	(26)	**(678)**	789
Early termination of a lease contract	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1,065)	**–**	(1,065)
At end of the year	**3,964**	4,843	**1,219**	738	**2,104**	2,384	**14,487**	14,062	**–**	–	**21,774**	22,027

Deferred income tax liabilities:

	Temporary differences attributable to investment properties		Temporary differences attributable to property, plant and equipment and right-of-use assets		Temporary differences attributable to lease		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
At beginning of the year	**1,170**	–	**7,684**	7,154	**–**	1,091	**8,854**	8,245
Charged to other comprehensive income	**1,744**	348	**–**	–	**–**	–	**1,744**	348
Charged/(credited) to consolidated income statement	**281**	822	**–**	530	**–**	(26)	**281**	1,326
Disposal of property, plant and equipment	**–**	–	**(7,684)**	–	**–**	–	**(7,684)**	–
Early termination of a lease contract	**–**	–	**–**	–	**–**	(1,065)	**–**	(1,065)
At end of the year	**3,195**	1,170	**–**	7,684	**–**	–	**3,195**	8,854

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2025, except for the tax losses amounting to RMB136,441,000 (2024: RMB124,493,000), which the Group did not recognise for deferred income tax assets, the Group recognised all others deferred income tax assets in respect of losses that can be carried forward against future taxable income. The unutilised tax losses as at year end date would expire in one to five years for offsetting against future taxable profits.

32 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

During the current year, the Group decided not to proceed further with a construction development project located in Xiaogan City, Hubei Province, PRC. The project was initially planned to build manufacturing facilities with showroom functions to promote the Group's development in the local food manufacturing industry. After considering the change in economic environment, business development prospects, and the expected return and profitability, the Group decided to dispose 100% equity interest of Xiaogan QinQin F&B Co., Ltd. ("**Xiaogan F&B**") and has been negotiating with potential buyers. Xiaogan F&B was in a condition ready for immediate sale as at 31 December 2025.

The following assets and liabilities of Xiaogan F&B have been presented separately in the consolidated balance sheet and were reclassified as held for sale as at 31 December 2025:

Assets classified as held for sale:	**RMB'000**
Construction-in-progress	5,690
Right-of-use assets	16,772
Other receivables	1,108
Total assets classified as held for sale	**23,570**

Liabilities associated with assets classified as held for sale:	**RMB'000**
Other payables	115
Total liabilities classified as held for sale	**115**

As the anticipated net proceeds of the disposal is lower than the net carrying amount of the relevant assets and liabilities and accordingly, impairment loss of RMB6,683,000 has been recognised on the construction-in-progress and included in 'other income and other gains — net' in the consolidated income statement.

On 10 February 2026, the Group entered into a sale and purchase agreement with an entity which is ultimately controlled by a government body of Xiaogan City for the disposal of 100% equity interest in Xiaogan F&B at a consideration of RMB23,455,000. The disposal was completed on 26 February 2026.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	**1,178**	24,064
Depreciation of property, plant and equipment (note 13)	**79,828**	83,715
Amortisation of right-of-use assets (note 15)	**1,416**	1,876
Equity-settled share-based payment expense (note 27)	**—**	186
Share of net loss of an associate (note 19)	**709**	133
Amortisation of intangible assets (note 17)	**326**	377
(Gains)/losses on disposal of property, plant and equipment — net (note 8)	**(5,084)**	6,026
Finance income, net	**(1,771)**	(5,572)
(Reversal of)/provision for decline in value of inventories (note 22)	**(501)**	1,006
Gain on early termination of a lease contract (note 8)	**—**	(3,061)
Net fair value gain on investment properties (note 8)	**(1,128)**	(3,287)
Impairment loss of construction-in-progress (note 8)	**6,683**	—
Operating profit before working capital changes	**81,656**	105,463
Decrease in inventories	**19,398**	6,768
Increase in trade receivables, other receivables, prepayments and deposits	**(4,089)**	(4,447)
(Decrease)/increase in trade and bills payables, other payables and accrued charges, and contract liabilities	**(83,576)**	164,308
Cash generated from operations	**13,389**	272,092

(b) Proceeds from disposal of property, plant and equipment

	2025 RMB'000	2024 RMB'000
Net book value (note 13)	**29,920**	7,880
Gains/(losses) on disposal of property, plant and equipment — net (note 8)	**5,084**	(6,026)
Proceeds from disposal of property, plant and equipment	**35,004**	1,854

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Debt reconciliation

	Borrowings RMB'000	**Lease liabilities RMB'000**	**Total RMB'000**
As at 1 January 2025	**172,467**	**—**	**172,467**
Cash flows			
— Outflow from financing activities	**(65,187)**	**—**	**(65,187)**
— Outflow from operating activities	**(5,431)**	**—**	**(5,431)**
Non-cash change			
— Interest expense (note 9)	**5,431**	**—**	**5,431**
As at 31 December 2025	**107,280**	**—**	**107,280**

	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2024	292,294	7,169	299,463
Cash flows			
— Outflow from financing activities	(119,827)	—	(119,827)
— Outflow from operating activities	(7,058)	—	(7,058)
Non-cash changes			
— Interest expense (note 9)	7,058	151	7,209
— Early termination of a lease contract	—	(7,320)	(7,320)
As at 31 December 2024	172,467	—	172,467

34 CONTINGENT LIABILITIES

At 31 December 2025, the Group had no material contingent liabilities (2024: Nil).

35 COMMITMENTS

As at 31 December 2025 and 2024, the Group had the following commitments:

(a) Capital commitments

Significant capital expenditure contracted for at the balance sheet date but not recognised as liabilities is as follows:

	2025 **RMB'000**	2024 RMB'000
Contracted but not provided for in respect of:		
Machineries and equipment	**8,787**	8,122
Buildings	**1,032**	18,034
	9,819	26,156

(b) Other commitments

As at 31 December 2025 and 2024, the Group had future aggregate minimum payments under non-cancellable short-term leases of buildings and other non-cancellable contracts as follows:

	2025 **RMB'000**	2024 RMB'000
Not later than 1 year	**434**	2,085

(c) The Group as lessor

The Group leases out certain factory units and warehouses under operating leases. The leases typically run for an initial period of 1 to 5 years (2024: 1 to 5 years). None of the leases includes variable lease payments.

Undiscounted lease payments receivable on leases are as follows:

	2025 **RMB'000**	2024 RMB'000
Within one year	**6,637**	5,129
Within a period of more than one year but not exceeding two years	**5,978**	4,830
Within a period of more than two years but not exceeding five years	**6,000**	7,245
Over five years	**3,912**	—
	22,527	17,204

36 RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is Mr. Hui Ching Lau ("**Mr. Hui**"), who is also the Chairman of the Board. Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties during the years ended 31 December 2025 and 2024.

(a) Transactions with related parties

(i) Lease of offices

	2025 **RMB'000**	2024 RMB'000
— Lianjie Sports Investments Limited ("**Lianjie Sports**")	**440**	437

Lianjie Sports is a company wholly owned by Mr. Hui.

(ii) Purchases of goods from:

	2025 **RMB'000**	2024 RMB'000
— Fujian Shuncheng Flour Industry Development Co., Ltd. ("**Shuncheng Flour**")	**766**	840

Shuncheng Flour is a company controlled by a former director of the Company, a director of the Company and their associates.

(b) Key management compensation

	2025 **RMB'000**	2024 RMB'000
Key management compensation		
— Basic salaries, housing allowances, other allowances and benefits-in-kind	**4,602**	4,539

Further details of directors' and the chief executive's emoluments are included in note 39.

37 PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries of the Company as at 31 December 2025:

Company	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective interest held %	
				2025	2024
Direct subsidiaries:					
QinQin Foodstuffs Group Company Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	135,946,900 Ordinary shares of HKD0.001 each	**100%**	100%
Xiaogan QinQin (Hong Kong) Company Limited (孝感親親(香港)有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD1,000	**100%**	100%
Indirect subsidiaries:					
QinQin Foodstuffs Group (Hong Kong) Company Limited (親親食品集團(香港)股份有限公司)	Hong Kong, limited liability company	Investment holding, distribution and sale of snack foods in Hong Kong	HKD1	**100%**	100%
QinQin F&B (China) Investments Co., Ltd (親親(中國)投資有限公司)	The PRC, wholly foreign-owned enterprise	Investment holding in the PRC	USD100,000,000	**100%**	100%
Fushun Nanfang Food Industry Co., Ltd. (撫順南方食品工業有限公司)	The PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB10,000,000	**100%**	100%
Fushun QinQin Food Industry Development Co., Ltd. (撫順親親食品工業發展有限公司)	The PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB22,000,000	**100%**	100%
Luohe Linying QinQin Food Industry Co., Ltd. (漯河臨潁親親食品工業有限公司)	The PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB150,000,000	**100%**	100%

37 PRINCIPAL SUBSIDIARIES *(Continued)*

Company	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective interest held % 2025	2024
Indirect subsidiaries: *(Continued)*					
Fujian QinQin Holdings Co., Ltd. (福建親親股份有限公司)	The PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB93,680,000	**100%**	100%
Quanzhou QinQin Foodstuff Co., Ltd. (泉州親親食品有限公司)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	RMB130,000,000	**100%**	100%
Taian QinQin Food Co., Ltd. (泰安親親食品有限公司) (Note)	The PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB5,000,000	**–**	100%
Xiantao QinQin Food Industry Co., Ltd. (仙桃親親食品工業有限公司)	The PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB10,000,000	**100%**	100%
Xiantao QinQin Flavour Commerce Co., Ltd. (仙桃市親親調料商貿有限公司)	The PRC, wholly foreign-owned enterprise	Trading in the PRC	RMB10,000,000	**100%**	100%
QinQin Business Trade Co., Ltd. (泉州親親商貿有限公司)	The PRC, wholly foreign-owned enterprise	Trading in the PRC	RMB5,000,000	**100%**	100%
QinQin (Quanzhou) E-commerce Co.,Ltd. (泉州市親親電子商務有限公司)	The PRC, wholly foreign-owned enterprise	Trading and online trading in the PRC	RMB55,000,000	**100%**	100%
Xiaogan QinQin F&B Co., Ltd. (孝感親親食品有限公司) (Note 32)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of food and beverage products in the PRC	USD6,000,000	**100%**	100%
Xiaogan QinQin Biotechnology Co., Ltd. (孝感親親生物科技有限公司)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of food and beverage products in the PRC	USD24,000,000	**100%**	100%
Xiantao QinQin Food Technology Co., Ltd. (仙桃市親親食品科技有限公司)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	USD22,800,000	**100%**	100%

37 PRINCIPAL SUBSIDIARIES *(Continued)*

Company	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective interest held %	
				2025	2024
Indirect subsidiaries: *(Continued)*					
Jining QinQin Food Technology Co., Ltd. (濟寧市親親食品科技有限公司)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	USD35,000,000	**100%**	100%
Sichuan QinQin Food Technology Co., Ltd. (四川省親親食品科技有限公司)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	USD15,000,000	**100%**	100%
Ningxia QinQin Food Technology Co., Ltd. (寧夏親親食品科技有限責任公司)	The PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	USD6,000,000	**100%**	100%

Note:

This subsidiary was deregistered during the year ended 31 December 2025.

38 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY

(a) Balance sheet of the Company

	Note	As at 31 December 2025 RMB'000	2024 RMB'000
Assets			
Non-current asset			
Investments in subsidiaries		**125,033**	125,061
Current assets			
Other receivables, prepayments and deposits		**449,035**	435,132
Cash and bank balances		**2,248**	45,759
		451,283	480,891
Total assets		**576,316**	605,952
Equity			
Share capital	26	**6,433**	6,433
Reserves		**569,883**	599,519
Total equity		**576,316**	605,952

The balance sheet of the Company was approved by the Board of Directors on 18 March 2026 and was signed on its behalf.

Hui Ching Lau
Director

Wong Wai Leung
Director

38 BALANCE SHEET AND RESERVES MOVEMENTS OF THE COMPANY *(Continued)*

(b) Reserves movements of the Company

	Share premium RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2025	**614,980**	**—**	**(25,738)**	**10,277**	**599,519**
Loss for the year	**—**	**—**	**(13,032)**	**—**	**(13,032)**
Dividends recognised as distributions	**(15,102)**	**—**	**—**	**—**	**(15,102)**
Repurchase of shares	**—**	**(1,502)**	**—**	**—**	**(1,502)**
At 31 December 2025	**599,878**	**(1,502)**	**(38,770)**	**10,277**	**569,883**
At 1 January 2024	614,980	—	(23,746)	10,091	601,325
Loss for the year	—	—	(1,992)	—	(1,992)
Equity-settled share-based payment expenses (note 27)	—	—	—	186	186
At 31 December 2024	614,980	—	(25,738)	10,277	599,519

39 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2025 is set out below:

	Directors' fees RMB'000	Basic salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contribution to pension schemes RMB'000	Total RMB'000
Executive Directors:					
Mr. Hui Ching Lau (Chairman)	—	—	—	—	—
Mr. Wong Wai Leung	55	2,144	—	17	2,216
Mr. Wu Wenxu	55	700	171	11	937
Non-executive Directors:					
Mr. Sze Man Bok	55	—	—	—	55
Mr. Wu Huolu (note 1)	28	—	—	—	28
Mr. Wu Yinhang	55	—	—	—	55
Independent Non-executive Directors:					
Mr. Chan Yiu Fai Youdey	92	—	—	—	92
Mr. Paul Marin Theil	92	—	—	—	92
Ms. Tan Wenjie	92	—	—	—	92
	524	2,844	171	28	3,567

39 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive for the year ended 31 December 2024 is set out below:

	Directors' fees RMB'000	Basic salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Equity-settled share-based compensation RMB'000	Contribution to pension schemes RMB'000	Total RMB'000
Executive Directors:						
Mr. Hui Ching Lau (Chairman)	41	—	—	—	2	43
Mr. Wong Wai Leung	55	2,141	—	1	16	2,213
Mr. Wu Wenxu	55	700	158	3	31	947
Non-executive Directors:						
Mr. Sze Man Bok	55	—	—	—	—	55
Mr. Wu Huolu	55	—	—	—	—	55
Mr. Wu Sichuan (note 3)	21	—	—	—	—	21
Mr. Wu Yinhang	55	—	—	—	—	55
Independent Non-executive Directors:						
Mr. Cai Meng (note 3)	34	—	—	—	—	34
Mr. Chan Yiu Fai Youdey	91	—	—	—	—	91
Mr. Ng Swee Leng (note 3)	34	—	—	—	—	34
Mr. Paul Marin Theil	91	—	—	—	—	91
Ms. Tan Wenjie (note 2)	57	—	—	—	—	57
	644	2,841	158	4	49	3,696

Notes:

1. Mr. Wu Huolu retired as director of the Company on 16 May 2025.

2. Ms. Tan Wenjie was appointed as director of the Company on 17 May 2024.

3. Mr. Wu Sichuan, Mr. Cai Meng and Mr. Ng Swee Leng retired as directors of the Company on 17 May 2024.

39 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

During the years ended 31 December 2025 and 2024, no emoluments paid or receivable in respect of a person's services as a director (whether of the Company or its subsidiary undertaking) other than those disclosed in above tables, such as discretionary bonuses, housing allowance, or remunerations paid or receivable in respect of accepting office as director incurred, and no emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking incurred.

(b) Directors' retirement benefits

During the years ended 31 December 2025 and 2024, no payments of retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

During the years ended 31 December 2025 and 2024, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2025 and 2024, no consideration was provided to or receivable by third parties for making available director's services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities (2024: None).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 36(a), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: None).

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	**911,461**	996,497	981,574	957,569	860,254
Profit/(loss) before income tax	**1,178**	24,064	2,752	7,831	(48,654)
Income tax expense	**(3,419)**	(2,934)	(4,808)	(9,599)	(32,243)
(Loss)/profit for the year	**(2,241)**	21,130	(2,056)	(1,768)	(80,897)
(Loss)/profit attributable to:					
Equity shareholders of the Company	**(2,241)**	21,130	(2,002)	(1,387)	(80,841)
Non-controlling interests	**–**	–	(54)	(381)	(56)
(Loss)/profit for the year	**(2,241)**	21,130	(2,056)	(1,768)	(80,897)

ASSETS AND LIABILITIES

	At 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	**1,751,265**	1,943,865	1,964,073	2,056,733	1,916,728
Total liabilities	**546,295**	724,004	762,735	822,035	648,821
Total equity	**1,204,970**	1,219,861	1,201,338	1,234,698	1,267,907

The summary above does not form part of the audited consolidated financial statements in the annual report.