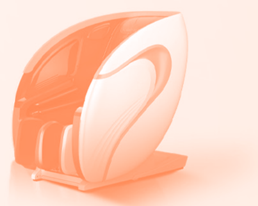
Lemo Services Co., Ltd
樂摩科技服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code : 2539

2025
ANNUAL REPORT

CONTENTS



DEFINITION

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

"2021 Share Incentive Scheme"	the share incentive scheme adopted by the Company on 1 December 2021
"2023 Share Incentive Scheme"	the share incentive scheme adopted by the Company on 8 September 2023
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Company
"Board" or "Board of Directors"	the board of Directors of our Company
"Company"	Lemo Services Co., Ltd (樂摩科技服務股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 2539)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise required, refers to Mr. Xie Zhonghui, Zhangchuang Gongying Platform, Lemo Gongchuang Platform and Lemo Gongying Platform
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Deed of Non-competition"	a deed of non-competition dated 21 November 2025 entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in "Relationship with Controlling Shareholders — Deed of Non-Competition" in the Prospectus

DEFINITION

"Director(s)"	the director(s) of the Company
"Direct Mode"	the operation mode for our mechanical massage service under which we are responsible for sourcing POS sites, as well as the design, decoration, operation, and ongoing maintenance of the POS locations
"Global Offering"	the global offering of the H Shares in connection with the Listing
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital with a nominal value of RMB1 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
"HK$" or "HK dollar(s)"	HK dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	IFRS Accounting Standards issued by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons
"IoT"	the Internet of Things, a network of physical objects or things embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data
"Latest Practicable Date"	22 April 2026, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
"Lemo Gongchuang Platform"	Pingtan Lemo Gongchuang Investment Partnership Enterprise (LLP)* (平潭樂摩共創投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 19 November 2021

DEFINITION

"Lemo Gongying Platform"	Pingtan Lemo Gongying Investment Partnership Enterprise (LLP)* (平潭樂摩共贏投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 23 August 2023
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	3 December 2025, on which the H Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"LMB Links"	the IT platform self-developed by the Group, namely Lemobar Links, which is based on cloud architecture and big data and consists of a consumer operation system, an equipment operation and maintenance system and a business management system
"Local Partner(s)"	entity(ies) who are responsible for sourcing and establishing POS in local regions under our Partner Mode
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"massage equipment"	inclusive of massage chairs and massage cushions
"mechanical massage service"	massage services by utilization of massage equipment tailored based on the market demand, digitalized systems, IoT and automation with technology integrated to enhance the massage experience tailored to different consumption scenarios
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules

DEFINITION

"Nomination Committee"	the nomination committee of the Company
"Partner Mode"	the operation mode for our mechanical massage service under which the Local Partners are responsible for sourcing POS sites, operating the POS, and maintaining the massage equipment, while we provide a comprehensive mechanical massage service solution, including provision of guidance on POS selection, design, and decoration, as well as marketing and promotional strategies, massage equipment, and software and hardware support through our LMB Links
"POS"	point(s) of service for our mechanical massage service
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this annual report only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Laws"	the laws and regulations of the PRC, without reference to the laws and regulations of Hong Kong and Macao Special Administrative Region of the PRC and the relevant regulations of Taiwan region
"Prospectus"	the prospectus of the Company dated 25 November 2025
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

DEFINITION

"SFO" or "Securities and Future Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
"Share(s)"	ordinary share(s) in the capital of our Company, comprising our Unlisted Shares and our H Shares
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of our Company
"Supervisory Committee"	the supervisory committee of the Company
"treasury shares"	has the meaning ascribed to it under the Listing Rules
"Unlisted Shares"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1 each, which is/are not listed on any stock exchange
"Zhangchuang Gongying Platform"	Pingtan Zhangchuang Gongying Future Investment Partnership Enterprise (LLP)* (平潭掌創共贏未來投資合夥企業(有限合夥)), formerly known as Fuzhou City Gulou District Zhangchuang Gongying Future Investment Partnership Enterprise (LLP) (福州市鼓樓區掌創共贏未來投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 21 April 2017
"%"	per cent

* *For identification purpose only in this annual report*

If there is any inconsistency between the Chinese names of the laws and regulations, governmental authorities, institutions, natural persons, entities or enterprises established in the PRC mentioned in this annual report and their English translations, the Chinese names shall prevail. The English translations of such Chinese names are provided for identification purposes only.

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Xie Zhonghui
Mr. Feng Baocai
Mr. Chen Xing

Non-executive Directors
Mr. Han Daohu *(Chairman)*
Mr. Wu Jinghua

Independent Non-executive Directors
Mr. Lei Zhigang
Ms. Dong Hui
Mr. SUEK Ka Lun Ernie

AUDIT COMMITTEE

Ms. Dong Hui *(Chairwoman)*
Mr. Lei Zhigang
Mr. Wu Jinghua

REMUNERATION COMMITTEE

Mr. SUEK Ka Lun Ernie *(Chairman)*
Mr. Xie Zhonghui
Ms. Dong Hui

NOMINATION COMMITTEE

Mr. Han Daohu *(Chairman)*
Mr. Lei Zhigang
Mr. SUEK Ka Lun Ernie

STRATEGY COMMITTEE

Mr. Han Daohu *(Chairman)*
Mr. Xie Zhonghui
Mr. SUEK Ka Lun Ernie

SUPERVISORY COMMITTEE

Ms. Yu Xiaohong *(Chairwoman)*
Ms. Wang Xuezhen
Ms. Chen Xia

JOINT COMPANY SECRETARIES

Ms. Zheng Huiyu
Ms. Ng Wai Kam

AUTHORIZED REPRESENTATIVES

Mr. Han Daohu
Ms. Zheng Huiyu

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong laws
Eric Chow & Co.
in Association with Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road
Central
Hong Kong

CORPORATE INFORMATION

COMPLIANCE ADVISER

Red Solar Capital Limited
Unit 402B, 4/F
China Insurance Group Building
No. 141 Des Voeux Road Central
Central
Hong Kong

HEADQUARTER

21F, Building B, Wangxun Smart Center
11 Keji East Road
High-Tech Zone
Fuzhou, Fujian
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1912, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

Fujian Strait Bank Co., Ltd.
Pingtan Branch
1st Floor, Shops 24-33 and 2nd Floor
Room 01, Shopping Mall, Building 1
West Side of Cuiyuan South Road
Tancheng Town
Pingtan County
Fujian
PRC

COMPANY WEBSITE

www.lemobar.com

STOCK CODE

2539

CHAIRMAN'S STATEMENT

Dear Shareholders, Partners and Employees,

The year 2025 marked a milestone in the development journey of Lemo Services Co., Ltd (hereinafter referred to as the "Group", operating under the brand "Lemobar (樂摩吧)"). Amid a profoundly adjusted global economic landscape and a steady recovery in the domestic consumer market, the Group successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, officially stepping onto the stage of international capital markets. This achievement not only represents the capital market's high recognition for the Group's decade-long dedicated efforts in the field of smart health massage services but also serves as a pivotal starting point for us to embark on a new journey of globalization and high-quality development.

On behalf of the Group's Board of Directors, I would like to extend my sincere gratitude to all Shareholders, investors, and industry chain partners who have consistently trusted and supported Lemo's development, as well as to all Lemo staff who have worked diligently towards our successful listing and achievement of annual business objectives.

In 2025, China's economy demonstrated strong resilience amid internal and external challenges. The state continued to roll out a series of policies aimed at expanding domestic demand, boosting consumption and supporting the high-quality development of the health and wellness industry (大健康產業). These efforts steadily unlocked consumer demand for health-related services. As a result, the commercial smart health service sector embraced definite growth opportunities. According to official data from the independent industry research report by Frost & Sullivan, as disclosed in the Company's prospectus for its listing on the Main Board of the Stock Exchange, the size of China's mechanical massage service market reached RMB2.7 billion in 2024 in terms of transaction value, with a CAGR of over 15% from 2022 to 2024, maintaining a growth momentum. Notably, high-traffic offline scenarios represented by transportation hubs and commercial complexes recorded the most significant growth in demand for high-quality, private and smart health services, emerging as one of the key growth drivers of the sector.

During the year, the smart massage service industry exhibited three core development trends, which also served as the core anchors of the Group's operational strategy throughout the year. First, consumer scenarios underwent an accelerated transition from "functional fulfillment" to "experiential enhancement," with consumers placing greater emphasis on private and personalized services. Second, technology drove profound transformation across the industry, as the deep integration of the Internet of Things, AI-driven health algorithms, and massage hardware propelled services toward greater precision, personalization, and data-driven upgrading, elevating technological strength into a critical competitive differentiator. Third, industry concentration continued to rise, as leading players accelerated market consolidation through scaled deployment, brand advantages, and refined operational capabilities, gradually steering the sector into a stage of high-quality development.

CHAIRMAN'S STATEMENT

In light of these industry development trends, the Group has remained steadfast in upholding its brand mission of "Enjoying Smart Living Anytime, Anywhere" while closely aligning with the core trajectory of the industry. With a long-term focus on the smart massage service sector, the Group is dedicated to delivering comprehensive, professional smart health massage services across all scenarios. With a clear strategic positioning and sustained investment in innovation, the Group achieved steady growth in its market share amid a challenging macroeconomic environment. Meanwhile, we actively embraced technological transformation, continued to explore the in-depth application of artificial intelligence in the health service sector, and steadily expanded our business scope. The evolving times bring unprecedented opportunities, while also demanding greater adaptability and responsiveness from enterprises. Only by closely following industry trends and persistently pursuing innovation and enhancement can we sustain our competitive edge and remain at the forefront of the industry.

In 2025, capitalizing on our listing on the Main Board of the Stock Exchange as a pivotal opportunity, the Group remained committed to a dual-driven approach – deepening our core business while actively broadening our business scope. Amid the complex market environment, we achieved steady growth in operating performance, further solidified our core business foundation, and attained phased breakthroughs in global layout and diversified development, reflecting an overall momentum of high-quality development.

(I) ACHIEVING STEADY GROWTH IN CORE FINANCIAL METRICS, WITH ENHANCED EARNINGS QUALITY AND FINANCIAL RESILIENCE

1. **Growth in Both Revenue and Profit:** The Group achieved revenue of RMB906.80 million, representing a year-on-year increase of 13.63%; adjusted net profit (Non-IFRS measures) reached RMB112.35 million, up 10.07% year-on-year, reflecting a steady improvement in profitability.

2. **Sound Cash Flow Performance:** Net cash inflow from operating activities for the year amounted to RMB240.84 million, maintaining a sustained positive net inflow. With ample cash reserves and an optimized asset-liability structure, we have secured solid financial support for the Group's technological R&D and market expansion endeavors.

(II) ACHIEVING RESULTS THROUGH CORE BUSINESS DEVELOPMENT, WITH DISTINCT ADVANTAGES IN OPERATIONAL MODELS

1. **Leading Scale of Domestic Service Network:** As of 31 December 2025, the Group's smart massage service POS had exceeded 49,877, covering 31 provincial-level administrative regions and 338 cities nationwide. Services were deployed in core high-traffic scenarios including airports, high-speed rail stations, commercial complexes and cinemas, while penetration in core business districts, transportation hubs and office settings was further enhanced, providing solid support for the steady growth of revenue.

2. **Successful Pilot Operations in Overseas Markets:** The Group officially launched its globalization strategy in 2025, initiating preliminary pilot operations in places such as Thailand, Indonesia, and Hong Kong. These efforts laid a solid foundation for the full implementation of our globalization strategy.

3. **Synergistic Effect of "Direct Mode and Partner Mode":** The Direct Mode, as our primary operating mode, contributed approximately 85.39% of the Group's mechanical massage service revenue. Through self-operation, the Group maintained strict control over service standards and operational quality. Leveraging the local resource advantages of our local partner(s) network, we achieved efficient expansion of our service network. The two modes complemented and reinforced each other, supporting steady growth in core businesses.

(III) ACHIEVING STEADY GROWTH IN OPERATING PERFORMANCE IN 2025 THROUGH SYNERGISTIC EFFORTS ACROSS STRATEGY, OPERATIONS, TECHNOLOGY AND MANAGEMENT RATHER THAN A SINGLE FACTOR. THE CORE DRIVING FORCES ENCOMPASS:

1. **Scenario-focused Development and Network Expansion:** The Company continued to deepen its presence in core scenarios, rapidly expanding its service network through in-depth cooperation with local partner(s) and corporate customers, thereby enhancing market coverage and user reach.

2. **Product Iteration and Technology-Driven Enhancement:** Adhering to a user-centric philosophy, we continuously upgraded our smart massage equipment, optimized operational efficiency through IoT technology and big data analytics, and improved equipment utilization rate and service quality.

3. **Cost Optimization and Refined Management:** Through scaled procurement, supply chain collaboration and digital management tools, we effectively controlled operating costs and enhanced overall profitability.

4. **Forward-looking Strategy and Layout Adjustment:** We actively pursued overseas market expansion, exploring pathways for global development, while concurrently optimizing our domestic business structure by focusing on high-value scenes and customer groups. This approach has laid a solid foundation for our long-term growth.

CHAIRMAN'S STATEMENT

(IV) SHOULDERING SOCIAL RESPONSIBILITY AND PROMOTING SUSTAINABLE DEVELOPMENT:

Environmental Responsibility (E): We actively respond to the national "carbon peaking and carbon neutrality" strategy by prioritizing the use of energy-saving and environmentally friendly materials, maintaining stable control over unit equipment energy consumption in 2025. We continue to promote green procurement and paperless operations, driving the green and low-carbon transformation of the entire industrial chain, both upstream and downstream.

Social Responsibility (S): We have always integrated social responsibility into the very fabric of our enterprise. In August 2025, the Company collaborated with the China Ageing Development Foundation, donating a batch of smart massage products (with a material value of RMB114,582) and RMB20,000 in cash to support the "Elderly Healthy Living Project" public welfare initiative, demonstrating care and support for the health and well-being of the elderly population. Additionally, the Company donated HK$1,000,000 to the Support Fund for Wang Fuk Court in Tai Po, Hong Kong, for post-disaster reconstruction and community support efforts. Furthermore, through the "Lemo & Chinese Red Cross Foundation AED" project, the Group donated RMB140,000 to the Red Cross, aimed to strengthen the emergency rescue system in public places, improve the capacity for emergency response to sudden illnesses such as cardiac arrest in public areas, and enhance the level of public safety protection. While advancing our social welfare initiatives, the Group also places great emphasis on supporting local economies and employment. The Group prioritizes the recruitment of local talent, safeguards the legitimate rights and interests of our employees, and provides stable positions and development opportunities for them. Going forward, the Group will continue to align business development with social needs, explore more forms of community engagement and opportunities, and create long-term value for society.

Governance Responsibility (G): We strictly comply with the Listing Rules of The Stock Exchange of Hong Kong Limited. Following our listing, we have further enhanced our corporate governance structure, refined the Audit Committee, Remuneration Committee, Nomination Committee, and Strategy Committee under the Board of Directors, and established an internal control system characterized by clearly defined responsibilities and effective checks and balances; placed great emphasis on the protection of Shareholders' rights and interests, strictly fulfilled our information disclosure obligations, and maintained diverse investor communication channels to safeguard the rights of all Shareholders to be informed, to participate, and to receive returns.

Looking ahead to 2026 and beyond, the long-term positive trajectory of China's economy remains unchanged, and the enduring trend of upgrading national health consumption will not reverse. The smart health service sector continues to stand in a prime period of development. Building on the new milestone of our listing in Hong Kong, the Group will continue to advance high-quality development, delivering sustainable long-term value returns to all Shareholders.

(I) Domestic market: deepening core competencies and promoting full-dimensional upgrades

Over the next three years, the Group will focus on six key strategic directions to drive continuous evolution in the domestic market:

1. Comprehensively empower upgrades and enhance the integrated operational capabilities of partners and direct-operated entities;

2. Optimize the construction of R&D and manufacturing centers to consolidate the core supply chain advantages;

3. Drive the in-depth application of artificial intelligence technology throughout operational processes;

4. Deepen refined user operation and brand communication to enhance user lifetime value;

5. Continuously optimize the structure of networks and scenarios with a focus on high-value scenarios;

6. Achieve cost reduction and efficiency enhancement across the entire process to comprehensively elevate the Group's operating efficiency and profitability quality.

We will continue to deepen our presence in the core "smart massage space" sector, constantly optimize product forms and service experience, drive the "Lemobar" brand toward greater diversification and deeper penetration into high-quality scenarios, and further strengthen brand awareness and market share in the B2B market.

(II) International market: launching the globalization strategy and achieving localization

Internationalization is the core strategy of the long-term development of the Group, and an inevitable path for an enterprise to build strength and scale. Leveraging on China's robust supply chain advantages and mature digital operation capabilities, the Group will officially launch a holistic internationalization strategy:

1. Promote the international localization adaptation of China's proven business models, and prioritize core business centers in Southeast Asia and other regions;

2. Establish an independent professional team dedicated to serving overseas markets, and build a localized operation and supply chain system;

3. Advance the global layout with a long-term mindset, and deliver China's health service models to consumers worldwide, leveraging our mature operational experience and product capabilities.

The year 2026 marks the beginning of the country's "15th Five-Year Plan" period and represents a pivotal year for the Group to fully unleash its momentum following its listing in Hong Kong. The Group firmly believes that health of all serves as the core foundation for national development, and that accessible, convenient health services represent an inevitable trend of our times.

Looking ahead, the Company will remain true to its founding mission, driving development through innovation and empowering growth with technology. We will steadily advance toward a new stage of globalized and intelligent development, creating greater value for our Shareholders, employees, partners, and society at large, while jointly contributing to the development of China's smart health service industry!

Mr. Han Daohu
Chairman of the Board

Lemo Services Co., Ltd

FINANCIAL AND OPERATING HIGHLIGHTS

A summary of key financial figures of the Group for the last four financial years, extracted from audited financial statements in this annual report and the Prospectus:

FINANCIAL RESULTS

	For the year ended 31 December			
	2025	2024	2023	2022
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	**906,778**	797,991	586,836	330,154
Cost of sales	**(601,429)**	(510,192)	(341,591)	(244,819)
Gross profit	**305,349**	287,799	245,245	85,335
Other net (loss)/income	**(600)**	(518)	(14,489)	200
Selling and distribution expenses	**(117,278)**	(113,867)	(77,114)	(42,749)
Administrative expenses	**(50,223)**	(46,066)	(29,222)	(18,377)
Research and development expenses	**(23,381)**	(21,497)	(16,191)	(8,330)
Profit from operations	**113,867**	105,851	108,229	16,079
Finance costs	**(1,804)**	(3,383)	(2,008)	(1,329)
Changes in the carrying amount of the redemption liability	**–**	(164)	(3,007)	(4,985)
Profit before taxation	**112,063**	102,304	103,214	9,765
Income tax	**(18,332)**	(16,497)	(15,874)	(3,284)
Profit for the year	**93,731**	85,807	87,340	6,481
Adjusted net profit for the year (Non-IFRS measures) [(1)]	**112,354**	102,075	94,578	8,534

Note:

(1) We define adjusted net profit (Non-IFRS measures) as profit for the year adjusted for (i) equity-settled share-based payment expenses, which are the non-cash payment in nature; and (ii) listing expenses, which are the expenses relating to the Global Offering.

FINANCIAL AND OPERATING HIGHLIGHTS

ASSETS AND LIABILITIES

	As at 31 December			
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)
Assets, Liabilities and Equity				
Total assets	**714,249**	472,690	405,814	257,489
Total liabilities	**214,196**	232,667	253,929	180,223
Total equity	**500,053**	240,023	151,885	77,266

OPERATING METRICS

	As at 31 December			
	2025	2024	2023	2022
Number of Massage Equipment	**539,443**	490,564	257,815	167,066
– Massage Chairs	**100,302**	94,163	81,749	66,653
– Massage Cushions	**439,141**	396,401	176,066	100,413
Number of POS	**49,877**	45,993	32,141	21,727

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the Group recorded total revenue of RMB906.78 million, representing a year-on-year growth of 13.63%; gross profit of RMB305.35 million, representing a year-on-year growth of 6.10%; and adjusted net profit (Non-IFRS measures) of RMB112.35 million, representing a year-on-year growth of 10.07%. The Group recorded positive operating cash inflow of RMB240.84 million, which was in a good cash flow condition.

As at 31 December 2025, the number of massage chairs was 100,302, representing a year-on-year growth of 6.52%; the number of massage cushions was 439,141, representing a year-on-year growth of 10.78%; and the number of POS was 49,877, representing a year-on-year growth of 8.44%.

Mechanical Massage Service

Our mechanical massage service mainly includes provision of massage service performed by the mechanical massage equipment at our POS. We strategically lay out our mechanical massage service into consumption scenarios with high consumer traffic such as commercial complexes, cinemas, traffic hubs (including airports and high-speed rail stations). In 2025, we generated revenue from mechanical massage service of RMB876.43 million, representing a year-on-year growth of 11.94%.

Direct Mode and Partner Mode

Under the Direct Mode, we are responsible for POS operation. Under the Partner Mode, Local Partners are responsible for POS operation, while we provide a comprehensive mechanical massage service solution. During the Reporting Period, the Direct Mode is our primary operation mode, with approximately 85.39% of revenue generated from mechanical massage service. While actively expanding our directly-operated POS network, we also maintain a robust Local Partner network, leveraging their advantages on local resources for sustained growth.

Our Mechanical Massage Equipment

We retain ownership of our mechanical massage equipment under both the Direct Mode and the Partner Mode in China. We have provided over 10 types of mechanical massage equipment for use at our POS during the Reporting Period. Our mechanical massage equipment during the Reporting Period comprised mechanical massage chairs and mechanical massage cushions. We have developed a multi-tiered product structure to cater to the diverse needs of different consumer segments. As at 31 December 2025, our product portfolio comprised four distinct series: the Leisure Chair Comfort and Relaxation Series, the Energy Egg Professional Massage Series, the First Class Intelligent Health Series, and the Back & Waist Relax Cinema Experience Series.

Our POS Network

As at 31 December 2025, we had a POS network of over 49,877 POS, covering 31 provincial-level administrative divisions and 338 cities. In 2025, we commenced establishing our overseas POS presence in Thailand, Indonesia and Hong Kong, which remained at an early exploratory stage and on a very limited scale.

In April 2025, for the purpose of a preliminary trial, we entered into a cooperation arrangement with a company incorporated in Thailand (the "**Thailand Partner**") for the establishment of POS in Thailand. As at 31 December 2025, our operations in Thailand remained in the early exploratory stage and thus the POS scale was very limited.

Since July 2025, we have been exploring the establishment of POS in Hong Kong. As at 31 December 2025, we had established a small number of POSs in the commercial complexes and office buildings in North Point, Cyberport and Lai Chi Kok.

In August 2025, for the purpose of a preliminary trial, we entered into a cooperation arrangement with a company incorporated in Indonesia (the "**Indonesian Partner**") for the establishment of POS in Indonesia. Our cooperation model and the relevant contractual terms with the Indonesian Partner are consistent with those of the Thailand Partner. As at 31 December 2025, our operations in Indonesia remained in the early exploratory stage and thus the POS scale was limited.

Other Business

During the Reporting Period, we also (i) generated revenue through the display of advertisements in the form of pop-up banners through our Wechat mini program and official account, and (ii) sold a variety of massage equipment and massage accessories for household use, through e-commerce platforms including JD, Tmall, Douyin and Youzan to retail consumers. These businesses, as a supplement to our mechanical massage service, help us increase the brand awareness of Lemobar and diversify our business structure.

For the year ended 31 December 2025, our revenue generated from others was RMB30.35 million, accounting for 3.35% of our total revenue.

FINANCIAL REVIEW

Revenue

The following table sets forth the breakdown of our revenue by business segment for the years indicated:

	For the year ended 31 December			
	2025		2024	
	(RMB'000)	% of total revenue	(RMB'000)	% of total revenue
Mechanical massage services				
– Direct Mode	**748,398**	**82.53%**	668,750	83.80%
– Partner Mode	**128,028**	**14.12%**	114,176	14.31%
Subtotal	**876,426**	**96.65%**	782,926	98.11%
Others (Note)	**30,352**	**3.35%**	15,065	1.89%
Total	**906,778**	**100.00%**	797,991	100.00%

Note: Others mainly include (i) online sales of household massage equipment and massage accessories; (ii) provision of digital advertising services; (iii) sales of massage equipment spare parts to the Local Partners; and (iv) sales of mechanical massage equipment to the Local Partners.

Revenue from mechanical massage services – Direct Mode

For the year ended 31 December 2025, our revenue from mechanical massage services under the Direct Mode was RMB748.40 million, representing an increase of 11.91% from RMB668.75 million for the year ended 31 December 2024. The increase was primarily due to the expansion in the number of POS network and equipment investments.

Revenue from mechanical massage services – Partner Mode

For the year ended 31 December 2025, our revenue from mechanical massage services under the Partner Mode was RMB128.03 million, representing an increase of 12.13% from RMB114.18 million for the year ended 31 December 2024. The increase was primarily due to the expansion in the number of POS network and equipment investments.

Revenue from others

For the year ended 31 December 2025, our revenue from others was RMB30.35 million, representing an increase of 101.47% from RMB15.07 million for the year ended 31 December 2024. The increase was primarily due to an increase in revenue from sales of massage equipment to the Local Partners in overseas markets in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

The following table sets out a breakdown of our cost of sales by nature in absolute amounts and as percentages of our cost of sales for the years indicated:

	For the year ended 31 December			
	2025		2024	
	(RMB'000)	% of total cost of sales	(RMB'000)	% of total cost of sales
POS and related expenses	392,325	65.23%	352,373	69.08%
Depreciation and amortization	144,011	23.94%	104,420	20.47%
Employee benefit expenses	27,598	4.59%	25,557	5.01%
Logistics and miscellaneous fee	17,254	2.87%	17,502	3.42%
Cost of mechanical massage equipment	9,429	1.57%	–	0.00%
Cost of household massage equipment and massage accessories sold	3,964	0.66%	5,730	1.12%
Others	6,848	1.14%	4,610	0.90%
Total	601,429	100.00%	510,192	100.0%

Our cost of sales primarily consisted of POS and related expenses, depreciation and amortization, employee benefit expenses, logistics and miscellaneous fee, cost of mechanical massage equipment, and cost of household massage equipment and massage accessories sold. Our cost of sales increased to RMB601.43 million for the year ended 31 December 2025 as compared with RMB501.19 million for the year ended 31 December 2024, which was mainly attributable to the expansion in the number of sites and equipment investments, resulting in an increase in site expenses, equipment depreciation expenses, new equipment purchase expenses and other costs, as well as an increase in costs attributable to the growth in headcount.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth our gross profit and gross profit margin by business segment for the years indicated:

	For the year ended 31 December			
	2025		2024	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)
Mechanical massage services				
– Direct Mode	202,360	27.04	199,728	29.87
– Partner Mode	92,879	72.55	83,347	73.00
Subtotal	295,239	33.69	283,075	36.16
Others	10,110	33.31	4,724	31.36
Total	305,349	33.67	287,799	36.07

For the year ended 31 December 2025, the gross profit of the Group increased by 6.10% to RMB305.35 million as compared with RMB287.80 million for the year ended 31 December 2024, which was primarily attributable to the expansion of our POS network and equipment deployment and the growth in transaction order volume, as well as our entry into overseas markets and an increase in sales of massage equipment to the Local Partners abroad. The gross margin of the Group decreased to approximately 33.67% for the year ended 31 December 2025 from 36.07% for the year ended 31 December 2024, mainly attributable to (i) the expansion of business scale and deeper market penetration, leading to higher POS usage fees and new massage equipment costs, and (ii) increased expenditure on operations and maintenance personnel, which collectively slowed gross profit growth.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses primarily consisted of employee benefit expenses, brand image development expenses, business development and travel expenses, marketing and advertisement expenses, office expenses, and depreciation and amortisation. For the year ended 31 December 2025, our selling and distribution expenses increased by 3.00% to RMB117.28 million as compared with RMB113.87 million for the year ended 31 December 2024, mainly attributable to the expansion of our business scale, POS network and brand development initiatives, the increase in marketing personnel and salaries, and the strengthening of our business development and marketing activities.

MANAGEMENT DISCUSSION AND ANALYSIS

ADMINISTRATIVE EXPENSES

Our administrative expenses primarily consisted of employee benefit expenses, office and rental expenses, corporate service fees, depreciation and amortization, and administrative travel expenses. For the year ended 31 December 2025, our administrative expenses increased by 9.02% to RMB50.22 million as compared with RMB46.07 million for the year ended 31 December 2024, mainly attributable to the increase in listing expenses and the increase in administrative remuneration.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development ("**R&D**") expenses primarily consist of employee benefit expenses, materials and office expenses, depreciation and amortization, travel expenses, and outsource research expenses. For the year ended 31 December 2025, our research and development expenses increased by 8.76% to RMB23.38 million as compared with RMB21.50 million for the year ended 31 December 2024, mainly attributable to increase in the number and remuneration of R&D personnel due to the increase in R&D projects.

FINANCE COSTS

Our finance costs primarily consists of interest expenses on bank loans and lease liabilities. For the year ended 31 December 2025, our finance costs decreased by 46.67% to RMB1.80 million as compared with RMB3.38 million for the year ended 31 December 2024, mainly attributable to interest expense decreased as a result of lowering of state loan rates.

CHANGES IN THE CARRYING AMOUNT OF THE REDEMPTION LIABILITY

Our changes in the carrying amount of the redemption liability mainly consist of the amount of movement in our redemption liability. The redemption liability arose due to certain preferential rights granted to an investor, namely Ma'anshan Cornerstone Yixiang Equity Investment Partnership Enterprise (LLP) ("**Cornerstone Yixiang**"), who was entitled to require the Company to redeem its equity interest, pursuant to the capital increase agreement entered into between Cornerstone Yixiang and the Company in December 2017. For the year ended 31 December 2025, our changes in the carrying amount of the redemption liability decreased to nil, as compared with RMB0.16 million for the year ended 31 December 2024. The decrease was mainly attributable to the termination of the preferential right by Cornerstone Yixiang in 2024.

INCOME TAX

Our income tax expenses comprised current tax expense and deferred tax expense. For the year ended 31 December 2025, our income tax expenses increased by 11.12% to RMB18.33 million as compared with RMB16.50 million for the year ended 31 December 2024, mainly attributable to the increase in profit before tax brought by the Company's expansion of business and the increase in massage equipment deployment, as well as the exploration of new overseas markets.

ADJUSTED NET PROFIT (NON-IFRS MEASURES)

For the year ended 31 December 2025, the adjusted net profit increased by 10.07% to RMB112.35 million from RMB102.08 million for the year ended 31 December 2024. Such increase was primarily attributable to the Company's business expansion, increased revenue from deploying more massage equipment, and profit growth from exploring new overseas markets.

We define adjusted net profit (Non-IFRS measures) as profit for the year adjusted by adding (i) equity-settled share-based payment expenses, which are the non-cash payment in nature; and (ii) listing expenses, which are the expenses relating to the Global Offering. We exclude these items because they were non-operating in nature, non-recurring or not indicative of our core operating results. We believe that adjusted net profit for the year ended 31 December 2025, as compared with adjusted net profit for the year ended 31 December 2024, can provide additional information to investors and others in understanding and evaluating the Group's consolidated results of operations as well as facilitate year to year comparison. However, the use of these non-IFRS measures has limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under the IFRS Accounting Standards. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets out adjusted net profit (non-IFRS measure) and a reconciliation from profit for the year to adjusted net profit (non-IFRS measure) for the years indicated.

	For the year ended 31 December	
	2025	2024
	(RMB'000)	(RMB'000)
Profit for the year	**93,731**	85,807
Add:		
Equity-settled share-based payment expenses	**4,562**	5,564
Listing expenses	**14,061**	10,704
Adjusted net profit for the year (Non-IFRS measures)	**112,354**	102,075

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL RESOURCES

We have funded our working capital principally from cash generated from our business operations, bank borrowings, capital contributions from our shareholders, as well as the net proceeds from the Global Offering.

We adopt a prudent treasury management policy to regularly monitor the Group's liquidity requirements and compliance with lending covenants, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Group, and the net proceeds from the Global Offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations.

The following table sets out our cash flows for the years indicated:

	For the year ended 31 December		
	2025 (RMB'000)	2024 (RMB'000)	**Change (%)**
Net cash generated from operating activities	**240,835**	192,443	**25.15**
Net cash used in investing activities	**(171,743)**	(155,813)	**10.22**
Net cash generated from/(used in) financing activities	**156,434**	(55,837)	**N/A**
Net increase/(decrease) in cash and cash equivalents	**225,526**	(19,207)	**N/A**
Cash and cash equivalents at the beginning of the year	**19,684**	38,891	**(49.39)**
Effect of foreign exchange rate changes	**(1,342)**	–	**N/A**
Cash and cash equivalents at the end of the year	**243,868**	19,684	**1,138.91**

Operating Activities

For the year ended 31 December 2025, net cash generated from operating activities was RMB240.84 million, compared with RMB192.44 million generated from operating activities for the year ended 31 December 2024, representing an increase of 25.15%. The increase was mainly attributable to operating cash inflow growth driven by revenue increase.

Investing Activities

For the year ended 31 December 2025, net cash used in investing activities was RMB171.74 million, compared with RMB155.81 million used in investing activities for the year ended 31 December 2024, representing an increase of 10.22%. The increase was mainly attributable to purchase of R1-rated wealth management products using daily idle cash of the Company, classified as financial assets at fair value through profit or loss.

Financing Activities

For the year ended 31 December 2025, net cash generated from financing activities was RMB156.43 million, compared with RMB55.84 million used in financing activities for the year ended 31 December 2024. The increase was mainly attributable to the completion of the Company's initial public offering in December 2025.

Cash and Cash Equivalents

As a result of the foregoing, our cash and cash equivalents increased by 1,138.91% from approximately RMB19.68 million as of 31 December 2024 to approximately RMB243.87 million as of 31 December 2025. The increase was mainly attributable to the completion of the Company's initial public offering in December 2025.

FOREIGN CURRENCY EXCHANGE RISKS

Our presentation and functional currency was RMB. During the Reporting Period, we conducted business in mainland China and most of our transactions were settled in RMB, and the Group is exposed to foreign exchange risk with respect to transactions denominated in currencies other than RMB. As of 31 December 2025, the majority of our non-RMB assets were denominated in US Dollars, which accounted for approximately 82.01% of cash and cash equivalents. During the Reporting Period, the net proceeds from the Global Offering were fully converted into US Dollars. We managed our foreign exchange risk by regularly reviewing our net foreign exchange exposures. During the Reporting Period, the Group did not enter into any derivative instruments to hedge its foreign exchange exposures. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and considered taking appropriate hedging measures when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to each liability.

A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Save as disclosed above, we did not have any significant contingent liabilities as at 31 December 2025.

GEARING RATIO

As at 31 December 2025, our gearing ratio, which is calculated as total debt divided by total equity, was 12.90%, as compared with 26.61% as at 31 December 2024. Total debt equals the sum of bank loans and lease liabilities.

CAPITAL EXPENDITURE

Our capital expenditures comprise the payment for purchase of property, plant and equipment and intangible assets. For the years ended 31 December 2025 and 2024, total capital expenditure amounted to RMB135.44 million and RMB175.69 million respectively, representing a decrease of 22.91%. The decrease was mainly attributable to a decrease in the related capital expenditure affected by the evolving lifecycle stages of our massage equipment.

BUSINESS OUTLOOK

Looking ahead to 2026 and the future, the long-term positive fundamentals of China's economy remain unchanged. The enduring trend of rising national health consumption demand will not be reversed, and the smart health service sector is still in a prime period of development. Building on the new starting point as a company listed on the Stock Exchange, the Group will continue to advance high-quality development to deliver sustainable long-term value returns to all Shareholders.

(I) Domestic market: deepening core competencies and promoting full-dimensional upgrades

Over the next three years, the Group's domestic market will focus on continuous evolution on six core directions:

1. Comprehensively empower upgrades and enhance the integrated operational capabilities of partners and direct-operated entities;

2. Optimize the construction of R&D and manufacturing centers to consolidate the core supply chain advantages;

3. Drive the in-depth application of artificial intelligence technology throughout operational processes;

4. Deepen refined user operation and brand communication to enhance user lifetime value;

5. Continuously optimize the structure of networks and scenarios with a focus on high-value scenarios;

6. Achieve cost reduction and efficiency enhancement across the entire process to comprehensively elevate the Group's operating efficiency and profitability quality.

(II) International market: launching the globalization strategy and achieving localization

Internationalization is the core strategy of the long-term development of the Group, and an inevitable path for an enterprise to build strength and scale. Leveraging on China's robust supply chain advantages and mature digital operation capabilities, the Group will officially launch a holistic internationalization strategy:

1. Promote the international localization adaptation of China's proven business models, and prioritize core business centers in Southeast Asia and other regions;

2. Establish an independent professional team dedicated to serving overseas markets service, and build a localized operation and supply chain system;

3. Advance the global layout with a long-term mindset, and deliver China's health service models to consumers worldwide, leveraging our mature operational experience and product capabilities.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2025, there were no significant investments held by the Group nor any future plans for significant investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, there were no material acquisitions or disposals of subsidiaries, associates, or joint ventures.

CHARGE ON ASSETS

As at 31 December 2025, none of the Group's property, plant and equipment was pledged as security.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, we had a total of 609 full-time employees. All of our employees are based in the PRC. For the year ended 31 December 2025, cost of employees' remuneration and benefit was approximately RMB132.05 million as compared with RMB125.19 million for the year ended 31 December 2024.

We have entered into written employment contracts and confidentiality agreements with our employees and non-competition agreements with our management and key employees. We offer a remuneration package including basic salaries, performance assessment bonuses and other performance-related bonuses. The performance-based bonuses are mainly determined at the discretion of management based on the employees' work and sales performance. These performance bonuses are calculated on a quarterly and annual basis. To incentivize our Directors, senior management and employees of the Group for their contribution to the Group, the Company adopted the Pre-IPO Share Incentive Schemes, details of which are set out in the section headed "Pre-IPO Share Incentive Schemes" in this annual report.

Under the relevant PRC laws and regulations, we are required to make contributions to mandatory social insurance funds, including pension, work-related injury insurance, maternity insurance, medical insurance and unemployment insurance. Furthermore, we are required, under the relevant PRC laws and regulations, to register with the relevant authorities and maintain the required accounts with designated banks for making contributions to the housing provident funds for our employees. The Group did not have any forfeited contribution for the year ended 31 December 2025 in connection with the defined contribution plan.

We have striven to provide training and promotion opportunities to our employees to promote a sense of belonging and work dedication. Our new employees are required to attend orientation training and existing employees regularly attend different training programmes, covering (i) operational aspects regarding market trends, product introduction, sales techniques and case sharing; (ii) technological aspects regarding research and development of new technology, professional skillsets and problem-solving skills; (iii) management aspects regarding team management, strategic planning and case studies and experience sharing; and (iv) consumer service aspects regarding business etiquette, professional communication and analysis of common consumer complaints.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

After the end of the Reporting Period, the Directors proposed a final dividend, subject to the approval of the Shareholders of the Company at the annual general meeting to be held on Monday, 18 May 2026. For details, please refer to the paragraph headed "Final Dividend" in the Report of the Directors and Note 25(b) to the consolidated financial statements of this annual report.

Save as disclosed in this annual report, there was no other significant subsequent event undertaken by the Group subsequent to 31 December 2025 and up to the Latest Practicable Date.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board currently consists of eight Directors, comprising three executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of our Board include convening general meetings, implementing the resolutions passed at general meetings, determining business and investment plans, formulating our annual financial budget and financial accounts, and formulating our proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Articles of Association. Our Directors are appointed for a term of three years and are eligible for re-election and re-appointment upon expiry of their term of office.

Our Supervisory Committee currently consists of three Supervisors. It is primarily responsible for supervising the performance of our Board and members of the senior management and performing other supervisory duties. Our Supervisors are appointed for a term of three years, renewable upon re-election.

The senior management is responsible for the management of day-to-day operations of the Company.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

Mr. Han Daohu (韓道虎), aged 58, is our Chairman and a non-executive Director, primarily responsible for strategy planning, major decision making, public relations and supervising the management of our Group. Mr. Han was appointed as our Chairman and a non-executive Director in August 2024.

Mr. Han has near 30 years of experience in business operations and business leadership. From November 1998 to October 2003, Mr. Han served as the chairman of Shanghai Jiugong Electromechanical Equipment Engineering Co., Ltd. (上海久工機電設備工程有限公司), a company principally engaged in electromechanical engineering services responsible for its overall operation and management. From January 2003 to July 2019 and from November 2003 to February 2019, Mr. Han served as the chairman of Shanghai Jiugong Industrial Co., Ltd. (上海久工實業有限公司), a company principally engaged in intelligent equipment production and sales, and Anhui Jiugong Jianye Co., Ltd. (安徽久工健業有限責任公司), a company principally engaged in intelligent equipment production and sales, respectively, responsible for corporate strategic planning, enhancing operational efficiency and shareholders' interest protection. From December 2016 to May 2018, Mr. Han served as a director at Anhui Lejin Health Technology Co., Ltd. (安徽樂金健康科技股份有限公司), a company principally engaged in far-infrared sauna room operation whose A shares are listed on Shenzhen Stock Exchange (stock code: 300247.SZ), responsible for overseeing the operation and management of its wholly-owned subsidiary, Anhui Jiugong Jianye Co., Ltd.. Mr. Han has been acting as the chairman of Shanghai Beikeruobao Healthy Technology Co., Ltd. (上海貝氪若寶健康科技有限公司), a company principally engaged in intelligent health hardware (including office chair, deep sleep mattress) research and development and manufacturing, since December 2022, responsible for its strategy, major decision-making and operations. Mr. Han served as a director of Anhui Zhongsheng Suyuan Biotechnology Co., Ltd. (安徽中盛溯源生物科技有限公司), a company principally engaged in cellular drug research and development, from August 2023 to August 2025.

Mr. Han completed his study of the Future Technology EMBA program of Economics and Management College of Tsinghua University (清華大學) in the PRC in December 2023. Mr. Han obtained his executive master's degree in Business Administration from Ecole nationale des ponts et chaussées (École nationale des ponts et chaussées) (法國國立路橋學校) in France in March 2024.

Mr. Xie Zhonghui (謝忠惠), aged 51, is our deputy chairman and an executive Director, primarily responsible for strategy planning, overall management, major decision-making and supervising the management of our Group. Mr. Xie joined our Group in July 2016, and has been serving as the executive Director since December 2016. From December 2017 to August 2024, Mr. Xie served as the general manager of our Company. Mr. Xie was appointed as the deputy chairman in August 2024. Mr. Xie has also been serving as the director and general manager of certain subsidiaries of our Company.

Mr. Xie has over 20 years of experience in business leadership and entrepreneurship. Prior to joining our Group, from November 2001 to September 2008, Mr. Xie served as a sales director and the deputy general manager of Truecolor Stationery Co., Ltd. (真彩文具股份有限公司), a company principally engaged in production of office supplies, responsible for sales-related work. From May 2011 to January 2016, Mr. Xie served as the founder and the chairman of Shanghai Fujian Industrial Development Co., Ltd. (上海福健實業發展有限公司), a company principally engaged in the manufacturing and sales of massage equipment, primarily responsible for the overall management, development planning and major decision-making.

Mr. Xie graduated from Jimei University (集美大學) in PRC in July 1998, majoring in mechanical manufacturing process and equipment.

Mr. Wu Jinghua (吳景華), aged 45, is a non-executive Director, mainly responsible for supervising and providing professional opinion and judgement to our Board. Mr. Wu was appointed as a non-executive Director in August 2024.

Mr. Wu has 18 years of experience in business management. From June 2007 to December 2007, Mr. Wu worked at Fu'an Likang Health Appliance Factory (福安市利康保健電器廠), a company principally engaged in the manufacturing and sales of health appliances and massage equipment accessories, serving as the factory director. From December 2007 to December 2021, Mr. Wu worked at Fujian Honor Fitness Equipment Co., Ltd. (福建榮耀健身器材有限公司) (currently known as Fujian Rovos Health Technology Co., Ltd. (福建榮耀健康科技股份有限公司), a company quoted on the NEEQ (stock code: 873733), principally engaged in the equipment manufacturing), holding positions as the chairman, the executive director and the general manager. Mr. Wu has been working as the chairman of the board and the general manager of Fujian Rovos Health Technology Co., Ltd. since December 2021.

Mr. Wu graduated from Yang-en University (仰恩大學) in the PRC in July 2003, majoring in marketing.

Mr. Feng Baocai (封寶財), aged 51, is an executive Director and the general manager of our Company, primarily responsible for strategy planning and overseeing the Group's daily operations and strategic direction. Mr. Feng joined our Group in December 2016 as a supervisor. From December 2017 to December 2022, Mr. Feng acted as the sales director of our Company, responsible for supervising and guiding the execution of sales targets across various markets. Since December 2022, Mr. Feng has been serving as the vice president of marketing of our Company, primarily responsible for formulating marketing strategies and overseeing the implementation of marketing goals. Mr. Feng has been acting as a Director since October 2021 and the general manager of our Company since July 2024. Mr. Feng has also been serving as the director, general manager or supervisor positions in certain subsidiaries of our Company. Mr. Feng has over 12 years of experience in general management and business operations. Prior to joining our Group, from February 2013 to June 2016, Mr. Feng worked as the general manager of Wuxi Fuji General Equipment Co., Ltd. (無錫佛吉斯通用設備有限公司), a company principally engaged in the machinery manufacturing, responsible for its daily operation and management.

Mr. Feng graduated from Jimei University (集美大學) in the PRC, majoring in mechanical manufacturing process and equipment in July 1998.

Mr. Lei Zhigang (雷志剛), aged 53, was appointed as an independent non-executive Director in January 2025, mainly responsible for supervising and offering independent judgement to the Board.

Mr. Lei has extensive experience of legal practice. He has been working at Beijing Zhilin Law Firm (北京志霖律師事務所) as its director (主任) since March 2012.

Mr. Lei graduated from Lanzhou University (蘭州大學) in the PRC in June 1995 with a bachelor's degree in materials science. In addition, he obtained a master's degree in law from China University of Political Science and Law (中國政法大學) in the PRC in June 2005. Mr. Lei was first approved by the Beijing Municipal Bureau of Justice (北京市司法局) to practice as a full-time lawyer in May 2006. Mr. Lei obtained a Professional Agent Professional Certificate (專利代理師執業證) issued by the Beijing Municipal Intellectual Property Office (北京市知識產權局) in January 2005.

Ms. Dong Hui (董慧), aged 42, was appointed as an independent non-executive Director in December 2024, mainly responsible for supervising and offering independent judgement to the Board. Ms. Dong currently serves as an associate professor at the School of Accounting, Shanghai University of Finance and Economics (上海財經大學).

Ms. Dong has over 14 years of experience in the financial fields. From September 2010 to June 2011, Ms. Dong served as an assistant professor at Beijing Normal University-Hong Kong Baptist University United International College (北京師範大學－香港浸會大學聯合國際學院). From February 2023 to September 2023, Ms. Dong was a visiting scholar at the University of California, San Diego. Ms. Dong has been currently serving as an independent non-executive director and member of the audit committee of Wuxi Commercial Mansion GRAND Orient Co., Ltd. (無錫商業大廈大東方股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600327.SH)), a company principally engaged in retail department store business. She served as an independent non-executive director of Shanghai Chemspec Corporation (上海康鵬科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688602.SH)) which principally engaged in technology research and development and operations in the fields of electronics, materials, biotechnology and pharmaceuticals from February 2022 to February 2025. Ms. Dong has been acting as an independent non-executive director of Shanghai Yutiane Guanjia Technology Co., Ltd. (上海毓恬冠佳科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 301173.SZ)), a company principally engaged in intelligent in-vehicle equipment manufacturing, since August 2021. Ms. Dong has been acting as an independent non-executive director of Jiusan Food Co., Ltd. (九三食品股份有限公司) which principally engaged in food production and sales since September 2020.

Ms. Dong also served as an independent non-executive director of Suzhou Beiyin Technology Co., Ltd. (蘇州貝茵科技股份有限公司), a company principally engaged in the production and sales of medical devices from August 2022 to November 2024. From January 2022 to August 2023, Ms. Dong served as an independent non-executive director of Shanghai Justiming Electronic Technology Co., Ltd. (上海鴻曄電子科技股份有限公司), a company principally engaged in the manufacturing and sales of electronic components.

Ms. Dong graduated from Renmin University of China (中國人民大學) in the PRC in July 2005 with a bachelor's degree in marketing. In September 2006, she obtained her master's degree in economics from the University of London (倫敦大學) in the United Kingdom. Ms. Dong graduated from University of Hong Kong (香港大學) in September 2010 with her doctoral degree, majoring in banking and finance.

Mr. SUEK Ka Lun Ernie (薛家麟), aged 48, was appointed as an independent non-executive Director in December 2024, mainly responsible for supervising and offering independent judgement to the Board.

Mr. SUEK has been the chairman of Neway Group Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 0055.HK)) (formerly known as Chung Tai Printing Holdings Limited (中大印刷集團有限公司)) which principally engaged in package printing from August 2009 to present, mainly responsible for overseeing, leading and formulating the overall business development of Neway Group. From November 2007 to 31 August 2009, Mr. SUEK served as the chief executive officer of Neway Group Holdings Limited, mainly responsible for formulating and executing the strategic plans and implementing the business objectives. Mr. SUEK has been serving as an executive director of Neway Group Holdings Limited since July 2004, mainly responsible for executing the strategies and business plans for the printing business.

Mr. SUEK graduated from The Hong Kong Polytechnic University (香港理工大學) with a master of science degree in March 2024 majoring in management research studies. Mr. SUEK graduated from The Chinese University of Hong Kong (香港中文大學) majoring in business administration with an EMBA degree in July 2008 and obtained his master's degree in science in December 2003 from the same university. Mr. SUEK graduated from New York University (紐約大學) in the U.S. with a bachelor's degree in science in May 2000.

Supervisors

Ms. Yu Xiaohong (余曉洪), aged 46, is a Supervisor and chairwoman of our Supervisory Committee, primarily responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties. Ms. Yu joined our Company in February 2017 and has been serving as our finance manager of our Company since then, primarily responsible for financial management. Ms. Yu has been serving as our Supervisor since October 2021 and was appointed as the chairwoman of our supervisory committee of the Company in August 2024.

Ms. Yu has over 10 years of experience in financial management. Prior to joining our Group, from April 2012 to January 2017, Ms. Yu worked as the finance manager at Xiamen Longlixing Environmental Protection Technology Co., Ltd. (廈門隆立信環保科技有限公司), a company principally engaged in the research and development of energy-saving refrigeration equipment and accessories, primarily responsible for financial management.

Ms. Yu graduated from Tianjin University (天津大學) in the PRC majoring in financial management in January 2023 through a correspondence program.

Ms. Wang Xuezhen (王雪珍), aged 42, is a Supervisor and primarily responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties. Ms. Wang joined our Company in August 2016. From August 2016 to July 2024, Ms. Wang served as the order supervisor of our Company, mainly responsible for equipment management and optimization of the sales service module of the OA system. Ms. Wang was appointed as a Supervisor in August 2024.

Ms. Wang has over 10 years of experience in administrative and sales service roles. Prior to joining our Group, from April 2006 to July 2016, Ms. Wang worked as an office clerk at Fujian Southeast Focus Enterprise Management Co., Ltd. (福建東南焦點企業管理有限公司), a company principally engaged in business management consulting and economic trade consulting, mainly responsible for management of company documents and human resources related matters.

Ms. Wang graduated from Nanping Industrial School (南平工業技術學校) in the PRC in July 2003 majoring in computer application and maintenance.

Ms. Chen Xia (陳霞), aged 43, is a Supervisor and primarily responsible for supervising the performance of our Directors and members of senior management and performing other supervisory duties. Ms. Chen joined our Company in November 2016. From November 2016 to October 2018, she served as the head of the after-sales services department of our Company, mainly responsible for handling issues related to the use of equipment. From November 2018 to May 2022, Ms. Chen served as the head of the spare parts department at the operation and maintenance service center of our Company, responsible for the management of the procurement and use of spare parts and the construction of operation and maintenance service systems. Since June 2021, Ms. Chen has been serving as the assistant to the general manager of our Company, primarily responsible for administrative affairs. Ms. Chen was appointed as a Supervisor in August 2024.

Ms. Chen has over 15 years of experience in technology and project management. Prior to joining our Group, from October 2007 to March 2015, Ms. Chen worked as a staff of the mechanism research and development department at Solectron Technology (Suzhou) Co., Ltd. (名碩電腦(蘇州)有限公司) which principally engaged in the sales of computers, computer application systems, and computer peripherals, mainly responsible for the mechanism development of computers and peripheral products. From May 2015 to November 2016, Ms. Chen served as an assistant at Fujian Bosikeer Technology Co., Ltd. (福建波士凱爾科技有限公司), a company principally engaged in the research and development and production of massage chairs, responsible for the standardization of various systems and processes required for department construction and tracking the completion of various R&D projects.

Ms. Chen graduated from Nanjing Normal University (南京師範大學) in the PRC, majoring in English in June 2015 through self-taught higher education examination (高等教育自學考試).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Senior Management

Mr. Feng Baocai: See "Directors, Supervisors and Senior Management – Directors".

Mr. Chen Xing: See "Directors, Supervisors and Senior Management – Directors".

Mr. Lin Zhongyue (林忠躍), aged 53, is our chief financial officer and primarily responsible for the overall financial management of our Group. Mr. Lin joined the Group in March 2022 and has been serving as the chief financial officer of our Company since then. From June 2022 to December 2023, Mr. Lin also served as the assistant to the general manager of our Company. Mr. Lin has also been serving as the chief financial officer of certain subsidiaries of our Company.

Mr. Lin has over 12 years of experience in financial management and corporate governance. Mr. Lin joined West Coast Media Co., Ltd. (西岸傳媒股份有限公司) which principally engaged in the investment of film and television projects as a director in March 2012. From February 2018 to March 2019, Mr. Lin served as the deputy general manager and the board secretary at Fujian Kuncai Material Technology Co., Ltd. (福建坤彩材料科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 603826.SH)), a company principally engaged in the production and sales of pearlescent materials and mica, responsible for overseeing investor relations and investment project management. From April 2019 to June 2020, Mr. Lin worked as the financial controller of Fuchun Technology Co., Ltd. (富春科技股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300299.SZ)), a company principally engaged in software development and IoT technology research and development, primarily responsible for its financial management. From July 2020 to February 2022, Mr. Lin worked as a senior manager at Dahua Accounting Firm (大華會計師事務所), responsible for financial consulting for corporate governance.

Mr. Lin graduated from Shanxi University of Finance and Economics (山西財經大學) (formerly known as Shanxi College of Finance and Economics (山西財經學院)) in the PRC with a bachelor's degree, majoring in auditing in July 1996. Mr. Lin was awarded the senior accountant qualification from the Fujian Provincial Department of Human Resources (福建省人事廳) in May 2008.

Mr. Ye Qiwei (葉其偉), aged 50, is the secretary of our Board secretary and primarily responsible for the corporate governance, information disclosure and investor relations management of our Group. Mr. Ye joined the Group in August 2024 as the secretary of our Board.

Mr. Ye has many years of experience in administrative management and asset management. Prior to joining our Group, from February 2015 to November 2021, Mr. Ye worked at Cornerstone Asset Management Co., Ltd. (基石資產管理股份有限公司), a company which principally engaged in equity investment, investment management, and asset management with his last position as a director and the general manager, primarily responsible for investments in the entertainment and consumer sectors. Mr. Ye currently also serves as the general manager of Shanghai Qiyan Business Consulting Co., Ltd. (上海麒顏商務諮詢有限公司) which principally engaged in business consulting and investment consulting, responsible for the company's management and business development.

Mr. Ye graduated from China Europe International Business School (中歐國際工商學院) in the PRC with an Executive Master of Business Administration (EMBA) degree in September 2012.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Joint Company Secretaries

Ms. Zheng Huiyu (鄭慧鈺), was appointed as one of our joint company secretaries in December 2024, with effect from the Listing Date. Ms. Zheng joined our Group in June 2022 and has served as our legal supervisor since then. Ms. Zheng has over 4 years of experience in legal affairs. Prior to joining our Group, from March to December 2019, Ms. Zheng worked as a legal officer at Fujian Chuangzhiyuan Industrial Co., Ltd. (福建創之源實業有限公司). From March 2020 to June 2022, Ms. Zheng served as a legal supervisor at Shanghai Jiaqu Property Service Development Co., Ltd. (上海家趣物業服務發展有限公司). Ms. Zheng graduated from Xiehe College of Fujian Normal University (福建師範大學協和學院) in the PRC with a bachelor's degree in Law in June 2018. Ms. Zheng obtained the legal professional qualification certificate from the Ministry of Justice of the PRC (中華人民共和國司法部) in August 2018.

Ms. Ng Wai Kam (伍偉琴), was appointed as our joint company secretary in September 2025 with effect from the Listing Date. Ms. Ng Wai Kam is a senior manager of company secretarial services of Tricor Services Limited (member of Vistra Group). Ms. Ng has over 10 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Ng is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ng obtained a bachelor's degree in business administration from Hong Kong Shue Yan University (香港樹仁大學) in July 2011.

Changes in Information of Directors and Supervisors

Save as disclosed in the section headed "Directors, Supervisors And Senior Management", there are no changes in the information of the Directors and Supervisors of the Company required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules as at 31 December 2025.

REPORT OF DIRECTORS

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

PRINCIPAL ACTIVITIES

We provide massage services performed by our mechanical massage equipment stationed at various points of service in public venues of high foot traffic across China. There were no significant changes in the nature of the Group's principal activities during the Reporting Period. Please refer to Note 12 to the consolidated financial statements in this annual report for details of the principal activities of the principal subsidiaries of the Group.

RESULTS OF OPERATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated financial statements of this annual report.

BUSINESS OVERVIEW

A pertinent review of the Group's business, including an analysis of the Group's financial performance, indicators of the likely future development of the Group's business are set out in the "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report. These discussions form part of the Group's business review.

FINAL DIVIDEND

Taking into consideration various factors such as the new business development needs of the Group and its future capital expenditure plans, after the end of the Reporting Period, the Board recommended the payment of RMB50.6 cents per ordinary share, totaling RMB28.12 million, as final dividend for the year ended 31 December 2025. Subject to the approval of the Company's Shareholders at annual general meeting to be held on Monday, 18 May 2026, the proposed final dividend will be paid to the Shareholders on 15 June 2026. The Company does not currently hold any treasury shares, and treasury shares, if any, will not receive dividends or distributions.

According to the Enterprise Income Tax Law of the People's Republic of China《中華人民共和國企業所得稅法》and its implementing rules, and the Notice of the State Taxation Administration on Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897)《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), as a PRC domestic enterprise, the Company will, after withholding 10% of the 2025 final dividend as enterprise income tax, distribute the final dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members (i.e. any Shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or H Shareholders registered in the name of other organizations and groups). After receiving dividends, the non-resident enterprise Shareholders may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by the Company, and provide information to prove that it is an actual beneficiary under the requirements of such taxation treaties (arrangement). After the tax authorities have verified that there is no error, the tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the requirements of the relevant taxation treaties (arrangement) will be refunded.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China《中華人民共和國企業所得稅法》and its implementing rules, and the Notice of the State Taxation Administration on the Issues Regarding Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (Guo Shui Han [2011] No.348)《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), the Company shall withhold and pay individual income tax for individual holders of H Shares. If the individual holders of H Shares are Hong Kong or Macau residents or residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Company may apply, on behalf of such Shareholders and according to the relevant tax treaties, for the relevant treatment under tax treaties, provided that the relevant Shareholders submit the relevant documents and information in a timely manner required by the Administrative Measures of Non-resident Taxpayers Enjoying the Treatment under Agreements (State Taxation Administration Announcement 2019, No. 35)《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)) and the provisions of the relevant tax treaties. The Company will assist in refunding the excessive amount of tax withheld subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or that have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

Shareholders are recommended to consult their tax advisors regarding the tax impacts in the PRC, Hong Kong and other countries (regions) for holding and disposal of H Shares.

REPORT OF DIRECTORS

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Monday, 18 May 2026 (the "**AGM**"), the register of members of the Company 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 Shareholders whose names appear on the register of members of the Company on Monday, 18 May 2026 will be entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, share certificates accompanied by the transfer documents must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of the Company's H Shares) or the Company's China head office at 21F, Building B, Wangxun Smart Center, 11 Keji East Road, High-Tech Zone, Fuzhou, Fujian, PRC (for holders of the Company's Unlisted Shares) for registration not later than 4:30 p.m. on Tuesday, 12 May 2026.

For determining the entitlement of the Shareholders to the proposed final dividend for the year ended 31 December 2025, the register of members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026 (both days inclusive) during which period no transfer of shares will be registered. The Shareholders whose names appear on the register of members of the Company on Thursday, 28 May 2026 will be entitled to the proposed final dividend. In order to qualify for the entitlement to the proposed final dividend, share certificates accompanied by the transfer documents must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of the Company's H Shares) or the Company's China head office at 21F, Building B, Wangxun Smart Center, 11 Keji East Road, High-Tech Zone, Fuzhou, Fujian, PRC (for holders of the Company's Unlisted Shares) for registration not later than 4:30 p.m. on Thursday, 21 May 2026.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2025 are set out in Note 10 to the consolidated financial statements of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is not exposed to significant environmental risks. During the Reporting Period, no fines or other penalties were imposed on the Group for non-compliance with environmental regulations.

Details of the Group's environmental policy and performance are set out in the Company's environmental, social and governance report (the "**ESG Report**") in this annual report.

RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The success of the Group relies on the support of important relations such as employees, suppliers and customers. The Company maintains a good relationship with its employees, customers and suppliers in order to ensure smooth business operation.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2025 are set out in Note 29(c) to the consolidated financial statements of this annual report.

CAPITAL RESERVES AND DISTRIBUTABLE RESERVES

Details of the movement in the reserves during the Reporting Period are set out in consolidated statement of changes in equity to the consolidated financial statements of this annual report.

As at 31 December 2025, we had statutory reserve of RMB17.32 million and we had retained profit of RMB78.98 million available for distribution to our Shareholders.

BANK LOANS

Details of bank loans of the Group during the Reporting Period are set out in Note 20 to the consolidated financial statements of this annual report.

ISSUANCE OF DEBENTURES

During the Reporting Period, no debentures were issued by the Group.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares). The Company does not hold any treasury shares as at the Latest Practicable Date.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The H Shares of the Company were listed on the Stock Exchange on 3 December 2025. A total of 5,555,600 new H Shares were issued at HK$40.00 each with gross proceeds of approximately HK$222.22 million. The net proceeds (after deduction of underwriting fees and commissions and other expenses paid and payable by the Company in connection with the Global Offering) raised from the Global Offering amounted to approximately HK$182.16 million. The net proceeds from the Global Offering will continue to be utilized in accordance with the intended use of proceeds set out in the Prospectus. The following table sets forth the breakdown of the utilization and proposed utilization of the net proceeds from the Global Offering as at 31 December 2025:

Use of net proceeds	Percentage	Net proceeds from the Global Offering *(HK$ million)*	Amount utilized between the Listing Date and 31 December 2025 *(HK$ million)*	As at 31 December 2025 Utilized amount *(HK$ million)*	As at 31 December 2025 Unutilized amount *(HK$ million)*	Expected timeline for utilizing the remaining net proceeds[2]
Expanding the coverage and penetration of our POS network	**60.0%**	**109.29**	**–**	**–**	**109.29**	**By 31 December 2026**
– Further increasing our penetration rate in consumption scenarios that we have established a developed presence including the commercial complexes, cinemas and airports	35.0%	63.75	–	–	63.75	By 31 December 2026
– Development of our presence in other consumption scenarios such as transportation service and rest areas, e-sports spaces and office buildings etc.	15.0%	27.32	–	–	27.32	By 31 December 2026
– Extension of our reach to overseas markets in Asia, especially Thailand and other Southeast Asian cities	10.0%	18.22	–	–	18.22	By 31 December 2026

Use of net proceeds	Percentage	Net proceeds from the Global Offering	Amount utilized between the Listing Date and 31 December 2025	As at 31 December 2025 Utilized amount	Unutilized amount	Expected timeline for utilizing the remaining net proceeds[(2)]
		(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
Ongoing enhancement and iteration of our technology	**20.0%**	**36.43**	**–**	**–**	**36.43**	**By 31 December 2026**
– Advancing research and development of the application of digital mechanical massage technology and systematic solutions by upgrading of our massage equipment and introduction of more customization features	12.0%	21.86	–	–	21.86	By 31 December 2026
– Upgrading the software and hardware such as IoT technologies of LMB Links particularly for application in the overseas market	8.0%	14.57	–	–	14.57	By 31 December 2026
Enhancing our brand	**10.0%**	**18.22**	**–**	**–**	**18.22**	**By 31 December 2026**
– Strategic placement of targeted marketing on new media platforms to increase brand exposure and recognition	5.0%	9.11	–	–	9.11	By 31 December 2026
– Upgrade and improvement of the design and image of our POS	5.0%	9.11	–	–	9.11	By 31 December 2026
Working capital and other general corporate purposes	**10.0%**	**18.22**	**–**	**–**	**18.22**	**By 31 December 2026**
Total	**100.0%**	**182.16**	**–**	**–**	**182.16**	**By 31 December 2026**

Notes:

(1) The figures in the table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

(2) The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to changes based on the current and future development of the market conditions.

REPORT OF DIRECTORS

We currently have no intention to change the use of the unutilized net proceeds and have been actively monitoring the market environment for appropriate timing to implement our plans. It is currently expected that the unutilized net proceeds will be fully utilized by 31 December 2026, subject to changes in market conditions and policies and the emergence of appropriate opportunities in the industry.

To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes, and to the extent permitted by the relevant laws and regulations, we intend to place those net proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions in Hong Kong and mainland China (as defined under the SFO, the Law of the People's Republic of China on Commercial Banks (中華人民共和國商業銀行法) and other relevant PRC Laws). We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purposes.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the PRC laws, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

THE BOARD

The Board consists of the following members during the Reporting Period and up to the Latest Practicable Date:

Executive Directors

Mr. Xie Zhonghui
Mr. Feng Baocai
Mr. Chen Xing

Non-executive Directors

Mr. Han Daohu *(Chairman)*
Mr. Wu Jinghua

Independent Non-executive Directors

Mr. Lei Zhigang
Ms. Dong Hui
Mr. SUEK Ka Lun Ernie

BIOGRAPHICAL DETAILS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management of the Group as at the date of this annual report are set out on pages 31 to 39 under the section headed "Directors, Supervisors and Senior Management" of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

We have entered into a service contract or a letter of appointment with each of our Directors and Supervisors in respect of, among other things, compliance with relevant laws and regulations and the Articles of Association.

The principal terms of these service contracts and letters of appointment comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to the Shareholders' approval.

Save as disclosed above, none of our Directors and Supervisors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as the connected transactions as disclosed in the section headed "Connected Transactions" in this report of the Directors, there was no transaction, arrangement and contract of significance subsisting during or at the end of the Reporting Period in which a Director, a Supervisor or an entity connected with a Director or a Supervisor is or was materially interested, either directly or indirectly.

REMUNERATION AND COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors, Supervisors and senior management receive compensation from our Group in the form of salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payments.

Details of the emoluments of Directors, Supervisors and the five highest paid individuals in the Group are set out in Notes 7 and 8 to the consolidated financial statements of this annual report.

Details of the remuneration of the current senior management of the Company by band for the Reporting Period are set out as follows:

Range	Number of individuals
Nil to RMB800,000	–
RMB800,000 to RMB2,400,000	4
Over RMB2,400,000	–

For the year ended 31 December 2025, no emoluments were paid by the Group to any Director, any Supervisor or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2025.

Save as disclosed above, no other payments have been made or are payable, during the Reporting Period, by the Group to or on behalf of any of the Directors or the Supervisors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, Mr. Wu Jinghua was the founder, controlling shareholder (holding 59.7% equity interest), chairman of the board and general manager of Fujian Rovos Health Technology Co., Ltd. (福建榮耀健康科技股份有限公司) ("**Fujian Rovos**"), a company listed on the NEEQ with stock code: 873733. Fujian Rovos primarily engages in the design, development, manufacturing and sales of massage equipments and related devices. Our Directors are of the view that there is no material competition between Fujian Rovos and our Group arising from Mr. Wu's directorship and equity interest in Fujian Rovos for the following reasons: (i) the business of Fujian Rovos is of a to-B mode which primarily focuses on the provision of original design manufacturer ("**ODM**"), original equipment manufacturer ("**OEM**") and original brand manufacturer ("**OBM**") service to massage equipment enterprises or massage equipment service providers like us; while our business is of a to-C mode which primarily focuses on providing mechanical massage service to end customers, therefore Fujian Rovos is the upstream supplier of us and would not directly compete with our business; and (ii) Mr. Wu serves as a non-executive Director of our Company and he is not participated in the day-to-day management of our Company and therefore cannot have significant influence on the day-to-day business decision of our Company.

Save as disclosed above, during the Reporting Period and up to the Latest Practicable Date, none of the Directors of the Company has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

In order to avoid any potential competition between our Controlling Shareholders (the "**Non-Competing Shareholders**") on the one hand and us on the other hand, Non-Competing Shareholders have entered into the Deed of Non-competition in favour of our Company. Pursuant to the Deed of Non-competition, subject to the exceptions set out below, each of the Non-Competing Shareholders has irrevocably and unconditionally undertaken to our Company (for ourselves and on behalf of each other member of our Group) that it would not, and would procure that its close associates (except any members of our Group) not to, during the Restricted Period (as defined below), directly or indirectly, through third parties or with the assistance of third parties (whether such third parties are natural persons, legal persons, partnership or other organizations) in any form, either on its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group), among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for profit, reward or otherwise) any Restricted Business (as defined below) in the PRC and any other countries/regions in which any member of the Group operates, engages in or invests from time to time.

The "**Restricted Business**" stated in the Deed of Non-competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with:

(a) the existing principal business activities of any member of our Group as set out in the section headed "Business" in this prospectus; and

(b) any other business from time to time conducted, engaged in or invested in by any member of our Group or which our Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, engage in or invest in, save as disclosed in this prospectus.

The obligation of the Non-Competing Shareholders under the Deed of Non-competition will remain binding on the Non-Competing Shareholders until the earlier of the followings:

(a) the date on which the H Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the H Shares on the Stock Exchange for any reason); or

(b) the date on which the Non-Competing Shareholders and its close associates, individually or collectively, cease to be entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company or otherwise cease to be a group of controlling shareholders of our Company.

"**Restricted Period**" shall mean the period commencing on the Listing Date until the earlier of the above events.

For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

Based on the information provided by the Non-Competing Shareholders, our independent non-executive Directors have confirmed that the Non-Competing Shareholders have complied with the undertakings and the enforcement of the Deed of Non-competition since the Listing Date and up to the Latest Practicable Date.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2025, the interests or short positions of the Directors, the Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive	Position	Nature of interest	Number of Shares interested[1]	Description of Shares	Approximate percentage of the Unlisted Shares/ H Shares	Approximate percentage of the Company's total share capital[2]
Mr. Xie Zhonghui	Deputy chairman and executive Director	Beneficial interest	9,438,992	Unlisted Shares	29.2%	17.0%
			1,048,777	H Shares	4.5%	1.9%
		Interest in controlled corporations[3]	3,357,660	Unlisted Shares	10.4%	6.0%
			3,357,661	H Shares	14.5%	6.0%
Mr. Han Daohu	Chairman and non-executive Director	Beneficial interest	8,786,029	Unlisted Shares	27.2%	15.8%
			976,225	H Shares	4.2%	1.8%
Mr. Wu Jinghua	Non-executive Director	Beneficial interest	6,824,195	Unlisted Shares	21.1%	12.3%
			758,244	H Shares	3.3%	1.4%
Mr. Feng Baocai	Executive Director and the general manager	Beneficial interest	1,532,398	Unlisted Shares	4.7%	2.8%
			170,267	H Shares	0.7%	0.3%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 55,555,600 Shares (consisting of 32,329,580 Unlisted Shares and 23,226,020 H Shares) in issue as at 31 December 2025.

(3) As at 31 December 2025, Mr. Xie Zhonghui acts as the general partner of Zhangchuang Gongying Platform, Lemo Gongchuang Platform and Lemo Gongying Platform. Accordingly, Mr. Xie Zhonghui is deemed to be interested in such number of Shares held by Zhangchuang Gongying Platform, Lemo Gongchuang Platform and Lemo Gongying Platform under the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as our Directors are aware, as at 31 December 2025, the following persons (other than the Directors, Supervisors and chief executive of the Company) have interests or short positions in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares interested[(1)]	Description of Shares	Approximate percentage of the Unlisted Shares/ H Shares	Approximate percentage of the Company's total share capital[(2)]
Mr. Li Jianzheng	Beneficial owner	1,341,659	Unlisted Shares	4.1%	2.4%
		3,130,537	H Shares	13.5%	5.6%
Zhangchuang Gongying Platform	Beneficial owner	1,831,895	Unlisted Shares	5.7%	3.3%
		1,831,896	H Shares	7.9%	3.3%
Mr. Pan Jianzhong	Beneficial owner	541,885	Unlisted Shares	1.7%	1.0%
		2,167,539	H Shares	9.3%	3.9%
Mr. Li Bin	Beneficial owner	506,762	Unlisted Shares	1.6%	0.9%
		2,027,047	H Shares	8.7%	3.6%
Cornerstone Yixiang	Beneficial owner	1,304,123	H Shares	5.6%	2.3%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 55,555,600 Shares (consisting of 32,329,580 Unlisted Shares and 23,226,020 H Shares) in issue as at 31 December 2025.

REPORT OF DIRECTORS

PRE-IPO SHARE INCENTIVE SCHEMES

We approved and adopted the 2021 Share Incentive Scheme and 2023 Share Incentive Scheme (together, the "**Pre-IPO Share Incentive Schemes**") on 1 December 2021 and 8 September 2023, respectively. The Pre-IPO Share Incentive Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Incentive Schemes do not involve the grant of new shares or awards by our Company after the Listing. Our Company has established three incentive platforms, namely Zhangchuang Gongying Platform, Lemo Gongchuang Platform and Lemo Gongying Platform (the "**Incentive Platforms**").

Prior to the Listing, all incentive Shares under the Pre-IPO Share Incentive Schemes had been fully granted, and the selected participants had become the limited partners of the Incentive Platforms. The capital contribution in relation to the awards granted had been fully settled by the relevant participants with their own funds. The Company did not and will not grant further incentive Shares under the Pre-IPO Share Incentive Schemes after the Listing.

EQUITY-LINKED AGREEMENTS

Other than the Pre-IPO Share Incentive Schemes, no equity-linked agreements will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Reporting Period or subsisted at the end of 2025.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

CONTRACT OF SIGNIFICANCE

During the Reporting Period, save as disclosed in this annual report, neither the Company nor any of its subsidiaries had any contract of significance with its controlling shareholder or its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

CONNECTED TRANSACTIONS

The Group has entered into several continuing connected transaction agreements with Fujian Rovos, a connected person of our Company, as described in the paragraphs below. Such transactions continue after Listing and therefore constitute our continuing connected transactions under the Listing Rules.

The transactions under the following continuing connected transaction agreements constitute non-exempt continuing connected transactions of the Company during the Reporting Period:

(i) Manufacturing Framework Agreement

Principal terms

On 21 November 2025, our Company has entered into an original design manufacturer framework agreement ("**Manufacturing Framework Agreement**") with Fujian Rovos, pursuant to which Fujian Rovos and its subsidiaries would provide design and manufacturing services ("**manufacturing services**") for a new model of massage equipment to our Group, with a term commencing from the Listing Date to 31 December 2027. The Manufacturing Framework Agreement will be renewable subject to the tender process and compliance with the requirements of the Listing Rules.

In addition, under the Manufacturing Framework Agreement, Fujian Rovos promised an after-sales maintenance period ("**Maintenance Period**") of three years from the delivery of the relevant massage equipment, during which Fujian Rovos will offer after-sales maintenance services as well as provide spare parts to the delivered massage equipment, which will be charged with extra fees by unit.

Subject to terms of the Manufacturing Framework Agreement, the Group will enter into specific agreements or place purchase orders with Fujian Rovos and its subsidiaries to set out specific terms and conditions in respect of the manufacturing services. The consideration payable by the Group under the Manufacturing Framework Agreement for manufacturing services will be paid at the time and according to the method to be agreed in specific agreements or purchase orders. The major terms of the individual sub-contracts shall be in line with those of the Manufacturing Framework Agreement, and the aggregate contract amount under the individual sub-contracts shall not exceed the total contract price of the Manufacturing Framework Agreement.

Pricing policy
The price for the manufacturing services contemplated under the Manufacturing Framework Agreement is determined by tender process. At least three service providers have participated in the tender. Factors that have been taken into consideration by our Company during the tender process include (i) the terms of tender proposals offered by the participating bidders, including the tender prices and their responses to the tender terms; (ii) the background, qualifications and financial position of the participating bidders; (iii) the relevant experiences and team member composition of the participating bidders; (iv) the term and scope of after-sales maintenance service proposed by the participating bidders; and (v) an indicative unit price of massage equipment is set in our tender documents based on the past tender contract price and our financial budget of the relevant service. The price for the manufacturing services may subject to adjustment through arm's length negotiation taken into consideration the (i) prevailing market price and (ii) the additional cost for technical revision, but in any event shall not exceed the prices provided to us by independent third parties.

The price for the spare parts to the massage equipment provided by Fujian Rovos during the Maintenance Period will be determined with reference to such spare parts provided to other independent third parties by Fujian Rovos and its subsidiaries, but in any event shall not exceed the prices provided to independent third parties by Fujian Rovos and its subsidiaries.

(ii) Cooperation Framework Agreement with Fujian Rovos for establishment of POS in Thailand

Principal terms
On 21 November 2025, our Company has entered into a cooperation framework agreement ("**Cooperation Framework Agreement**") with Fujian Rovos for establishment of POS in Thailand, with a term commencing from the Listing Date to 31 December 2027. Pursuant to the Cooperation Framework Agreement, Fujian Rovos and its associate(s) (i) will purchase mechanical massage equipment (i.e. model X12) from us in instalments; (ii) is authorised to operate independently at POS sites approved by us using our IP and massage equipment upon our approval, while we provide a comprehensive mechanical massage service solution, without charging any extra service fee; and (iii) will purchase spare parts for decoration of POS site in Thailand. Separate purchase agreement(s) or purchase order(s) will be entered to set out specific terms and conditions in respect of the supply of mechanical massage equipment.

Pricing policy
The price for the provision of mechanical massage equipment and related services under the Cooperation Framework Agreement is determined based on arm's length negotiation with reference to the cost of the mechanical massage equipment and the average service fee we charged for our comprehensive mechanical massage service solution has been considered in the price of the mechanical massage equipment, but in any event such price shall not be lower than the prices of similar products and services provided by us to independent third parties.

The price for the spare parts for decoration of POS site in Thailand will be determined with reference to such spare parts provided by us to other independent third parties, but in any event shall not be lower than the prices provided by us to independent third parties.

(iii) R&D Framework Agreement with Fujian Rovos

Principal terms
On 21 November 2025, our Company has entered into a research and development framework agreement ("**R&D Framework Agreement**") with Fujian Rovos, pursuant to which Fujian Rovos would provide support on the R&D of certain application design for improving the usability of our smart massage equipment, with a term commencing from the Listing Date to 31 December 2027. The R&D Framework Agreement will be renewable in compliance with the requirements of the Listing Rules.

Pricing policy
The price for the services contemplated under the R&D Framework Agreement is determined based on arm's length negotiation with reference to: (i) the complexity level of the technique; (ii) the expected cost (including material and personnel cost) to be incurred; (iii) the price of similar service offered by independent third parties, but in any event shall not exceed the prices provided to us by independent third parties.

Transaction caps and actual transaction amounts for the Reporting Period

Actual transaction amounts and transaction caps of the above-mentioned non-exempt continuing connected transactions for the Reporting Period are as follows:

Transactions	For the year ended 31 December 2025 2025 Annual cap (RMB in million)	Actual amount (RMB in million)
(i) Manufacturing Framework Agreement	70.0	35.6
(ii) Cooperation Framework Agreement with Fujian Rovos for establishment of POS in Thailand	20.0	17.6
(iii) R&D Framework Agreement with Fujian Rovos	2.2	1.7
Total	92.2	54.9

Note:

(1) The annual caps in respect of the transactions under (i) Manufacturing Framework Agreement; (ii) Cooperation Framework Agreement with Fujian Rovos for establishment of POS in Thailand; and (iii) R&D Framework Agreement with Fujian Rovos are aggregated pursuant to Rule 14A.81 of the Listing Rules.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above during the Reporting Period has followed the pricing policies of such continuing connected transactions.

Annual review by independent non-executive Directors

For the year ended 31 December 2025, the independent non-executive Directors have reviewed the aforesaid non-exempt continuing connected transactions and confirmed that the transactions have been entered into:

(i) in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interest of the Company and Shareholders as a whole;

(ii) on normal commercial terms or better; and

(iii) in the ordinary and usual course of business of the Company.

Confirmation by the Auditor

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. In respect of the aforesaid continuing connected transactions, the auditor of the Company has confirmed that:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the aforesaid continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

REPORT OF DIRECTORS

RELATED PARTY TRANSACTIONS

Details of the material related party transactions carried out in the normal course of business are set out in Note 28 to the consolidated financial statements. Save as disclosed in the section headed "Connected Transactions" in this Report of the Directors above, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this annual report.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the Reporting Period.

DONATIONS

During the Reporting Period, the Group actively launched various community public welfare activities. In August 2025, the Company collaborated with the China Ageing Development Foundation, donating a batch of intelligent massage products (with a material value of RMB114,582) and RMB20,000 in cash to support the "Elderly Healthy Living Project" public welfare initiative, demonstrating care and support for the health and well-being of the elderly population. Additionally, the Company donated HK$1,000,000 to the Support Fund for Wang Fuk Court in Tai Po, Hong Kong, for post-disaster reconstruction and community support efforts. Furthermore, through the "Lemo & Red Cross AED" project, the Group donated RMB140,000 to the Red Cross, aimed at strengthening public health safety and emergency response system construction and enhancing emergency rescue capabilities in public spaces.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the Reporting Period.

LOAN AND GUARANTEE

During the Reporting Period, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, the Supervisors, senior management of the Company, the controlling Shareholders or their respective connected persons.

FINANCIAL, BUSINESS AND FAMILY RELATIONS AMONG DIRECTORS

Directors are not related to one another with respect to finance, business and family, or other material relations.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, the Group's largest customers accounted for 1.91% of the Group's total revenue. The Group's five largest customers accounted for 7.30% of the Group's total revenue.

For the year ended 31 December 2025, the Group's largest suppliers accounted for 9.17% of the Group's total purchase. The Group's five largest suppliers accounted for 28.35% of the Group's total purchase.

Among the Group's five largest suppliers, Fujian Rovos is ultimately controlled by Mr. Wu Jinghua, a non-executive Director and substantial Shareholder of the Company as at the Latest Practicable Date.

Save as disclosed above, none of the Directors, the Supervisors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or customers during the year ended 31 December 2025.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, since the Listing Date and up to the Latest Practicable Date, the Company's share capital consisted of 32,329,580 Unlisted Shares and 23,226,020 H Shares. Among the 23,226,020 H Shares listed on the Stock Exchange, the 6,311,174 H Shares held by Mr. Xie Zhonghui, Mr. Han Daohu, Mr. Wu Jinghua, Mr. Feng Baocai, Zhangchuang Gongying Platform, Lemo Gongchuang Platform and Lemo Gongying Platform is not counted towards the public float as they are core connected persons of the Company. The remaining 16,914,846 H Shares representing approximately 30.4% of our total issued Shares (excluding treasury shares) is counted towards the public float.

REPORT OF DIRECTORS

Pursuant to Rule 19A.28B(1) of the Listing Rules, the minimum percentage threshold of public float applicable to the Company is 25% of the total number of issued Shares in the class to which H Shares belong (excluding treasury shares). As such, the Company has complied with Rule 19A.28B(1) of the Listing Rules since the Listing Date and up to the Latest Practicable Date.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the Director's and officer's liability insurance is currently in force and was in force during the Reporting Period.

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code as its own code to govern its corporate governance practices. Information on the corporate governance practice adopted by the Company is set out on page 65 to 85 under the section headed "Corporate Governance Report" in this annual report.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the Corporate Governance Code during the Reporting Period.

The Board will continue to review and monitor the practices of the Company with an aim to maintain a high standard of corporate governance.

AUDITOR

KPMG was appointed as the auditor during the Reporting Period. The consolidated financial statements for the year ended 31 December 2025 have been audited by KPMG. There has been no change in auditors since the Listing Date and up to the date of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, during the Reporting Period, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

On behalf of the Board
Mr. Han Daohu
Chairman and non-executive Director

20 March 2026

REPORT OF THE SUPERVISORY COMMITTEE

SUPERVISORY OPINIONS OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY FOR THE YEAR 2025

During the Reporting Period, to ensure the Company's operations were conducted in compliance with laws and regulations, prevent various risks, and safeguard the legitimate rights and interests of the Company and its Shareholders, the Supervisory Committee performed its duties in strict accordance with applicable laws and regulations, the Articles of Association and regulatory requirements. During the period, the Supervisory Committee conducted supervisory reviews of the Company's operations and management, financial position, connected transactions, internal control system, and other matters by attending general meetings and Board meetings as non-voting participants, and carrying out on-site inspections. The following supervisory opinions are hereby presented:

(1) Corporate Governance and Performance Supervision

During the Reporting Period, the Board of Directors exercised its functions and powers in accordance with the law by strictly complying with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Articles of Association and relevant laws and regulations, promptly deliberated and made decisions on major matters such as business plans, and earnestly implemented all resolutions of the general meetings. The senior management conducted operation and management in a standardized manner under the leadership of the Board of Directors. All Directors and senior management members performed their duties faithfully and diligently without any act in violation of laws, regulations, the Articles of Association or prejudicial to the interests of shareholders.

(2) Financial Supervision and Audit Opinion

During the Reporting Period, the Supervisory Committee conducted regular supervision and inspection of the Company's financial position and confirmed that the Company has sound financial systems, orderly financial operations and a steadily improving financial position. At the same time, the Supervisory Committee carefully reviewed the financial statements for the year 2025 audited by an independent auditor with an unqualified opinion to be submitted by the Board of Directors to the general meeting and other relevant materials, and was of the view that the financial statements followed the principle of consistency, and objectively, accurately and truthfully reflected the financial position and operating results of the Company.

(3) Supervision of Connected Transactions

During the Reporting Period, all connected transactions between the Company and its connected persons were in compliance with the relevant requirements of The Stock Exchange of Hong Kong Limited. The transaction pricing was determined in accordance with market principles and was fair, reasonable and impartial. All connected transactions have gone through the necessary decision-making procedures without prejudice to the interests of the Company and minority Shareholders.

In the coming year, the Supervisory Committee will continue to faithfully perform its supervisory and oversight duties, strengthen supervision over key areas, and effectively safeguard the legitimate rights and interests of all Shareholders and the Company.

On behalf of the Supervisory Committee
Ms. Yu Xiaohong
Chairwoman of the Supervisory Committee
Hong Kong, 20 March 2026

CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties.

The Company has adopted the principles and code provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. During the Reporting Period, the Company has complied with all applicable code provisions as set out in Part 2 of the Corporate Governance Code.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders' general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The day-to-day operations and management are delegated by the Board to the management of the Company, who will implement the strategy and direction as determined by the Board.

Board Composition

The Board currently consists of eight Directors, namely Mr. Xie Zhonghui (deputy chairman of the Board), Mr. Feng Baocai (general manager of the Company), Mr. Chen Xing (deputy general manager of the Company) as executive Directors, Mr. Han Daohu (chairman of the Board) and Mr. Wu Jinghua as non-executive Directors, and Mr. Lei Zhigang, Ms. Dong Hui and Mr. SUEK Ka Lun Ernie as independent non-executive Directors.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

The Board has a balance of skills and experience appropriate for the requirements of the business of the Company. The biographies of the Directors are set out under the section headed "Directors, Supervisors and Senior Management" in this annual report.

During the Reporting Period and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, of whom Ms. Dong Hui is the Director possessing appropriate professional qualifications or accounting or related financial management expertise. The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

The length of tenure and current period of appointment of each Director are set out as follows:

	Length of tenure	Current period of appointment[1]
Executive Directors:		
Mr. Xie Zhonghui	1 year and 8 months	From 28 August 2024 to 27 August 2027
Mr. Feng Baocai	1 year and 8 months	From 28 August 2024 to 27 August 2027
Mr. Chen Xing	1 year and 8 months	From 28 August 2024 to 27 August 2027
Non-executive Directors:		
Mr. Han Daohu	1 year and 8 months	From 28 August 2024 to 27 August 2027
Mr. Wu Jinghua	1 year and 8 months	From 28 August 2024 to 27 August 2027
Independent Non-executive Directors:		
Mr. Lei Zhigang	5 months	From the Listing Date to 2 December 2028
Ms. Dong Hui	5 months	From the Listing Date to 2 December 2028
Mr. SUEK Ka Lun Ernie	5 months	From the Listing Date to 2 December 2028

Note:

(1) Each Director's appointment is subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Appointment and Re-election

Code provision B.2.2 of the Corporate Governance Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each Director (including the non-executive Directors and independent non-executive Directors) is engaged for a term of three years. They are subject to re-election in accordance with the provisions of the Articles of Association.

Board Meetings and General Meetings

During the Reporting Period, the Company held 7 Board meetings and 5 general meetings. No Board meetings or general meetings were convened from the Listing Date (i.e. 3 December 2025) to 31 December 2025. Since the terms of office of the independent non-executive Directors commenced on the Listing Date, the independent non-executive Directors were not required to attend Board meetings and general meetings during the Reporting Period. During the Reporting Period, the attendance record of each Director at the Board meetings and general meeting is as follows:

	Attendance/Eligible to Attend	
	Board meetings	**General meetings**
Executive Directors:		
Mr. Xie Zhonghui	7/7	5/5
Mr. Feng Baocai	7/7	5/5
Mr. Chen Xing	7/7	5/5
Non-executive Directors:		
Mr. Han Daohu	7/7	5/5
Mr. Wu Jinghua	7/7	5/5
Independent Non-executive Directors:		
Mr. Lei Zhigang	N/A	N/A
Ms. Dong Hui	N/A	N/A
Mr. SUEK Ka Lun Ernie	N/A	N/A

Directors' Training and Professional Development

All Directors attended various trainings in the Reporting Period, including trainings regarding the updating of the Listing Rules, the responsibilities and continuous obligations of Directors and the Environmental, Social and Governance Reporting Guide. The Company had arranged suitable trainings for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development.

Directors' training hours by topic during the Reporting Period are set out as follows:

Name of Director	Board and directors' duties	Listing Rules and Hong Kong law compliance	Corporate governance and environmental, social, and governance ("ESG")	Risk management and internal controls	Industry and business updates	Total no. of hours
Executive Directors						
Mr. Xie Zhonghui	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Mr. Feng Baocai	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Mr. Chen Xing	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Non-executive Directors						
Mr. Han Daohu	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Mr. Wu Jinghua	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Independent Non-executive Directors						
Mr. Lei Zhigang	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Ms. Dong Hui	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19
Mr. SUEK Ka Lun Ernie	5.5[(1)]	7.25[(2)]	4.25[(3)]	1[(4)]	1[(5)]	19

Notes:

(1) trainings are conducted through external training provided by a professional provider to the Directors.

(2) trainings are conducted through external training provided by a professional provider to the Directors.

(3) trainings are conducted through external training provided by a professional provider to the Directors.

(4) trainings are conducted through external training provided by a professional provider to the Directors.

(5) trainings are conducted through internal training provided by the Company to the Directors.

Evaluation of the Board's Performance

During the Reporting Period, the Company did not conduct a board performance review. The next board performance review will be conduct during the year ending 31 December 2026.

Board Skills Matrix

The existing skills mix of the Board is set out as follows:

Skills Area	Description	Importance (Note (1))	Adequacy (Note (2))	Plans to address gaps/ expand skills
Strategy	Ability to identify strategic opportunities and threats, whilst developing and implementing plans to achieve corporate objectives	E	5/5	/
Leadership	Ability to lead corporate teams and implement plans and policies	E	5/5	/
Industry knowledge and experience	Understanding of the company's business daily operations, market development, competitors, technology and innovation	E	5/5	/
Financial literacy/business acumen	Ability to read and comprehend corporate accounts, financial materials and financial reporting requirements	E	5/5	/
Risk management and compliance	Ability and experience in implementing, managing or overseeing risk management and internal control systems for legal and regulatory compliance	E	5/5	/
People management experience	Experience at a senior level with responsibilities for people management and successful implementation of change	E	5/5	/

Skills Area	Description	Importance (Note (1))	Adequacy (Note (2))	Plans to address gaps/ expand skills
Diversity (e.g. age, gender, culture)	Contribution to board diversity in terms of age, gender, cultural background etc.	F	5/5	/
Emerging topics (e.g. artificial intelligence)	Understanding and knowledge of emerging topics to ensure that the company is forward-thinking	F	5/5	/
Qualifications	Formal qualifications in relevant fields to assist the board in its decision-making, for example, accounting/finance, economics/ business, law	E	5/5	/

Notes:

(1) "E" = essential skills that should currently be in the Board's possession; "F" = skills that should be acquired for future purposes/in light of anticipated emerging needs; A/D = skills that are not necessary but desirable or aspirational in nature.

(2) The adequacy of the existing level of expertise of a particular skill/qualification is measured against the Company's business needs/long-term objectives.

The Board of Directors of the Company covers expertise in strategic planning, in-depth development of the mechanical massage service industry, financial governance, risk compliance, talent management, and forward-looking capabilities in AI and digitalisation, together with directors' extensive industry experience. With complementary and coordinated professional strengths, the Board closely aligns with the operational and expansion strategies for mechanical massage scenarios, strengthens internal control and compliance as well as long-term value creation, and fully underpins the core philosophy and cultural objectives of the Company's prudent operation and sustainable development.

BOARD COMMITTEES

The Company has four principal Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee consists of two independent non-executive Directors (namely Ms. Dong Hui and Mr. Lei Zhigang) and one non-executive Director (namely Mr. Wu Jinghua). Ms. Dong Hui is the chairwoman, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

As the H Shares of the Company were listed on the Stock Exchange on 3 December 2025, no Audit Committee meeting was held during the Reporting Period.

The Audit Committee has reviewed the Company's audited annual consolidated results for the year ended 31 December 2025, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has reviewed all material internal control rules, including the financial, operational and compliance controls, as well as risk management of the Group in 2025. The Audit Committee was satisfied with the effectiveness and sufficiency of the internal control mechanism in its operations. The Audit Committee has reviewed the remuneration of the auditor for 2025 and recommended the Board to re-appoint KPMG as the auditor of the Company for 2026, subject to the approval of shareholders at the forthcoming annual general meeting.

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of Part 2 of the Corporate Governance Codes. The primary duties of the Remuneration Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management, the remuneration policy and structure for our Directors and other senior management. The Remuneration Committee consists of two independent non-executive Directors (namely Mr. SUEK Ka Lun Ernie and Ms. Dong Hui) and one executive Director (namely Mr. Xie Zhonghui), with Mr. SUEK Ka Lun Ernie acting as the chairman.

As the H Shares of the Company were listed on the Stock Exchange on 3 December 2025, no Remuneration Committee meeting was held during the Reporting Period.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and performance bonus. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

Nomination Committee

The Company has established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of Part 2 of the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors, management of Board succession, review the board diversity policy and director nomination policy, assess the independence of Independent Non-executive Directors and assist the Board in maintaining a board skills matrix. The Nomination Committee consists of one non-executive Director (namely Mr. SUEK Ka Lun Ernie) and two independent non-executive Directors (namely Mr. Han Daohu and Mr. Lei Zhigang), with Mr. Han Daohu acting as the chairman.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As the H Shares of the Company were listed on 3 December 2025, no Nomination Committee meeting was held during the Reporting Period.

Strategy Committee

We have established a Strategy Committee with written terms of reference. The primary duties of the Strategy Committee are to make recommendations to our Board on the long-term development strategy and major investments and projects of our Company. The Strategy Committee consists of one non-executive Director (namely Mr. Han Daohu), one executive Director (namely Mr. Xie Zhonghui) and one independent non-executive Director (namely Mr. SUEK Ka Lun Ernie), with Mr. Han Daohu acting as the chairman.

As the H Shares of the Company were listed on 3 December 2025, no Strategy Committee meeting was held during the Reporting Period.

Board Diversity Policy

The Company is committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. The Company seeks to achieve board diversity and workforce diversity through the consideration of a number of factors, including but not limited to gender, age, language, cultural background, educational background, industry experience and professional experience.

We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of our Company, the nomination committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service. Our Directors have a balanced mix of knowledge and skills, including three executive Directors, two non-executive Directors and three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

For the year ended 31 December 2025 and as at the date of this annual report, the Board consists of seven male members and one female members. As of 31 December 2025, the Company had four male senior management, and the Group had a total of 604 employees (excluding the aforementioned Directors and senior management), of which the number of male and female employees are 415 and 189, respectively (representing approximately 68.71% and 31.29%, respectively). We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. Going forward, we will at least have one female Director and will ensure that our female management members will get equal opportunities to develop and perform so as to eventually be equipped to step up as a member of our Board. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

We are committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors and Supervisors as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors and Supervisors, all of them have confirmed that they have complied with the Model Code during the year ended 31 December 2025.

AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the fees paid or payable to KPMG, the Company's external auditor, were as follows:

Nature of Service	**Fees (RMB'000)**
Audit services	1,995
Services relating to the initial public offering	3,702
Non-audit services*(Note)*	234
Total	5,931

Note: The non-audit services provided mainly included non-audit services related to continuing connected transactions and annual results announcement.

JOINT COMPANY SECRETARIES

Ms. Ng Wai Kam (伍偉琴) and Ms. Zheng Huiyu (鄭慧鈺) are joint company secretaries of the Company. The biographies of the joint company secretaries are set out under the section headed "Directors, Supervisors and Senior Management" in this annual report.

Ms. Zheng currently has not yet possessed the relevant qualifications as required under Rule 3.28 of the Listing Rules, therefore, the Company has applied to the Stock Exchange and was granted with a waiver (the "**Waiver**") by the Stock Exchange from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period of three years commencing from the Listing Date (the "**Waiver Period**"). The conditions under which the Stock Exchange granted the Waiver are: (i) Ms. Zheng must be assisted by Ms. Ng. Ms. Ng will work closely with Ms. Zheng to jointly discharge duties and responsibilities as joint company secretaries and assist Ms. Zheng in acquiring the relevant experience as; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company. Before the end of the Waiver Period, the qualifications and experience of Ms. Zheng and the need for on-going assistance of Ms. Ng will be further evaluated by our Company. We will liaise with the Stock Exchange to enable it to assess whether Ms. Zheng, having benefited from the assistance of Ms. Ng for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Rule 3.28 and Rule 8.17 of the Listing Rules and decide whether a further waiver will be necessary.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Ms. Zheng has been designated as the primary contact person at the Company which would work and communicate with Ms. Ng on the Company's corporate governance and secretarial and administrative matters.

During the Reporting Period, each of Ms. Ng and Ms. Zheng has confirmed that she received no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

It is the responsibility of our Board to oversee and ensure that we maintain sound and effective internal control and risk management systems to safeguard our Shareholders' investment and our assets at all times.

In view of the potential risks faced by our Group, while our Board oversees and manages the overall risks associated to our business operation, we also established the Audit Committee to review and supervise the financial reporting process, risk management and internal control system of our Group.

Furthermore, we have formulated and adopted various measures and procedures regarding risk management of our operations, such as the (i) risk control and regulatory management; (ii) business sustainability and emergency plans; (iii) income reconciliation; (iv) assessment of Local Partners; and (v) POS site management and contract management. Our management also regularly monitors the implementation of those measures and procedures from time to time to ensure the soundness and effectiveness of our risk control system.

Internal Control

We have established an audit committee which comprises two independent non-executive Directors and one non-executive Director, including Ms. Dong Hui, Mr. Lei Zhigang and Mr. Wu Jinghua. The audit committee has adopted its terms of reference which sets out clearly its duties and obligations to, among other things, overseeing the internal control procedures and accounting and financial reporting matter of our Group, and ensuring compliance with the relevant laws and regulations.

When considered necessary and appropriate, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and legal compliance.

The Board considers that the Group's risk management and internal control systems are adequate and effective for the year ended 31 December 2025.

Business Risk Management

Business operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk.

We take a comprehensive approach with regard to operational risk management and implement a mechanism with detailed and decentralized responsibilities, clear rewards and punishment systems. Our business operations, finance, information technology, and human resources departments are collectively responsible in ensuring that the compliance of our business operations conform with internal procedures. On the occurrence of a major adverse event, the matter will be escalated to our senior management and the Board of Directors may need to take appropriate measures. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Financial Risk Management

The Group has adopted financial risk management policies to control the Group's financial risk exposure, such as credit risks, liquidity risks, interest rate risks and currency risks. Also, the Board monitors the financial results and key operating statistics with the assistance of the Group's internal financial reporting department on a monthly basis.

Intellectual Property Rights Risk Management

We rely heavily on a combination of trademarks, patents, domain name registrations, copyrights and confidentiality agreements to protect our intellectual property rights. We also possess a significant number of know-how or trade secrets in relation to technologies, which we believe are material to our operations and which are not covered by patents.

We implement a set of comprehensive measures to protect our intellectual property, in addition to making trademark and patent registration applications. Our employees are generally required to enter into a standard employment contract that includes a confidentiality clause and a clause acknowledging that all inventions, trade secrets and developments generated by them during their employment with us are our properties, and assigning to us any ownership rights that they may claim in those works. We will actively monitor and pursue claims against any unauthorized use of our intellectual property.

Inside Information and Internal Control Risks Management

The Group implements and strictly enforces procedures relating to inside information in accordance with the relevant procedures of the Company. Before the disclosure of relevant information to the public, the Company will ensure that such information has been properly kept confidential and will fulfil its obligation to notify and monitor persons aware of inside information.

Ongoing Review

To monitor the ongoing implementation of our risk management policies, the Audit Committee reviews and supervises our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting issues identified and improving our internal control system and procedures by identifying internal control failures and weaknesses on an ongoing basis. The internal audit department reports any major issues identified to the Audit Committee and Board of Directors on a timely basis.

The Board considers that the Group's risk management and internal control systems are adequate and effective for the purposes set out in Principle D2 of the Corporate Governance Code for the year ended 31 December 2025. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review. No significant control failings or weaknesses that were identified in the current Reporting Period, or that were previously reported but remain unresolved have been identified by the internal audit department during the Reporting Period.

During the Reporting Period, there were no significant changes in (i) the Company's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems.

WHISTLEBLOWING POLICY AND ANTI-CORRUPTION POLICY

The Group has continuously improved the whistleblowing policy (the "**Whistleblowing Policy**") and system, publicly released the E-mail address for whistleblowing, and emphasized the protection of whistleblowers. It is the Group's policy to make every effort to treat all disclosures in a confidential and sensitive manner after receipt of any relevant report from an employee or a relevant third party. Upon receipt of any report, the HR department will evaluate the validity and relevance of the concerns raised in such report, and to decide if the reported matter falls under the scope of the Whistleblowing Policy and whether an investigation is necessary.

The Group has always attached great importance to the construction and implementation of its anti-corruption policy (the "**Anti-Corruption Policy**") and system. Directors and senior management of the Company are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material corruption committed within the Group. The Anti-Corruption Policy clearly stipulates the improper payments, kickbacks and other forms of bribery of its employees. In addition, the Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, and employees must act with due care and diligence when evaluating prospective contractors and suppliers. The Group's policy is not to deal with suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activities.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

We do not currently have a fixed dividend policy or fixed dividend pay-out ratio and may declare dividends from time to time as our Board considers appropriate in compliance with our Articles of Association and the applicable laws and regulations. Distribution of dividends will be formulated by our Board at is discretion and will be subject to shareholders' approval. Under the PRC Company Law and our Articles of Association, all of our Shareholders holding the same class of shares have equal rights to dividends and other distributions proportionate to their shareholding.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the Articles of Association on 23 December 2024, which has been effective from the Listing Date. No changes were made to the Articles of Association since the Listing Date and up to the Latest Practicable Date.

In light of the proposed abolition of the Supervisory Committee and appointment of one employee Director, the Board proposed to amend the Articles of Association accordingly. The Board also proposed to amend the Articles of Association to reflect the increase in registered capital of the Company resulting from the completion of the Company's initial public offering in December 2025 and amend the Articles of Association in accordance with the Guidelines for the Articles of Association of Listed Companies《上市公司章程指引》and the Company Law of China. The aforementioned amendments to the Articles of Association are subject to the Shareholders' approval at the AGM. For details, please refer to the Company's announcement dated 20 March 2026 and the Company's circular of the AGM.

The latest version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

After the end of the Reporting Period, the Directors proposed a final dividend, subject to the approval of the Shareholders of the Company at the annual general meeting to be held on Monday, 18 May 2026. For details, please refer to the paragraph headed "Final Dividend" in the Report of the Directors and Note 25(b) to the consolidated financial statements of this annual report.

Save as disclosed in this annual report, there was no other significant subsequent event undertaken by the Group subsequent to 31 December 2025 and up to the Latest Practicable Date.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy with the objective of ensuring that the Shareholders and the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication among Shareholders, the investment community and the Company. Pursuant to the shareholders' communication policy, the Company establishes different communication channels with shareholders and stakeholders including: (i) provision of printed or electronic copies of corporate communications; (ii) provision of timely corporate information on the company website; (iii) holding of annual general meetings to provide a platform for shareholders to raise comments and exchange views with the board; and (iv) arrangement in servicing the shareholders in respect of all share registration matters.

The Board reviews the shareholders' communication policy on a regular basis to ensure its effectiveness, particularly with regards to the requirements of Part 2 in the Corporate Governance Code. The Board has reviewed the implementation and effectiveness of the shareholders' communication policy during its meetings, and are of the view that the shareholders' communication policy has been effectively implemented and that the dissemination of information to the Shareholders' were effective based on the measures adopted above.

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities, including issue/publication of, among others, annual report and interim report, announcement, circular and press release both in English and Chinese, in order to provide the Shareholders and the capital market with the Company's latest development. The information is also posted and made available for downloading at the Company' s website.

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through the annual general meeting and other general meetings. Shareholders are encouraged to attend the annual general meeting to ensure a high level of accountability and understand the strategy and development of the Group. The Company will arrange the Chairman of the Board and the respective chairman of each of the Board committees, or if failing so due to unexpected and/or uncontrollable reasons, his/their duly appointed delegate(s), to attend the general meetings to exchange views with shareholders and answer their questions. All Directors are encouraged to attend general meetings and develop a balanced understanding of the view of shareholders.

The general meetings of the Company serve as an opportunity for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Notice in writing is given by the Company to the Shareholders at least 21 days prior to the annual general meeting or at least 15 days prior to the extraordinary general meeting.

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding about the content of the communication. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means). Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Upon review the implementation and effectiveness of the shareholders' communication policy conducted during the Reporting Period, the Board considers that the Company's shareholder communication policy is still effective.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the general meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. All resolutions put forward at the general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company (www.lemobar.com) and the Stock Exchange (www.hkexnews.hk) after each general meeting.

Pursuant to the Articles of Association, Shareholders who individually or collectively hold more than 10% of the shares of the Company (on a one vote per share basis) and independent director shall have the right to request the Board of Directors to convene an extraordinary meeting, and shall submit such request in writing to the Board of Directors.

The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary meeting within 10 days after receiving the request. Where the Board of Directors agrees to convene an extraordinary meeting, it shall issue a notice of convening the meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. Where the Board of Directors does not agree to convene an extraordinary meeting, or fails to give feedback within 10 days after receiving the request, Shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Board of Supervisors to hold an extraordinary meeting, and shall make a written request to the Board of Supervisors.

Where the Board of Supervisors agrees to convene an extraordinary meeting, it shall issue a notice of convening the meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. Where the Board of Supervisors fails to issue a notice of the meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors has not convened and presided over the meeting, and Shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Shareholders' enquiries

Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board of Directors. The contact details are as follows:

Address: 21F, Building B, Wangxun Smart Center 11 Keji East Road High-Tech Zone Fuzhou, Fujian, the PRC

Attention: Office of the Board

Shareholders may direct their questions about their shareholdings to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The Company ensures that the H Share Registrar maintains the most up-to-date information relating to the H Shares at all times so that it can respond effectively to the Shareholders' enquiries.

On behalf of the Board
Han Daohu
Chairman and non-executive Director

Hong Kong, 20 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMPANY PROFILE

Lemo Services Co., Ltd (Stock Code: 02539.HK) launched the Lemobar (樂摩吧) brand in 2016, dedicated to providing consumers with more relaxing, convenient and professional smart massage services in various consumption scenarios, including commercial complexes, cinemas and traffic hubs (including airports and high-speed rail stations) and it was listed on the Main Board of The Stock Exchange of Hong Kong Limited in December 2025.

The "Lemobar" brand, leveraging the Company's smart massage equipment, proprietary IoT technologies and digital infrastructure, and professional operations and maintenance team support, provides smart massage services and is committed to creating an efficient physical and mental restoration experience for consumers, becoming an indispensable part of modern life, and promoting a relaxing and healthy lifestyle, with the ultimate goal of enabling everyone to enjoy a smart and healthy life anytime, anywhere.

As at 31 December 2025, we have established a network of more than 49,000 POS, placing more than 539,000 smart massage equipment and offering services in 31 provincial-level administrative divisions and 338 cities in China. We have a solid market presence in terms of consumer reach, with a cumulative total of over 177 million identifiable service consumers and more than 40 million registered members. The Company owns over 300 independent intellectual property rights (including invention patents, design patents, utility model patents, etc.), and has been awarded over 20 honors, including National High-tech Enterprise, Fujian Provincial Gazelle Enterprise, Fujian Provincial Intellectual Property Advantageous Enterprise (福建省知識產權優勢企業), Fujian Provincial Key Listed Reserve Enterprise, and Fujian Provincial Specialized, Refined, Distinctive, and Innovative Enterprise.

REPORTING SCOPE

Lemo Services Co., Ltd (the "**Company**", together with its subsidiaries, collectively the "**Group**", "**we**", or "**us**") is pleased to present its Environmental, Social and Governance ("**ESG**") Report (the "**Report**" or "**ESG Report**"). The ESG Report aims to provide an overview of our performance in environmental protection, social engagement, stakeholder communication, and sustainable development. The ESG Report covers our facilities (the "**Facilities**") and offices involved. The relevant information was recorded and collected from all our major operational facilities and offices located both within and outside the People's Republic of China (the "**PRC**" or "**China**") during the years from 2023 to 31 December 2025 (the "**Reporting Period**").

OUR VISION

We firmly believe that strong ESG performance is not only crucial for mitigating risks and enhancing brand reputation but also serves as a core driver for fostering innovation, exploring green markets, and attracting long-term capital. The Group will act with a responsible approach, collaborating with all stakeholders to jointly build a sustainable business ecosystem, creating long-term value for our shareholders, society, and the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BASIS OF PREPARATION OF THE REPORT

The Group has prepared this report in accordance with the relevant provisions and requirements of "The Environmental, Social and Governance ("ESG") Reporting Code" in Appendix C2 to the "Listing Rules" of The Stock Exchange of Hong Kong Limited. The management of the Company strictly complies with the relevant regulations of the Hong Kong Stock Exchange, actively implements the concept of environmental and social governance, and continuously collects relevant information in the daily operation and management process to ensure the truthfulness, accuracy and completeness of the information. When necessary, the Company fulfills its reporting responsibilities in a timely manner in accordance with relevant regulations.

The following principles are the basis for the Group to implement the concept of environmental and social governance, and define the content of data collection and the presentation method of reporting:

Reporting Principles	Application in the Report
Materiality	When environmental, social and governance matters may have a material impact on investors and other stakeholders, the Company's management will identify them in a timely manner and include them within the reporting scope, ensuring that the relevant information fully reflects issues that have a material impact on stakeholders.
Quantification	Key performance indicators shall be measurable. The Group establishes targets for reducing specific environmental and social impacts where appropriate, in order to evaluate and verify the effectiveness of its environmental, social and governance policies and management systems. All quantitative information is accompanied by necessary explanations, describing its purpose, impact and statistical methods, and comparative data is provided where appropriate.
Balance	The environmental, social and governance report shall objectively, fairly and impartially present the Company's true performance, avoiding any influence on report users' judgment caused by selective disclosure, omission or inappropriate presentation format.

Furthermore, in accordance with regulatory requirements, the Group focuses on the following aspects during data collection and supervision and inspection processes:

1. The compliance and safekeeping of legal documents such as approval documents, contracts, and agreements related to external investment activities;

2. The accounting treatment of investment businesses, including the truthfulness, legality, accuracy, and completeness of original documents, the standardization of accounting account usage, and the accuracy and completeness of accounting records;

3. The utilization of investment funds, with a focus on verifying whether funds are used according to planned purposes and budgets, so as to prevent extravagance and waste, misappropriation, or diversion of funds;

4. The safekeeping of investment assets to ensure that book records align with physical assets;

5. The disposal of investments, with a focus on verifying whether the disposal approval procedures are compliant and whether the process is authentic and lawful.

DATA SOURCES AND RELIABILITY STATEMENT

The information disclosed in this report is primarily derived from the Group's internal documents, statistical reports, and relevant publicly available information. The Group has established corresponding data collection and internal review mechanisms to ensure the truthfulness, accuracy, and completeness of the information disclosed. The Group undertakes that this report does not contain any false or misleading statements or material omissions, and accepts relevant responsibility for the truthfulness, accuracy and completeness of the content hereof.

STATEMENT FROM THE BOARD

As a responsible corporate citizen, we are fully aware that prudent ESG management is crucial to the Company's long-term value creation and sustainable development. This ESG report outlines the Group's governance structure, strategic objectives, key practices, and future vision regarding ESG-related matters, and conveys the Group's firm commitment to sustainable development.

We believe that deeply embedding ESG principles in our business strategy, daily operations, and comprehensive risk management system is essential to transform our business model and enhance our core competitiveness for long-term resilience. To effectively address ESG matters, we will refresh our efforts to strengthen communication and interaction with our employees, customers, suppliers, investors, communities, and other stakeholders, actively respond to their concerns, and work together towards the sustainable development goals.

The Board of Directors (the "**Board**") of the Group assumes ultimate responsibility for ESG matters and undertakes to:

1. Integrate ESG into the Company's overall strategy and governance framework, ensuring deep integration of ESG with business development.

2. Oversee the establishment and operation of the ESG risk management system, identify and address key ESG risks such as climate change, supply chain security, and data privacy, and strengthen internal control and compliance management.

3. Ensure the truthfulness, accuracy, and timeliness of ESG information disclosure, comply with relevant regulatory requirements and international standards, and proactively accept supervision from stakeholders.

4. Continuously enhance the ESG expertise of the Board and the management and work on the cultivation and succession of an ESG culture within the Group.

ESG GOVERNANCE STRUCTURE

To facilitate the effective implementation of ESG work, the Group has put in place an ESG management framework with tiered accountabilities and coordinated work. This framework provides centralized leadership, decision-making, and execution for all ESG-related matters.

The Board Level

As the highest leadership and decision-making organization for ESG matters, the Board takes overall responsibility for the ESG strategic direction, system development, and supervisory management. Its duties include:

- Deliberating and approving the ESG management system;
- Reviewing and approving the annual ESG report;
- Monitoring the execution of the Group's ESG strategies;
- Assessing ESG-related risks as part of the internal control and risk management framework.

In exercising its duty to evaluate the effectiveness of internal controls, the Board incorporates ESG-related responsibilities into its assessment scope, identifying and evaluating ESG-related risks and making recommendations for corresponding remedial actions.

Management Level

The General Manager's Office serves as the coordinating and guiding body for ESG work and is responsible for aligning relevant internal and external resources, researching material topics, and facilitating the day-to-day implementation of ESG initiatives and report preparation.

The Group has integrated ESG responsibilities into its operational management and decision-making system. When making investment decisions regarding major projects, social benefit assessment serves as one of the important reference criteria. The Management encourages the comprehensive consideration of ESG factors in financial forecasting and valuation analysis, incorporating them into the decision-making framework alongside other key variables.

Execution Level

All departments and subsidiaries, as the executing units of ESG work, assume primary responsibility within their respective areas. They implement ESG tasks in accordance with the Group's overall plan and regularly report on implementation progress to the management.

The Board Secretary is responsible for coordinating day-to-day ESG-related matters, including stakeholder communication, information collection, report preparation, and disclosure. The Board Secretary also consolidates opinions raised by Directors and Supervisors, submitting them to the management for study and discussion, and to the Board for deliberation.

External Support Mechanism

As needed, the Group may engage expert advisors or professional institutions in relevant fields to provide professional support and advice for ESG system development and specific initiatives.

Board of Directors	• Be responsible for reviewing and approving the Group's ESG strategic direction, management system and annual ESG report, and clarifying medium-and long-term sustainable development goals • Monitor the effectiveness of ESG risk management and internal control, and incorporating ESG factors into the framework of major operating and investment decisions
General Manager's Office	• Coordinate the overall progress of the Group's ESG work, study substantive issues and guide various departments to implement relevant work • Be responsible for daily ESG management, report preparation and cross-departmental communication to ensure effective strategy execution and accurate information disclosure
Executive Unit	• Undertake ESG main responsibilities within the scope of responsibilities in accordance with the Group's overall plan, and implement specific work tasks and improvement measures • Establish a regular reporting mechanism to provide feedback on the implementation progress and relevant data, and support the Group in continuously optimizing the ESG management system

COMMUNICATION WITH STAKEHOLDERS

The Group places high importance on communication and engagement with various stakeholders, and maintains diversified channels to understand their concerns and expectations, thereby continuously enhancing its ESG management standards.

Stakeholders	ESG concerns	Main communication channels
Shareholders and investors	• Corporate governance • Information disclosure transparency • Operational performance • Profit distribution policy • Risk management • Long-term sustainable development	• General meeting • Periodic announcements and circulars • Annual report • Investor meetings • Company's website
Creditors	• Financial stability • Asset and capital security • Solvency • Risk control	• Periodic financial reports • Special communications

Stakeholders	ESG concerns	Main communication channels
Employees	• Compensation and benefits • Career development and training • Labour rights protection • Health and safety • Equality and anti-discrimination • Working environment	• Employee meetings • Internal communication channels • Training activities • Feedback mechanisms
Suppliers	• Fairness in cooperation • Payment arrangements • Business integrity • Intellectual property protection • Compliance operation	• Business negotiations • Contract management • Daily operational communication
Customers	• Product and service quality • Information security and privacy protection • After-sales service • Complaint handling mechanism	• Customer service channels • Complaint and feedback mechanisms • Online platforms
Partners	• Stability of cooperation • Compliance operation • Business reputation	• Collaboration meetings • Daily business interactions
Regulatory Authorities and Government Agencies	• Compliance operation • Information disclosure • Environmental and safety compliance • Tax compliance	• Statutory information disclosure • Regulatory communications • Special reports
Community and the Public	• Environmental protection • Social welfare initiatives • Community relations	• Public welfare activities • Public information disclosure
News Media	• Information transparency • Social responsibility performance	• Press releases • Media communications

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

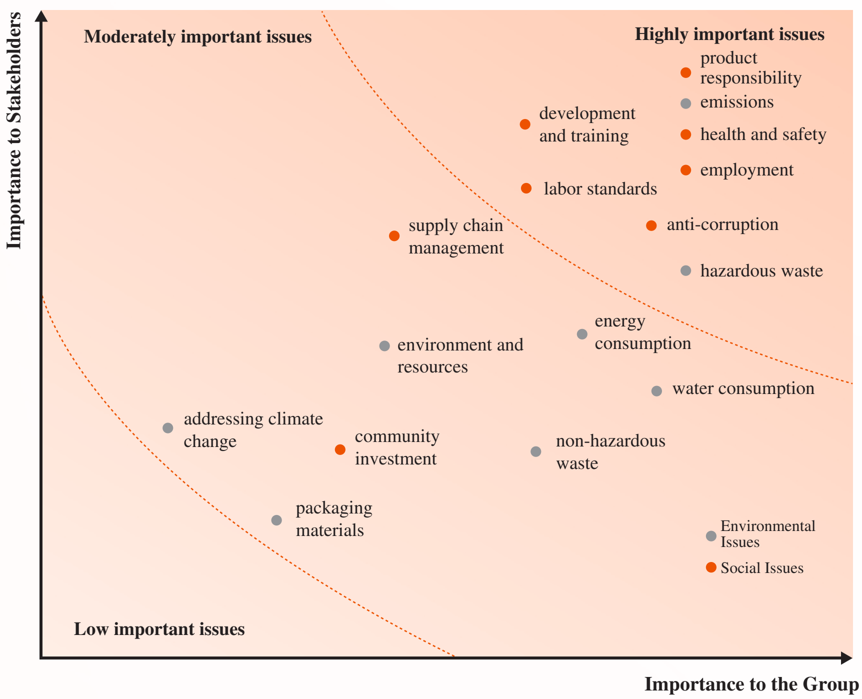
MATERIALITY ASSESSMENT

We refer to the disclosure requirements of the ESG Reporting Code of The Stock Exchange of Hong Kong Limited and take into account industry characteristics, the regulatory environment, and daily operational management practices to identify and assess ESG issues that may impact the Company's long-term development and stakeholder decision-making.

This assessment comprehensively considers:

- The extent of impact on the Company's operations and strategic development
- The level of materiality to stakeholders
- Relevant laws, regulations, and regulatory priorities
- Industry sustainability trends

Management prioritizes the identified issues and develops a materiality matrix accordingly.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Issues	Social Issues
• Emissions	• Health and Safety
• Hazardous Waste	• Employment
• Non-hazardous Waste	• Development and Training
• Energy Consumption	• Labour Standards
• Water Consumption	• Supply Chain Management
• Packaging Material	• Product Responsibility
• Environment and Resources	• Anti-corruption
• Climate Change	• Community Investment

ENVIRONMENTAL

Environmental compliance

We strictly comply with applicable laws and regulations concerning environmental protection and pollutant emissions in the place where we operate, including but not limited to the Environmental Protection Law of the People's Republic of China and its supporting regulations, as well as local environmental management regulations. Our production and operational activities are conducted in accordance with regulatory requirements. Given our involvement in the manufacturing of massage equipment and related supporting activities, our production processes may involve environmental factors such as exhaust gas emissions, greenhouse gas emissions, and general industrial solid waste. In accordance with applicable legal and regulatory requirements, we identify, monitor, and manage relevant emissions to ensure compliance, and ensure that pollutant emissions meet local environmental standards. Throughout the production and operations, we continuously strengthen equipment maintenance, process optimization, and on-site management to reduce emission intensity and minimize environmental impact. During the Reporting Period, we were not subject to any material administrative penalties for violations of environmental protection laws and regulations, nor did we receive any material environmental complaints related to pollution emissions.

Emissions

We strictly comply with applicable laws and regulations concerning environmental protection and pollutant emissions in the place where we operate, including but not limited to the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China. We conduct identification, statistics and compliance management of emissions generated during our production and operations. During the Reporting Period, the emissions involved primarily included air pollutants, greenhouse gases, and waste.

Air pollutants

Our air pollutant emissions primarily originate from the operation of production facilities and fuel combustion from vehicles. Relevant pollutants include nitrogen oxides (NOx), among others. To minimize air pollutant emissions, we continuously optimize production processes and strengthen regular maintenance and servicing of production equipment to ensure optimal operating conditions, thereby minimizing pollutant generation at the source. Beyond that, we implement standardized vehicle management, including rationalizing vehicle usage, reducing unnecessary trips, and conducting regular vehicle maintenance to improve fuel efficiency and lower exhaust emissions. Additionally, we enhance on-site management and provide environmental awareness training for employees to continuously improve emission control performance. Detailed emission data during the Reporting Period are as follows:

Type of Emissions	Unit	As of 31 December 2025	As of 31 December 2024	As of 31 December 2023
Nitrogen oxides (NOx)	Kg	**0.10**	0.05	0.05

Greenhouse gas emissions

Our greenhouse gas (GHG) emissions are classified into Scope 1, Scope 2, and Scope 3 in accordance with internationally recognized accounting methods. During the Reporting Period, Scope 1 GHG emissions generated from the combustion of fuel by vehicles; Scope 2 indirect GHG emissions resulted from the indirect emissions associated with purchased electricity and purchased water used in production facilities and office premises; and Scope 3 other indirect GHG emissions mainly comprised emissions generated from related operating activities, including the procurement and transportation of raw materials, product transportation and distribution, employee business travel, and waste disposal. We identify and calculate relevant emissions based on data availability, and continuously improve our data collection and verification mechanisms.

During the Reporting Period, the Group's total GHG emissions were 16,074.9 tons of carbon dioxide equivalent (tCO_2e), comprising 11.6 tons of Scope 1 direct emissions, 319.1 tons of Scope 2 indirect emissions, and 15,744.2 tons of Scope 3 other indirect emissions. GHG emission intensity was 17.7 tCO_2e per million revenue, representing a significant decrease compared to the previous reporting period.

We are committed to the continuous optimization of energy efficiency. Using 2025 as the base year, we aim to reduce or maintain GHG emission intensity within 90% to 120% of the current level during the next reporting period, thereby promoting robust and sustainable development.

To reduce GHG emissions, we are committed to the ongoing enhancement of employee awareness training on environmental protection and encourage them to improve energy efficiency in daily production and office activities. For details regarding our energy conservation measures, please refer to the "**Energy Use Efficiency**" section.

Our greenhouse gas emissions during the Reporting Period are as follows:

	For the year ended 31 December		
	2025	2024	2023
Total greenhouse gas emissions (tCO_2e)	**16,074.9**	26,407.7	21,082.0
Scope 1 – Direct greenhouse gas emissions (tCO_2e)	**11.6**	6.2	5.6
Scope 2 – Indirect greenhouse gas emissions (tCO_2e)	**319.1**	315.1	226.3
Scope 3 – Other indirect greenhouse gas emissions (tCO_2e)	**15,744.2**	26,086.4	20,850.1
Greenhouse gas emission intensity (tCO_2e/million revenue)	**17.7**	33.1	35.9

Hazardous waste management

Hazardous waste generated during our production processes mainly includes waste oil, waste lubricants, waste liquids, and industrial waste containing hazardous components. Such waste, upon generation, is separately collected, temporarily stored, and labeled in accordance with internal classification management requirements, and is handed over to qualified treatment agencies for compliant disposal to prevent adverse impacts on the environment and personnel safety. We make ongoing efforts to strengthen the management of hazardous materials usage and on-site control to ensure the standardization and traceability of hazardous waste during storage and transfer processes. For the year ended 31 December 2025, the Group generated 155.8kg of hazardous waste (2024: 172.5kg), representing a decrease compared to the previous reporting period. Hazardous waste intensity was 0.006 kg/m² (2024: 0.007 kg/m²).

	As of 31 December 2025	As of 31 December 2024	As of 31 December 2023
Hazardous waste (kg)	**155.8**	172.5	171.5
Density (kg/m²)	**0.006**	0.007	0.008

To further reduce hazardous waste generation, we will seek the continuous optimization of production processes and material ratios to minimize the use of high-risk chemicals. We will ramp up preventive equipment maintenance to reduce additional waste generated from equipment malfunctions and enhance employee training on standardized operations to reduce misuse and waste. On top of that, we will double our efforts in source control and assessment of alternative materials, and explore more environmentally friendly and low-risk production solutions. Assuming the production scale and business structure remain relatively stable, our target for the next reporting period is to control hazardous waste emission intensity within 90% to 120% of the current level, thereby continuously improving waste management efficiency and environmental performance.

Non-hazardous waste management

Non-hazardous waste generated by us primarily includes general industrial solid waste from production processes and waste paper from daily office activities. Such waste is sorted and collected, and then centrally processed or recycled by qualified recycling or treatment organizations. We make ongoing efforts in material use efficiency in production processes to reduce scrap generation, and step up internal classification management to raise the recycling rate of recoverable resources. For the year ended 31 December 2025, the Group generated 83.7 tons of non-hazardous waste (2024: 259.0 tons), representing a significant decrease compared to the previous reporting period. Non-hazardous waste intensity was 0.003 tons/m² (2024: 0.010 tons/m²).

	As of 31 December 2025	As of 31 December 2024	As of 31 December 2023
Non-hazardous Waste (ton)	**83.7**	259.0	625.8
Density (ton/m²)	**0.003**	0.010	0.030

To continuously reduce non-hazardous waste generation, we will refresh our efforts in lean production management to optimize raw material cutting and processing procedures for less production losses. Moreover, we will roll out paperless office and electronic processes to reduce paper consumption, and step up employee training on waste sorting and recycling awareness to improve resource recycling efficiency. We will make ongoing assessments of packaging reduction initiatives and recyclable material substitution options to optimize the resource utilization structure. Assuming the business scale remains relatively stable, our target for the next reporting period is to control non-hazardous waste emission intensity within 90% to 120% of the current level.

Use of Resources

The Group is fully aware of the importance of the efficient use of natural resources such as energy, water, and raw materials to corporate sustainable development and environmental protection. As a provider and operator of proprietary massage chairs, the Group's resource utilization primarily covers equipment research and development and manufacturing, deployment and operation, maintenance and servicing, upgrading and refurbishment, as well as recycling and disposal. To reduce resource consumption and minimize unnecessary waste caused by wear and tear, malfunctions, and product updates, the Group follows the principles of green operation, energy conservation and consumption reduction, recycling, and compliance management. We have established resource utilization management policies and implemented measures covering the entire lifecycle of our equipment. Besides, in our daily operations, the Group stresses the promotion of a conservation ethos. By combining system management with process optimization, we enhance employee awareness of energy and water conservation, and facilitate the standardization and efficiency of cleaning, disinfection, equipment maintenance, and production operations. On the premise of ensuring product quality, safety, and hygiene standards, the Group remains committed to refining its resource utilization management measures and will steadily optimize the monitoring and disclosure mechanisms for resource utilization performance in accordance with business development and regulatory requirements.

Energy Use Efficiency

The Group's energy consumption primarily generates from electricity used in production processes, office premises, and storage facilities, as well as fuel consumption from vehicles and related equipment operations (where applicable). During the Reporting Period, the Group's total energy consumption was approximately 498.6MWh, with an energy consumption intensity of 0.02MWh/m². Purchased electricity was the Group's main energy source, accounting for the vast majority of the overall energy mix; fuel consumption was 5,322.7 litres, corresponding to approximately 47.4 MWh of energy consumption.

	As of 31 December 2025	As of 31 December 2024	As of 31 December 2023
Gasoline (MWh)	**47.4**	25.3	22.9
Electricity consumption (MWh)	**451.2**	445.4	320.1
Total (MWh)	**498.6**	470.7	343.0
Density (MWh/m²)	**0.02**	0.02	0.02

The Group continuously steps up its energy management and reduces energy consumption intensity by combining policy development with technological optimization. To reduce energy consumption, the Group has introduced multiple measures, including:

- Replacing high-energy-consumption equipment in office premises and warehouses, and progressively introducing energy-efficient appliances and lighting systems;
- Always monitoring energy consumption in office premises and warehouses, and establishing an energy usage monitoring mechanism;
- Arranging timely inspections and maintenance when abnormalities in power consumption arise due to equipment malfunctions;
- Optimizing equipment operation schedules to reduce unnecessary standby and no-load operation;
- Enhancing employee awareness campaigns and training on energy conservation, communicating the rational use of air conditioning, lighting, and office equipment.

Thanks to the above measures, the Group effectively controls its energy usage while ensuring stable production and operations. Within the three years ahead, the Group aims to reduce overall per capita annual energy consumption by 1% compared to the base year, and will continue to review its energy usage performance and the implementation of relevant management measures to seek the steady improvement of energy use efficiency.

Packaging Material

The Group places emphasis on resource conservation and the rational use of packaging materials. While meeting product transportation safety and quality protection requirements, we seek the ongoing optimization of packaging design to reduce unnecessary packaging material usage for better resource utilization efficiency.

In product production and transportation processes, the Company prioritizes the use of packaging materials that comply with relevant national standards and industry specifications, and reduces material waste and packaging volume by optimizing packaging structures and transportation methods, thereby minimizing environmental impact. Furthermore, during the procurement process, the Company conducts quality and compliance management for packaging material suppliers to ensure that relevant materials meet safety and quality requirements.

Moving forward, the Group will continue to monitor the usage of packaging materials and explore more environmentally friendly and sustainable packaging solutions, further reducing resource consumption and environmental impact while ensuring product quality and transportation safety.

During the Reporting Period, the Group used a certain quantity of packaging materials in the production and sales of massage equipment, primarily for product transportation and storage protection. During the Reporting Period, the Group's total packaging material usage was 374.4 tons, with a packaging material usage intensity of 0.4 tons per million revenue.

	As of 31 December 2025	As of 31 December 2024	As of 31 December 2023
Packaging material (ton)	**374.4**	604.9	619.7
Intensity (per million revenue)	**0.4**	0.8	1.1

Water Use Efficiency

The Group's water consumption primarily generates from daily operations and equipment cleaning and maintenance in production processes, office premises, and storage facilities. During the Reporting Period, the Group's total water consumption was approximately 2,829.1 m^3, with a water consumption intensity of 0.10 m^3/m^2. The Group ensures compliant operations by strictly complying with national and local laws and regulations concerning water usage and discharge.

	As of 31 December 2025	As of 31 December 2024	As of 31 December 2023
Water consumption (m^3)	**2,829.1**	2,941.5	1,827.4
Density (m^3/m^2)	**0.10**	0.12	0.14

To enhance water use efficiency against unnecessary waste, the Group has introduced multiple measures, including:

- Implementing water conservation management measures in office premises and storage facilities, and optimizing daily water usage procedures;

- Conducting regular inspections of water tanks and supply facilities to prevent leakage;

- Strengthening water usage control during equipment cleaning and maintenance processes to avoid excessive consumption;

- Enhancing employee awareness of water conservation, promoting the rational and economical use of water resources.

Thanks to the above measures, the Group effectively controls its overall water consumption while meeting production and operational requirements. Looking ahead, the Group aims to maintain its overall water consumption intensity within the range of 90% to 120% of the current level, and will continue to review the implementation of water management measures to promote the steady improvement of water use efficiency.

The Environment and Natural Resources

The Group primarily offers massage chair services, and the impact of its operations on the environment and natural resources is mainly concentrated in equipment operation and lifecycle management. Compared to high energy consumption or high emission manufacturing industries, the Group is not involved in highly polluting, high emission, or water-intensive processes. Its overall environmental risk profile is relatively low, with environmental impacts primarily related to energy consumption, resource utilization, and solid waste management.

The Group's principal impacts on the environment and natural resources include:

- Massage chairs consume a certain amount of electricity during prolonged operation and standby, representing the primary resource consumption during the operational stage;

- Equipment maintenance, replacement, and transportation involve resource utilization, including plastics, metals, electronic components, and packaging materials;

- Equipment decommissioning and component replacement may generate solid waste, which could pose potential environmental pressure if improperly disposed of;

- Site cleaning and equipment disinfection during operations involve minor water usage and cleaning agents, with a relatively low overall impact.

To mitigate its environmental and resource impacts, the Group has established corresponding management policies and implementation mechanisms, and continues to optimize its operational models and supply chain management, including:

- Strengthening equipment energy efficiency management and intelligent operation controls to reduce standby power consumption and ineffective energy usage;

- Implementing green procurement principles, prioritizing environmentally friendly, low-toxicity, and recyclable materials;

- Promoting concise and environmentally friendly packaging designs to reduce unnecessary resource consumption;

- Strictly complying with relevant laws and regulations, including the Energy Conservation Law, the Environmental Protection Law, and the Law on the Prevention and Control of Environmental Pollution by Solid Waste, and clarifying environmental management responsibilities across departments while continuously conducting internal compliance reviews.

The Group will double its efforts to review its operational impacts on the environment and natural resources, and further enhance resource utilization efficiency and environmental management levels through technological upgrades and management optimization.

Green Operation

Committed to optimizing resource utilization efficiency, the Group works on the integration of green operation concepts into its daily management and corporate culture. To advance the concept of green office, the Group launches environmental education and internal awareness campaigns, encouraging employees to cultivate awareness of environmental protection and sustainable development, thereby reducing negative impacts on the environment. Through the implementation of internal management policies and process optimization measures, the Group always reduces energy consumption, water usage, and its overall carbon footprint, and conducts periodic promotional activities to enhance employees' understanding of the importance of environmental protection in daily work and life. In parallel, the Group continues to explore new technologies and models for conducting business operations in a more environmentally friendly manner, strengthens water and waste management, and provides energy conservation and emission reduction reminders to employees, promoting the implementation of green concepts in actual operations.

Climate Change

As a significant global concern, climate change has potential far-reaching impacts on operational stability, supply chain management, and long-term sustainable development of enterprises. The Group recognizes the potential risks and challenges posed by climate change, particularly the increased frequency and intensity of extreme weather events, which may affect our operational network, supply chain, and employee safety. In response to that, the Group has incorporated climate-related risks into its overall risk management framework and continuously assesses their potential impact on the business.

At the governance level, the Board assumes ultimate oversight responsibility for climate-related risks and opportunities, and periodically reviews relevant risk assessment results and management measures. The management is responsible for identifying, assessing, and addressing climate-related risks, integrating relevant matters into daily operational management and decision-making processes. Respective executing units implement specific risk response measures based on business nature, and report climate-related incidents and responses to the management when necessary. Relevant information is consolidated by designated personnel to ensure the completeness and consistency of climate-related information disclosure.

The Group will continue to review the potential impacts of climate change on business operations, and conduct systematic identification and classification assessment of climate-related risks based on industry characteristics and its own operational model. According to the nature of risks, the Group categorizes climate-related risks into two major types: physical risks and transition risks, and analyzes their potential impacts on operational stability, financial performance, and strategic planning from short-term, medium-term, and long-term perspectives. Based on the assessment, the Group has identified the following principal climate-related risks:

Risk type	Risk Event	Risk Level	Time Range	Potential Impact	Response Measures
Physical risk	Extreme weather events leading to equipment damage and operational disruption (including heavy rain, floods, typhoons, high temperatures, etc.)	Medium	Short to Medium Term	May result in water damage, burnout, or circuit failures of massage chairs at sites, leading to increased maintenance or replacement costs; may cause mall closures or reduced customer footfall, resulting in revenue interruption and cash flow fluctuations; frequent disasters may drive up insurance premiums and regional withdrawal costs;	Establish crisis and emergency management mechanisms; closely monitor weather warnings and issue timely work arrangement notices; strengthen equipment waterproofing, moisture protection, and safety inspections; optimize regional layout to diversify physical risk exposure.

Risk type	Risk Event	Risk Level	Time Range	Potential Impact	Response Measures
Transition risk	Tightening of electricity consumption controls and energy efficiency policies	Medium	Medium-term	New or upgraded equipment is required to meet higher energy efficiency standards, driving up hardware procurement and retrofitting expenditures; if carbon accounting or carbon cost mechanisms are introduced, it may increase operational burden, affecting cash flow performance and financing conditions;	Prioritize the adoption of high-efficiency electrical components; continue to optimize equipment power consumption design; step up energy consumption monitoring and energy-efficient retrofits; integrate energy efficiency requirements into equipment R&D and procurement decision-making processes.
	Strengthening of green compliance and ESG disclosure requirements	Medium	Medium to Long Term	Increasingly stringent regulatory and capital market requirements for energy consumption, solid waste, and carbon emissions disclosure. Failure to meet disclosure or compliance requirements may result in administrative penalties, reputation damage, and restricted financing access, thereby affecting the cost of capital;	Incorporate climate-related risks into the Board's oversight scope; improve data collection and disclosure mechanisms; strengthen internal compliance reviews; enhance ESG management transparency and information disclosure quality.
	Rising green costs in the supply chain	Medium	Short to Medium Term	Increased environmental and low-carbon requirements for upstream raw materials, packaging, and electronic components may drive up procurement costs; stricter compliance requirements for recycling and disposal of end-of-life equipment increase end-of-life costs, squeezing profit margins and cash flow;	Implement green procurement standards; promote collaborative emission reduction within the supply chain; optimize material selection and packaging design; strengthen long-term supplier partnerships to stabilize cost structures.

Additionally, in terms of potential opportunities arising from climate change, we have also identified key opportunities across multiple dimensions:

Opportunity	Description of Opportunity	Potential Impact	Response Measures
Smart energy saving and low-carbon operations for cost reduction and efficiency enhancement	Enhancing energy efficiency and achieving economies of scale in low-carbon operational models through the adoption of low-power hardware, optimization of equipment energy efficiency design, and introduction of IoT energy consumption management systems;	Reduction in unit electricity expenses and operating costs, improving operating cash flow stability; establishment of cost advantages in low-carbon operations, enhancing profitability resilience and long-term competitiveness;	Prioritize the selection of high-efficiency electrical components; strengthen equipment energy consumption monitoring and intelligent management; continue to advance energy-efficient retrofits and low-carbon operational optimization.
Green finance and policy support	Compliance with green project criteria and low-carbon operational standards facilitates access to green credit, green bonds, low-interest loans, and relevant policy subsidies;	Broaden financing channels and reduce cost of capital; enhance capital market recognition of the Company's ESG performance and valuation levels;	Incorporate climate-related risks and opportunities into Board deliberations and capital allocation decisions; improve ESG disclosure systems; enhance compliance and green operational standards to meet green financing conditions.
Circular economy and brand value enhancement	Promoting resource recycling and building a green shared service model through equipment life extension, component reuse, environmentally friendly packaging, and compliant recycling management;	Reduce resource and disposal costs; align with the preferences of commercial venues and consumers for low-carbon and environmentally friendly services, improving occupancy rates and contract renewal capabilities, thereby enhancing long-term revenue stability;	Optimize equipment maintenance and reuse mechanisms; implement green procurement and minimalist packaging policies; strengthen supply chain environmental management.
Low-carbon scenario planning and asset resilience optimization	Enhancing asset resilience to risks by deploying in commercial scenarios with stronger climate resilience and optimizing regional placement strategies, while exploring green and low-carbon scenario solutions;	Reduce physical risk exposure; strengthen differentiated competitive advantages; enhance long-term cash flow sustainability and asset value stability;	Incorporate climate risk assessments into regional presence and site selection; integrate climate factors into strategic planning and asset allocation decisions.

Looking ahead, the Group will continue to stay tuned to the potential impacts of climate change on our business operations and value chain, and will embed climate-related risks and opportunities in its long-term strategic planning and capital allocation decisions. Although the Group has yet to establish specific quantitative carbon emission reduction targets, it will progressively reduce the carbon footprint generated during its operations by continuously improving energy use efficiency, optimizing equipment energy performance, strengthening green supply chain management, and enhancing risk resilience planning.

In tandem, the Group will assess the feasibility of setting more specific climate targets in due course in response to regulatory policy developments and changes in market conditions, and will continue to improve climate-related information disclosure and management mechanisms. By embedding climate factors in our operational decision-making and risk management systems, the Group is committed to long-term sustainable development of our business while ensuring stable cash flow, smooth financing channels, and manageable cost of capital.

SOCIAL

Employment, Labour Rights and Interests Protection, and Labour Standards

The Group strictly complies with the laws and regulations of China and Hong Kong concerning employment and labour protection. In Chinese mainland, the Group follows the Labour Contract Law of the People's Republic of China, the Labour Law of the People's Republic of China, the Social Insurance Law, and relevant regulations issued by the State Council regarding working hours. In Hong Kong, the Group complies with the Employment Ordinance, the Employees' Compensation Ordinance, the Wage Ordinance, and other relevant regulations. Regarding compliant employment practices and the protection of employees' rights and interests as a fundamental foundation for corporate sustainable development, the Group continues to improve its human resources management system to ensure that all employment arrangements comply with legal and regulatory requirements.

In terms of employment management, the Group adheres to recruitment principles of openness, fairness, competitiveness, and merit-based selection, and does not discriminate based on ethnicity, race, age, gender, marital status, religious beliefs, or other personal background factors. The recruitment process is centrally managed by the Human Resources Department, combined with professional assessments from employing departments for comprehensive evaluation, ensuring position matching and competency orientation. On top of external recruitment, the Group promotes employees' career development through internal promotions and job rotations, ensuring that they have equal access to advancement and development.

The Group is committed to creating a diverse, inclusive, and harmonious working environment for employees, and protects employees' rights and interests in accordance with relevant anti-discrimination laws and regulations. In Hong Kong, the Group complies with the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance, and the Race Discrimination Ordinance. In Chinese mainland, the Group follows the Law on the Protection of Women's Rights and Interests, the Law on the Protection of Persons with Disabilities, and other relevant regulations, ensuring that employees enjoy equal access to recruitment, promotion, training, and benefits. To attract and retain talent, the Group offers employees competitive remuneration and welfare benefits, including overtime compensation as legally required, paid annual leave, maternity leave, social insurance, and employee training opportunities, and encourages employees to pursue professional qualifications and continuous education to enhance their professional capabilities and career development prospects.

In terms of labour standards, the Group firmly opposes any form of child labour or forced labour, and conducts identity verification and document review during the recruitment and onboarding stages to ensure that there are no illegal employment practices. The Group has established violation detection and remediation mechanisms. If potential violations are identified through internal inspections, employee complaints, or other channels, the Group will immediately initiate investigation procedures and take corrective actions in accordance with the law, including back payment of wages, adjustment of working hour arrangements, or rectification of improper management practices. In addition, the Group will address responsible personnel in accordance with internal policies, and promote continuous improvement through system optimization and enhanced training, forming a closed-loop management process of "detection-verification-remediation-prevention", thereby continuously enhancing the protection of labour rights and interests.

As at 31 December 2025, the Group had a total of 609 employees. An analysis of our employees by gender and age group is as follows:

	As at 31 December 2025
Total employees	609
By gender	
Female	189
Male	420
By age	
20-29	170
30-39	350
40-49	81
50 and above	8
By geographical region	
Headquarter employees	609
Branch employees	0

Details of the average annual employee turnover rate as a percentage of total employees as at 31 December 2025 are as follows:

	As at 31 December 2025
By gender	
Female	56.7%
Male	42.72%
By age	
20-29	69.33%
30-39	38.8%
40-49	42.6%
50 and above	0.0%
By geographical region	
Headquarter employees	47.19%
Branch employees	**0%**

Health and Safety

The Group places high importance on employees' occupational health and safety, strictly complies with occupational health and safety laws and regulations relevant to the Company's business, including but not limited to the Work Safety Law of the People's Republic of China, the Employees' Compensation Ordinance of Hong Kong, and other relevant regulations, and has established corresponding safety clauses in the Employee Handbook《員工手冊》to clarify the safety responsibilities of employees and the management. Always regarding occupational health and safety as an important foundation for sustainable development, the Group adheres to the principle of prevention first, combining prevention with control to continuously improve its occupational health and safety management system.

In daily operations, the Group requires all employees to strictly comply with safety management regulations relevant to the Company, departments, and positions, ensuring that all business activities are in line with safety operation requirements. The Company encourages and organizes employees to participate in safety training, urging them to acquire necessary safety knowledge and operational skills to enhance overall safety awareness and risk prevention capabilities.

Given the characteristics of different positions, the Group supports pre-employment medical examinations during the employees' onboarding stage to ensure that employees' physical conditions match job requirements. Relevant medical examination records are managed by designated personnel and kept strictly confidential. For special positions such as operations and maintenance, the Company offers targeted safety training and one-on-one practical guidance to strengthen employees' safety operation standards and emergency response capabilities. At the same time, the Group provides relevant position holders with standard-compliant labour protective equipment in daily work, reducing occupational health risks at the source.

During the Reporting Period, the Group recorded 241 workdays lost due to work-related injuries, and no fatalities resulting from work-related injuries occurred during the Reporting Period. The Group will continue to strengthen its occupational health and safety management, improve training and risk control mechanisms, strive to reduce the incidence of safety accidents, and safeguard employees' physical and mental health.

Development and Training

The Group gives top priority to employees' development and training, regarding talent growth as a key driver of the Company's sustainable development. The Company provides new employees with a combination of online and offline induction training to ease them into the corporate culture, job responsibilities, and business processes, ensuring that employees can smoothly integrate into the work environment and meet position requirements.

During the employment stage, the Group continuously conducts relevant professional training courses tailored to job responsibilities and business needs, and supports employees in participating in professional title assessments and capability enhancement. The Company also regularly organizes team-building activities to strengthen teamwork and communication skills, enhancing employees' comprehensive competencies and organizational cohesion. Thanks to systematic training arrangements, the Company enables the ongoing improvement in employee professional capabilities and job fit.

The Group integrates its training system with employees' career development pathways, establishing a talent development mechanism encompassing promotions, job rotations, skills certification, and performance incentives. Employee remuneration is determined based on position and rank standards, and adjusted in accordance with performance evaluation results. The Company has established performance communication and appeal mechanisms; employees who have objections to performance evaluation results may file appeals in accordance with procedures, ensuring fairness and transparency in the evaluation process. Furthermore, to continuously enhance corporate governance standards, the Group also provides relevant training for Directors, covering directors' duties and responsibilities, corporate governance practices, business updates, and the latest legal and regulatory requirements, ensuring that the management can fulfill its governance responsibilities. The Company encourages employees and the management to continuously learn and grow, achieving synergistic enhancement of personal development and corporate development.

Details of the training conducted during the Reporting Period are as follows:

	During the Reporting Period
Average training hours per employee (hour)	10
Percentage of employees trained (%)	100
By gender	
Percentage of male employees trained (%)	100
Average training hours per male employee (hour)	13
Percentage of female employees trained (%)	100
Average training hours per female employee (hour)	8
By category of employees	
Percentage of senior management trained	100
Average training hours per senior management employee (hour)	21
Percentage of middle management trained	100
Average training hours per middle management employee (hour)	7
Percentage of general staff trained	100
Average training hours per general staff employee (hour)	3

Supply Chain Management

The Group places high value on supply chain management and has established standardized supplier admission and evaluation mechanisms. The Company screens potential suppliers through internal referrals, industry channels, and online searches, and introduces a rigorous admission process, including qualification review (such as business licenses, ISO certifications, etc.), sample confirmation, and on-site factory inspections when necessary. Relevant evaluation results are documented in the Comprehensive Assessment Report for New Suppliers《新供貨商評鑑綜合報告》and the Supplier Admission Review Form《供貨商准入審核表》, and suppliers are included in the Approved Supplier List《合格供貨商名錄》upon approval by the Procurement Supervisor and Product Center Manager. Currently, all of the Group's production and operation-related procurements are sourced from suppliers on this list. Supplier oversight is led by the Procurement Department, supported by collaborative supervision through annual review mechanisms and coordination with departments such as Finance and Quality, ensuring supply chain stability and product quality compliance.

During the supplier evaluation process, the Group comprehensively assesses factors including suppliers' corporate reputation, quality management system, after-sales service capability, and production management standards. The factory inspection process covers assessments of production processes and equipment conditions, and requires suppliers to provide relevant quality test certificates, ensuring the standardization and compliance of product manufacturing processes. Benefiting from the above mechanisms, the Company strengthens risk identification and control at the source, mitigating potential quality and operational risks.

In terms of procurement strategy, the Group implements comprehensive review principles while balancing cost control and quality stability, taking into account suppliers' overall performance in price comparison and negotiation as well as long-term cooperation assessments. The Company encourages suppliers to enhance their management standards and sustainable development capabilities, and incorporates comprehensive consideration for suppliers meeting green certification and environmental protection standards during the evaluation process, promoting the development of the supply chain towards higher quality and sustainability. As at 31 December 2025, the Group maintained cooperation with 153 approved suppliers. The suppliers are primarily located in China, aligning with the Company's production and operational footprint, helping to ensure supply chain stability and delivery efficiency.

Product and Service Responsibility

The Group provides QR code massage services to users through the deployment of shared massage chairs. All products meet relevant national safety and quality standards prior to deployment, ensuring user health and operational safety. All formally deployed products have obtained corresponding inspection reports, confirming that products comply with regulatory requirements in terms of safety and compliance.

To strengthen product quality management, the Group has established comprehensive inspection and quality verification mechanisms, implementing full-process quality control over procured materials, components, and finished products. Upon receipt of after-sales parts, self-purchased production materials, and small massage product finished goods, the warehouse shall report to the Quality Department for inspection. The Quality Department conducts testing in accordance with established inspection standards, and only products that pass inspection can be entered into inventory; materials that do not meet standards are handled in accordance with relevant procedures. For factory finished products, the Company arranges for quality verification personnel to conduct on-site inspections at the factory according to procurement plans, examining products based on established inspection specifications, and only releasing products that pass inspection.

Besides, the Group has established a non-conforming product management mechanism, promptly isolating non-conforming products identified during inspection or quality verification processes, and organizing relevant departments for review. Based on review results, the Company implements disposal measures such as rework, return or exchange, or scrapping, preventing non-conforming products from entering the market. Thanks to the above quality control and non-conforming product management processes, the Company remains committed to enhancing its product quality management standards and safeguarding user experience and brand reputation.

Protection of Product and Service Quality

The Group has established comprehensive product development and quality management processes to ensure that the massage equipment produced and deployed can offer users healthy and safe massage services. During the product development stage, the Company implements rigorous review, testing, and necessary third-party verification procedures to ensure that product designs comply with relevant safety and quality standards. During the production stage, the Company implements full-process quality control and pre-shipment inspection mechanisms, exercising control over key processes to ensure stable product quality upon factory release. After products are put into market operation, the Company conducts continuous monitoring based on established design life and actual operating conditions, and carries out equipment maintenance and recycling in accordance with plans to reduce safety risks and ensure service quality.

In terms of customer service, the Group has established a complaint acceptance and handling mechanism, collecting user opinions and complaint information through channels such as online platforms, customer service hotlines, or on-site feedback. Relevant complaints are recorded by designated personnel and subject to classification and analysis, with timely investigations and corrective measures initiated for product quality or service issues. The Company continuously tracks resolution outcomes and optimizes improvement processes to enhance user experience and service standards, safeguarding brand reputation and consumer rights and interests.

Intellectual Property Protection

The Group attaches importance to intellectual property protection and has completed registration for key trademarks relevant to its business. To effectively manage the registered trademarks, the Company has established corresponding internal management and monitoring mechanisms to coordinate the use, maintenance, and renewal of trademarks. As of 31 December 2025, the Group held 5 registered trademarks in Hong Kong.

The Group regularly monitors the validity periods and usage of its trademarks, and promptly handles renewal procedures when necessary to ensure the continued effectiveness of trademark rights. As part of its daily management, the Company also continuously monitors the market for any potential infringement of the Group's intellectual property rights. Should any suspected infringement be identified, the Group will engage professional legal advisors to take necessary legal actions to safeguard the lawful rights and interests of the Group and related stakeholders in accordance with the law.

Privacy Protection and Information Security Management

The Group stresses user privacy protection and information security management. The Company has formulated the Lemobar Privacy Protection Guidelines (《樂摩吧隱私保護指引》), which presents relevant privacy terms to users upon their first use of the product, and only carries out corresponding data processing activities after obtaining user consent. The Guidelines clearly specify the scope of personal information collected by the product, the purpose and methods of information usage, as well as personal information protection measures, ensuring that users are fully informed and their lawful rights and interests are protected in accordance with the law.

In terms of information security management, the Group has formulated the Information Security Management System (《信息安全管理制度》), implementing classified and hierarchical management of data, and establishing a full lifecycle security management mechanism covering data collection, storage, use, transmission, and destruction, while also implementing special protection measures for data involving personal information. The Company has established an information security committee responsible for coordinating information security-related management work, and conducts regular information security audits to identify potential risks and continuously optimize management measures.

During the Reporting Period, the Group had no material information security or data breach incidents. The Company will continuously improve its privacy protection and information security management system and strengthen technical and institutional safeguard measures to maintain user information security and brand reputation.

Anti-Corruption and Business Integrity

Holding fast to the business principles of integrity, honesty, and fairness, the Group absolutely tolerates no violation of professional ethics or any conduct in breach of laws and regulations relating to corruption, bribery, and money laundering in its business activities. The Company takes clean operation as a fundamental pillar of corporate sustainable development. To that end, it makes ongoing efforts to improve its internal control and compliance management mechanisms to create a transparent and standardized operating environment.

To regulate the conduct of employees and partners, the Group has formulated the Anti-Bribery and Anti-Corruption Management Code《反賄賂反腐敗管理規範》, which explicitly prohibits any form of corruption, bribery, fraud, or improper transfer of benefits, supported by corresponding accountability and disciplinary mechanisms. Moreover, the Company signs Integrity Clauses《廉潔條款》when cooperating with suppliers and partners, clarifying that both parties shall adhere to the principle of clean operation to ensure that business dealings are conducted fairly, justly, and in compliance with regulations.

The Group has established a whistle-blowing and investigation mechanism, encouraging employees and any third parties to report suspicious conduct through channels such as the Company email and hotline. All reported matters are independently investigated in accordance with established procedures, with the management overseeing the resolution outcomes. For verified violations, the Company will impose disciplinary actions in accordance with internal policies, and pursue legal liability against relevant personnel as necessary under the law to safeguard the lawful rights and interests of the Company and stakeholders.

To enhance integrity awareness and compliance management standards, the Group regularly conducts anti-corruption and compliance training, covering topics such as anti-bribery, anti-money laundering, anti-fraud, and professional ethics. During the Reporting Period, the Group conducted 1 anti-corruption training session for Directors, with 5 Directors trained, representing a 100% training coverage rate for Directors, and an average training duration of 2 hours. Furthermore, the Company also conducted 1 anti-corruption and compliance training session for employees, achieving a 100% employee training coverage rate, with an average training duration of 1 hour. Through systematic training arrangements, the Company continuously strengthens the compliance awareness and risk identification capabilities of all personnel.

During the Reporting Period, the Group had no confirmed material corruption or fraud cases.

Community Investment

The Group follows the development philosophy of giving back to society and pursuing shared development and mutual benefits. It integrates community contribution into its corporate sustainable development strategy and actively involves itself in public welfare, charitable and social service activities. The Company encourages employees to participate in volunteer services and public welfare projects, and supports social welfare initiatives aligned with the Company's mission and values to continuously create positive impacts on community development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group actively launched various community public welfare activities. In August 2025, the Company collaborated with the China Ageing Development Foundation, donating a batch of intelligent massage products (with a material value of RMB114,582) and RMB20,000 in cash to support the "Elderly Healthy Living Project" public welfare initiative, demonstrating care and support for the health and well-being of the elderly population. Additionally, the Company donated HK$1,000,000 to the Support Fund for Wang Fuk Court in Tai Po, Hong Kong, for post-disaster reconstruction and community support efforts. Furthermore, through the "Lemo & Red Cross AED" project, the Group donated RMB140,000 to the Red Cross, aiming at strengthening public health safety and emergency response system construction and enhancing emergency rescue capabilities in public spaces.

While promoting social welfare, the Group prioritizes supporting the local economy and employment. During the Reporting Period, the Company prioritized local employment, safeguarded the lawful rights and interests of employees and provided employees with stable positions and development opportunities. Looking into the future, the Group will continue to integrate business development with social needs and explore more forms of community engagement opportunities to create long-term value for society.

Index for Environmental, Social and Governance ("ESG") Reporting Guide of the Hong Kong Stock Exchange

Aspect	Description	Section
A. Environmental **A1 Emissions**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Compliance
KPI A1.1	The types of emissions and respective emissions data.	Emissions Air Pollutants
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greenhouse Gas Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous Waste Management

Aspect	Description	Section
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Greenhouse Gas Emissions Energy Use Efficiency
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Hazardous Waste Management Non-hazardous Waste Management
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Use Efficiency
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Use Efficiency
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Use Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water Use Efficiency
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Aspect	Description	Section
Aspect A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social **B1: Employment**		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment, Labour Rights and Interests Protection, and Labour Standards
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety

Aspect	Description	Section
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment, Labour Rights and Interests Protection, and Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment, Labour Rights and Interests Protection, and Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment, Labour Rights and Interests Protection, and Labour Standards

Aspect	Description	Section
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product and Service Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product and Service Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Protection

Aspect	Description	Section
KPI B6.4	Description of quality assurance process and recall procedures.	Protection of Product and Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy Protection and Information Security Management
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption and Business Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption and Business Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption and Business Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption and Business Integrity
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture and sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	Community Investment

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of Lemo Services Co., Ltd
(Formerly known as Fujian Lemo IoT Technology Co., Ltd)
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Lemo Services Co., Ltd (formerly known as Fujian Lemo IoT Technology Co., Ltd) ("the Company") and its subsidiaries ("the Group") set out on pages 124 to 212, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (CONTINUED)

<table>
<tr><th colspan="2">Revenue recognition from mechanical massage services</th></tr>
<tr><td colspan="2">Refer to note 3(a) to the consolidated financial statements and the accounting policies in note 1(s)(i).</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group's revenue is mainly derived from provision of mechanical massage services to customers under the direct mode ("Direct Mode") and mechanical massage points of service ("POS") operation support services to entities who are responsible for sourcing and establishing POS in local regions ("Local Partners") under the partner mode ("Partner Mode").

Under Direct Mode, the Group operates a network of mechanical massage equipment or pads which are located at the Group's POS for providing mechanical massage services to customers. Revenue representing the gross transaction value of mechanical massage services is recognised when the mechanical massage services are rendered to customers at the POS.

Under Partner Mode, the Group supports the Local Partners to operate the mechanical massage POS that are managed by the Local Partners in exchange of a share of the gross transaction value of mechanical massage services according to the relevant service agreements with Local Partners. Revenue is recognised when the mechanical massage POS operation support services are rendered to Local Partners.</td><td>Our audit procedures to assess the revenue recognition from mechanical massage services included the following:

• with the assistance of our internal information technology ("IT") specialists, evaluating the design, implementation and operating effectiveness of key automated internal controls over the capturing and processing of gross transaction value of mechanical massage services, including the completeness and accuracy of the transaction details contained within the Group's operating systems;

• with the assistance of our internal IT specialists, comparing the receipts from customers in the sales transaction reports generated by the Group's operating systems with payment details directly exported from third-party platforms;

• Reconciling, on a sample basis, the gross transaction values of mechanical massage services under the Direct Mode captured by the Group's operating systems to the relevant revenue recorded in the Group's financial records;</td></tr>
</table>

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition from mechanical massage services (continued)	
Refer to note 3(a) to the consolidated financial statements and the accounting policies in note 1(s)(i).	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified revenue recognition from mechanical massage services as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the amount of revenue recorded by management to meet targets or expectations.	• inspecting the service agreements with Local Partners, on a sample basis, to assess the Group's revenue recognition policies related to mechanical massage POS operation support services under Partner Mode based on the terms and conditions set out in the service agreements with reference to the requirements of the prevailing accounting standards; • recalculating, on a sample basis, the share of the gross transaction values under the Partner Mode based on service agreements with Local Partners and reconciling the revenue recorded in the Group's financial records; • obtaining external confirmations of, on a sample basis, the share of the gross transaction values for the financial year and balances with respective Local Partners as at the financial year end directly from the Local Partners; and • inspecting journal entries related to revenue which met specific risk-based criteria, enquiring of management about the reasons for such entries and comparing the details of the entries with relevant underlying documents.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Liu Hin Pan (practising certificate number: P06120).

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

20 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	**2025** **RMB'000**	2024 RMB'000
Revenue	3(a)	**906,778**	797,991
Cost of sales		**(601,429)**	(510,192)
Gross profit		**305,349**	287,799
Other net loss	4	**(600)**	(518)
Selling and distribution expenses		**(117,278)**	(113,867)
Administrative expenses		**(50,223)**	(46,066)
Research and development expenses		**(23,381)**	(21,497)
Profit from operations		**113,867**	105,851
Finance costs	5(a)	**(1,804)**	(3,383)
Changes in the carrying amount of the redemption liability	17(c)	**–**	(164)
Profit before taxation	5	**112,063**	102,304
Income tax	6(a)	**(18,332)**	(16,497)
Profit for the year		**93,731**	85,807
Attributable to:			
Equity shareholders of the Company		**93,731**	85,807
Profit for the year		**93,731**	85,807
Earnings per share	9		
Basic and diluted (RMB)		**1.86**	1.72

The notes on pages 132 to 212 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 25(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
Profit for the year	**93,731**	85,807
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside Chinese Mainland	**(338)**	–
Other comprehensive income for the year	**(338)**	–
Total comprehensive income for the year	**93,393**	85,807
Attributable to:		
Equity shareholders of the Company	**93,393**	85,807
Total comprehensive income for the year	**93,393**	85,807

The notes on pages 132 to 212 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

	Note	**2025** **RMB'000**	2024 RMB'000
Non-current assets			
Property, plant and equipment	10	**199,586**	245,035
Intangible assets	11	**204**	191
Trade receivables	16	**7,643**	–
Financial assets measured at fair value through other comprehensive income	14	**–**	10,172
Deferred tax assets	24(b)	**5,608**	3,448
Other non-current assets	13	**10,431**	11,108
		223,472	269,954
Current assets			
Financial assets measured at fair value through profit or loss	14	**48,291**	–
Inventories	15	**7,974**	5,571
Trade and other receivables	16(a)	**86,170**	75,463
Prepayments	16(b)	**104,474**	99,838
Prepaid taxes	24(a)	**–**	2,180
Cash and cash equivalents	17(a)	**243,868**	19,684
		490,777	202,736
Current liabilities			
Trade and other payables	18	**139,342**	161,871
Contract liabilities	19	**1,429**	1,607
Bank loans	20	**54,532**	43,475
Lease liabilities	21	**3,966**	6,083
Other current liabilities		**90**	104
Current taxation	24(a)	**8,832**	5,210
		208,191	218,350
Net current assets/(liabilities)		**282,586**	(15,614)
Total assets less current liabilities		**506,058**	254,340

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in Renminbi)

	Note	**2025**	2024
		RMB'000	RMB'000
Non-current liabilities			
Bank loans	20	**–**	11,398
Lease liabilities	21	**6,005**	2,919
		6,005	14,317
NET ASSETS		**500,053**	240,023
CAPITAL AND RESERVES			
Share capital	25(c)	**55,556**	50,000
Reserves		**444,497**	190,023
Total equity attributable to equity shareholders of the Company and total equity		**500,053**	240,023

Approved and authorised for issue by the board of directors on 20 March 2026.

Han Daohu
Chairman and Non-Executive Director

Xie Zhonghui
Executive Director

The notes on pages 132 to 212 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company									
		Paid-in capital RMB'000 (Note 25(c))	Share capital RMB'000 (Note 25(c))	Capital reserve RMB'000 (Note 25(d)(i))	Share premium RMB'000 (Note 25(d)(i))	Equity interests held for employee incentive scheme RMB'000 (Note 23)	Shares held for employee incentive scheme RMB'000 (Note 23)	Share-based payment reserve RMB'000 (Note 25(d)(ii))	Statutory reserve RMB'000 (Note 25(d)(iii))	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2024		10,954	–	52,439	–	(3,400)	–	4,935	13,328	73,629	151,885
Changes in equity for 2024:											
Profit and total comprehensive income for the year		–	–	–	–	–	–	–	–	85,807	85,807
Cancellation of the redemption liability		–	–	16,173	–	–	–	–	–	–	16,173
Equity-settled share-based transactions		–	–	441	5,435	122	(56)	(312)	–	–	5,630
Conversion to a joint stock limited liability company	25(c)	(10,954)	50,000	(69,053)	155,202	3,278	(3,278)	–	(12,691)	(112,504)	–
Appropriation to statutory reserve	25(d)(iii)	–	–	–	–	–	–	–	7,823	(7,823)	–
Dividends declared to the shareholders	25(b)	–	–	–	–	–	–	–	–	(20,000)	(20,000)
Capital contribution from a shareholder		–	–	–	528	–	–	–	–	–	528
Balance at 31 December 2024		–	50,000	–	161,165	–	(3,334)	4,623	8,460	19,109	240,023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company							
	Note	Share capital RMB'000 (Note 25(c))	Share premium RMB'000 (Note 25(d)(i))	Shares held for employee incentive scheme RMB'000 (Note 23)	Share-based payment reserve RMB'000 (Note 25(d)(ii))	Statutory reserve RMB'000 (Note 25(d)(iii))	Exchange reserve RMB'000 (Note 25(d)(iv))	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2025		50,000	161,165	(3,334)	4,623	8,460	–	19,109	240,023
Changes in equity for 2025:									
Profit for the year		–	–	–	–	–	–	93,731	93,731
Other comprehensive income		–	–	–	–	–	(338)	–	(338)
Total comprehensive income		–	–	–	–	–	(338)	93,731	93,393
Issuance of ordinary shares by initial public offering	25(c)	5,556	181,519	–	–	–	–	–	187,075
Equity-settled share-based transactions		–	–	–	4,562	–	–	–	4,562
Appropriation to statutory reserve	25(d)(iii)	–	–	–	–	8,863	–	(8,863)	-
Dividends declared to the shareholders	25(b)	–	–	–	–	–	–	(25,000)	(25,000)
Balance at 31 December 2025		55,556	342,684	(3,334)	9,185	17,323	(338)	78,977	500,053

The notes on pages 132 to 212 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	17(b)	**255,525**	213,772
Income tax paid		**(14,690)**	(21,329)
Net cash generated from operating activities		**240,835**	192,443
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		**(135,443)**	(175,693)
Proceeds from disposal of property, plant and equipment		**642**	3,676
Investment in financial assets measured at fair value through profit or loss		**(85,000)**	(33,002)
Investment in financial assets measured at fair value through other comprehensive income		**–**	(20,251)
Proceeds from disposal of financial assets measured at fair value through profit or loss		**37,171**	48,849
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		**10,178**	20,308
Interest received	4	**709**	300
Net cash used in investing activities		**(171,743)**	(155,813)
Financing activities			
Capital element of lease rentals paid	17(c)	**(7,057)**	(9,983)
Interest element of lease rentals paid	17(c)	**(308)**	(597)
Proceeds from new bank loans	17(c)	**54,500**	52,780
Repayment of bank loans	17(c)	**(54,825)**	(53,952)
Interest paid	17(c)	**(1,512)**	(2,863)
Dividends paid to the shareholders		**(25,012)**	(39,988)
Gross proceeds from issuance of ordinary shares by initial public offering	25(c)	**201,996**	–
Payment of listing expenses		**(11,348)**	(1,762)
Cash receipts from equity shareholders		**–**	528
Net cash generated from/(used in) financing activities		**156,434**	(55,837)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025

(Expressed in Renminbi)

	Note	**2025** **RMB'000**	2024 RMB'000
Net change in cash and cash equivalents		**225,526**	(19,207)
Cash and cash equivalents at the beginning of the year		**19,684**	38,891
Effect of foreign exchange rate changes		**(1,342)**	–
Cash and cash equivalents at the end of the year	17(a)	**243,868**	19,684

The notes on pages 132 to 212 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations issued by International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise Lemo Services Co., Ltd (formerly known as Fujian Lemo IoT Technology Co., Ltd) ("the Company") and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial assets are stated at their fair value as explained in note 1(e).

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand ("RMB'000"), unless otherwise indicated. Most of the companies comprising the Group are operating in Chinese Mainland and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Other investments in securities

The Group's policies for investment in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(s)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– Fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 1(i)(ii)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(h)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

– Properties leased for own use	2 to 5 years
– Massage equipment	2 to 3 years
– Office and other equipment	2 to 5 years
– Motor vehicles	5 years
– Leasehold improvement	The shorter of the lease terms or the estimated useful life of the assets

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(i)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

– Software	2 to 5 years

The useful life of software was assessed based on the expected service life during which relevant software performs its desired functionality.

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (continued)

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(f) and 1(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policies applicable to investments in non-equity securities carried at amortised cost (see notes 1(e)(i), 1(s)(ii)(a) and 1(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (continued)

(i) As a lessee (continued)

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables) and non-equity securities measured at FVOCI (recycling).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-months ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables without a significant financing component are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other non-current assets (continued)

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

Costs is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also be recognised (see note 1(l)).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(i)(i)).

(n) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(u).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees and directors is measured using the equity allocation method, of which underlying equity value is measured using the discounted cash flow ("DCF") method, taking into account any transfer restrictions imposed on the vested equity instruments, and based on the most likely outcome of the performance condition where there are mutually exclusive vesting alternatives.

The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related vesting conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related vesting conditions at the vesting date. The equity amounts are recognised in the share-based payment reserve until the awarded shares are vested (when it is transferred to the capital reserve). The subscription price received from the grantees, which is refundable when the awards are forfeited, is recognised as a deposit liability until the share-based payments vests.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Provisions and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Where the contract contains a financing component which provides a significant financing benefit to the customer, the Group adjusts the promised amount of consideration for the effects of time value of money by using a discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

(a) Revenue from mechanical massage service

The Group generates revenue from the provision of mechanical massage services to customers under the Direct Mode and mechanical massage POS operation support services to entities who are responsible for sourcing and establishing POS in local regions ("Local Partners") under the Partner Mode.

– Direct Mode

The Group operates a network of mechanical massage equipment or pads which are located at the Group's points of service (the "POS") for providing mechanical massage services to customers under the Direct Mode. Revenue is recognised when the mechanical massage services are rendered to customers at the POS. The payment for service is usually collected from the customer in advance, either immediately before the customer requests the service or when the customer purchases a prepaid massage service package from the Group.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

(a) Revenue from mechanical massage service (continued)

– Partner Mode

The Group supports the Local Partners in Chinese Mainland to operate the mechanical massage POS that are managed by the Local Partners under the Partner Mode. The operating support integrates the continuous access to the Group's mechanical massage equipment, IT technology and business management platform as an integral service during the partner contract period, and it is provided in exchange for a share of the gross transaction value (the "GTV") received by the Local Partners from the relevant POS (subject to a contractual minimum and capped amount where applicable). Revenue amounting to the GTV sharing that is entitled to the Group is recognised when the mechanical massage POS operation support services are rendered to the Local Partners.

The Group sells mechanical massage equipment and provides mechanical massage POS operation support services to several Local Partners. As the sales of mechanical massage equipment is a partial fulfilment of a contract covering other services, the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis. Generally, the Group establishes stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances. Revenue for sales of mechanical massage equipment is recognised when customers accept the products upon delivery and revenue for providing of mechanical massage POS operation support services is recognised when the mechanical massage POS operation support services are rendered to Local Partners.

The Group has set up its own mini-program and the customers can make advance payments to the Group via the mini-program. The Group mainly receives advance payments from customers in the form of deposits paid by customers to their accounts (which are refundable before they are consumed) and prepaid massage service packages sold to customers (which are non-refundable and entitle customers to have specified quantities of access to mechanical massage services within a fixed period of validity). These amounts can be consumed by customers to pay for the mechanical massage services at the POS they choose to visit, which may be operated by the Group under the Direct Mode or the Group's Local Partners under the Partner Mode.

In cases where the advance payments from customers are consumed at the Local Partners' POS, the Group recognises the portion of its GTV sharing relating to the mechanical massage POS operation support service as revenue according to the policy described under the Partner Mode. The remaining amounts are paid to the relevant Local Partners.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

(a) Revenue from mechanical massage service (continued)

For the non-refundable prepaid massage service packages, the Group does not expect to be entitled to a breakage amount of the customers' unexercised rights. The unused balances are recognised as revenue upon expiry of the validity period.

(b) Revenue from sales of household massage equipment and massage accessories

The Group sells household massage equipment and massage accessories to retail customers through self-operated online stores. Payment is collected by online e-commerce platform when customers place purchase orders and sales revenue is recognised when customers accept the products upon delivery.

The Group typically offers retail customers a right of return for a period of 7 days upon customer acceptance, which gives rise to variable consideration. The Group estimates and updates the variable consideration (subject to a constraint) and the related right to recover returned goods with all reasonably available information at each reporting date.

(c) Revenue from digital advertising service

Revenue from digital advertising service mainly represents revenue generated from advertisement service in the form of pop-up banners in the Group's mini program and Wechat official accounts. The advertisement contracts are signed between the Group and the advertising agencies to establish the service to be provided by the Group and relevant performance measures, mainly including cost per click (based on the number of clicks of the advertisement and a fixed unit price for each web article). Revenue from digital advertising service is recognised when the services are provided.

(d) Other practical expedients applied

In addition, the Group has applied the following practical expedients: For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) *Interest income*

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the weighted average exchange rate.

Foreign currency differences are recognised in other comprehensive income ("OCI") and accumulated in the exchange reserve.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING ESTIMATES

(a) Sources of estimation uncertainty

Notes 23 and 26(e) contain information about the assumptions and their risk factors relating to fair value of share granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives and residual values of the assets regularly in order to determine the amount of depreciation expenses. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(ii) Expected credit losses for trade and other receivables

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 26(a). Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may be necessary to make additional loss allowances in future periods.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are providing mechanical massage services. Further details regarding the Group's principal activities are disclosed in note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Revenue from mechanical massage services		
– Direct Mode	748,398	668,750
– Partner Mode	128,028	114,176
Revenue from sales of household massage equipment and massage accessories	6,133	8,560
Revenue from digital advertising service	2,143	1,712
Revenue from sales of mechanical massage equipment to Local Partners	14,013	–
Others#	8,063	4,793
	906,778	797,991

Others mainly include revenue of massage service generated from offline massage centre operated by the Group and revenue of sales of massage equipment spare parts to Local Partners.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii), respectively.

The Group's customer base is diversified and decentralised and the Group does not have any single customer with whom transactions have exceeded 10% of the Group's revenue during the years ended 31 December 2025 and 2024.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Mechanical massage service under Direct Mode: this segment engaged in providing mechanical massage service to customers through its massage equipment located at the POS operated by the Group itself.

– Mechanical massage POS operation support services under Partner Mode: this segment engaged in providing mechanical massage POS operation support services to Local Partners.

– Others: this segment mainly engaged in sales of household massage equipment and massage accessories, providing digital advertising service and sales of mechanical massage equipment to Local Partners.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment. No intersegment sales have occurred during the years ended 31 December 2025 and 2024. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other net loss, selling and distribution expenses, administrative expenses, research and development expenses, finance costs, changes in the carrying amount of the redemption liability and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2025 and 2024 is set out below.

	2025			
	Mechanical massage service under Direct Mode RMB'000	**Mechanical massage POS operation support services under Partner Mode RMB'000**	**Others RMB'000**	**Total RMB'000**
Disaggregated by timing of revenue recognition				
– Over time	**748,398**	**128,028**	**5,184**	**881,610**
– Point in time	**–**	**–**	**25,168**	**25,168**
Reportable segment revenue	**748,398**	**128,028**	**30,352**	**906,778**
Reportable segment profit	**202,360**	**92,879**	**10,110**	**305,349**

	2024			
	Mechanical massage service under Direct Mode RMB'000	Mechanical massage POS operation support services under Partner Mode RMB'000	Others RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition				
– Over time	668,750	114,176	4,810	787,736
– Point in time	–	–	10,255	10,255
Reportable segment revenue	668,750	114,176	15,065	797,991
Reportable segment profit	199,728	83,347	4,724	287,799

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit or loss

	2025 RMB'000	2024 RMB'000
Total reportable segment gross profit	**305,349**	287,799
Other net loss	**(600)**	(518)
Selling and distribution expenses	**(117,278)**	(113,867)
Administrative expenses	**(50,223)**	(46,066)
Research and development expenses	**(23,381)**	(21,497)
Finance costs	**(1,804)**	(3,383)
Changes in the carrying amount of the redemption liability	**–**	(164)
Consolidated profit before taxation	**112,063**	102,304

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location of which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets.

	Revenues from external customers		Specified non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Chinese Mainland	**894,160**	797,991	**199,599**	245,226
Thailand	**12,506**	–	**–**	–
Others	**112**	–	**191**	–
Total	**906,778**	797,991	**199,790**	245,226

4 OTHER NET LOSS

	2025 RMB'000	2024 RMB'000
Net fair value changes on financial assets measured at fair value through profit or loss	**462**	96
Interest income	**709**	300
Government grants	**737**	73
Net foreign exchange loss	**(1,523)**	–
Net loss on disposal of property, plant and equipment	**(345)**	(1,217)
Others	**(640)**	230
	(600)	(518)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank loans (note 17(c))	**1,496**	2,786
Interest on lease liabilities (note 17(c))	**308**	597
	1,804	3,383

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages allowances and other benefits in kind	**119,918**	112,133
Retirement scheme contributions	**7,566**	7,492
Equity-settled share-based payment expenses	**4,562**	5,564
	132,046	125,189

5 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets (note 11)	157	80
Depreciation charge (note 10)		
– owned property, plant and equipment	150,203	112,018
– right-of-use assets	7,828	10,042
Impairment loss on trade and other receivables	2,157	2,588
Auditors' remuneration		
– Audit services	1,995	–
– Other services#	3,936	3,114
Listing expenses#	14,061	10,704
Cost of inventories (note 15)	31,947	24,846

Other services include RMB2,817,000 (2024: RMB2,369,000) which is also included in the listing expenses disclosed separately above.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax – PRC Corporate Income Tax ("PRC CIT") and income taxes of other tax jurisdictions		
Provision for the year	20,492	15,225
Under-provision in respect of prior years	–	18
	20,492	15,243
Deferred tax		
Origination and reversal of temporary differences (note 24(b))	(2,160)	1,254
	18,332	16,497

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

(i) In accordance with relevant rules and regulations of Corporate Income Tax ("CIT") in Chinese Mainland, the Company is subject to PRC CIT at a preferential tax rate of 15% during the years ended 31 December 2025 and 2024.

(ii) Pingtan Lemo Gongchuang Investment Partnership Enterprise (LLP) ("Lemo Gongchuang") and Pingtan Lemo Gongying Investment Partnership Enterprise (LLP) ("Lemo Gongying"), the special purpose vehicles to hold the ordinary shares for the Company's employees under the employee incentive scheme as disclosed in note 23, are not subject to CIT of Chinese Mainland.

(iii) According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries of the Company were qualified as "Small Low-profit Enterprise" and enjoyed a reduced corporate income tax rate of 20% and a 75% deduction of annual assessable profits for the years ended 31 December 2025 and 2024. All of the other subsidiaries of the Company are subject to CIT at a statutory rate of 25% during the years ended 31 December 2025 and 2024.

(iv) According to the relevant tax rules in the Chinese Mainland, qualified research and development expenses are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development expenses of the Company could be deemed as deductible expenses during the years ended 31 December 2025 and 2024.

(v) According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"), the first HK$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision for Hong Kong Profits Tax for one subsidiary of the Company is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HK$2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Profit before taxation	**112,063**	102,304
Notional tax on profit before taxation, calculated at the applicable rates in the jurisdictions concerned	**27,741**	25,576
Tax effect of non-deductible expenses	**6,364**	3,893
Tax effect of additional deduction for qualified research and development expenses	**(5,327)**	(4,881)
Utilisation of previously unrecognised tax losses	**(692)**	(323)
Tax effect of unused tax losses not recognised	**313**	682
Statutory tax concession	**(8,990)**	(7,479)
Effect of change of tax rate on deferred tax balances	**–**	(343)
Tax effect of unrecognised deductible temporary differences	**–**	(646)
Under-provision in respect of prior years	**–**	18
Tax effect of deductible capitalised listing expenses	**(1,077)**	–
Actual tax expense	**18,332**	16,497

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments are as follows:

	2025						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments (note) RMB'000	Total RMB'000
Chairman and non-executive director							
Mr. Han Daohu	475	–	–	–	475	–	475
Executive directors							
Mr. Xie Zhonghui	–	611	360	11	982	–	982
Mr. Chen Xing	–	718	185	8	911	–	911
Mr. Feng Baocai	–	824	360	8	1,192	867	2,059
Non-executive director							
Mr. Wu Jinghua	–	–	–	–	–	–	–
Independent non-executive directors							
Ms. Dong Hui (appointed on 3 December 2025)	10	–	–	–	10	–	10
Mr. Lei Zhigang (appointed on 3 December 2025)	10	–	–	–	10	–	10
Mr. Suek Ka Lun Ernie (appointed on 3 December 2025)	10	–	–	–	10	–	10
Supervisors							
Ms. Yu Xiaohong	–	388	155	8	551	–	551
Ms. Chen Xia	–	103	90	8	201	–	201
Ms. Wang Xuezhen	–	178	35	8	221	121	342
	505	2,822	1,185	51	4,563	988	5,551

7 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (CONTINUED)

	2024						
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Equity-settled share-based payments (note) RMB'000	Total RMB'000
Chairman and non-executive director							
Mr. Han Daohu (appointed on 29 August 2024)	–	–	–	–	–	–	–
Executive directors							
Mr. Xie Zhonghui (resigned as chairman on 29 August 2024)	–	553	44	9	606	803	1,409
Mr. Chen Xing	–	468	376	6	850	–	850
Mr. Feng Baocai	–	502	678	6	1,186	229	1,415
Non-executive directors							
Mr. Li Jianzheng (resigned on 29 August 2024)	–	–	–	–	–	–	–
Mr. Wu Jinghua (appointed on 29 August 2024)	–	–	–	–	–	–	–
Mr. Xu Wei (resigned on 29 August 2024)	–	–	–	–	–	–	–
Supervisors							
Ms. Yu Xiaohong	–	313	100	6	419	202	621
Ms. Chen Xia (appointed on 29 August 2024)	–	37	56	6	99	67	166
Ms. Wang Xuezhen (appointed on 29 August 2024)	–	133	31	6	170	121	291
	–	2,006	1,285	39	3,330	1,422	4,752

Note:

These represent the estimated value of restricted shares granted to the directors and supervisors under the Group's share award scheme. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(p)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of shares granted, are disclosed under the paragraph "Pre-IPO Share Incentive Schemes" in the Report of the Directors and note 23.

During the years ended 31 December 2025 and 2024, no director, chief executive or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors, the chief executive and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2024: two) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2024: three) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**2,303**	1,479
Discretionary bonuses	**2,253**	1,834
Equity-settled share-based payments	**1,959**	1,899
Retirement scheme contributions	**61**	21
	6,576	5,233

The emoluments of the four (2024: three) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**2**	2
HK$2,000,001 – HK$2,500,000	**–**	1
HK$2,500,001 – HK$3,000,000	**1**	–

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the year. The profit attributable to unvested ordinary shares held for employee incentive scheme with employees (see note 23) and the number of such shares have been excluded from the calculation of basic earnings per share.

As described in note 25(c), the Company converted from a limited liability company into a joint stock limited liability company on 29 August 2024, with a registered capital of RMB50,000,000 divided into 50,000,000 shares with a nominal value of RMB1.00 each. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares were deemed to be in issue before the Company's conversion into a joint stock limited liability company as if the above conversion had occurred on 1 January 2024 at the exchange ratio established on 29 August 2024.

(i) Profit attributable to ordinary equity shareholders of the Company

	2025 RMB'000	2024 RMB'000
Profit attributable to all equity shareholders of the Company	93,731	85,807
Allocation of profit attributable to shares with redemption rights	–	(361)
Allocation of profit attributable to unvested shares held for employee incentive scheme	(2,141)	(2,756)
Profit attributable to ordinary equity shareholders of the Company	91,590	82,690

9 EARNINGS PER SHARE (CONTINUED)

(a) Basic earnings per share (continued)

(ii) Weighted average number of ordinary shares

	2025 '000	2024 '000
Ordinary shares deemed to be in issue at 1 January	50,000	50,000
Effect of shares issued by initial public offering (note 25(c))	426	–
Effect of unvested shares held for employee incentive scheme	(1,152)	(1,606)
Effect of shares with redemption rights	–	(210)
Weighted average number of ordinary shares at 31 December	49,274	48,184

(b) Diluted earnings per share

For the years ended 31 December 2025 and 2024, the unvested ordinary shares held for employee incentive scheme with employees were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. For the years ended 31 December 2024, the shares with redemption rights were also not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore the amounts of diluted earnings per share are the same as basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Properties leased for own use RMB'000	Massage equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	23,486	335,498	2,965	534	17,861	12,050	392,394
Additions	4,980	–	441	5	14,791	168,602	188,819
Transfer from construction in progress	–	176,372	–	–	–	(176,372)	–
Transfer to construction in progress	–	(5,468)	–	–	–	5,468	–
Write off	–	(17,514)	–	–	–	–	(17,514)
Disposals	(3,398)	(51,447)	(43)	–	(2,259)	–	(57,147)
At 31 December 2024 and 1 January 2025	25,068	437,441	3,363	539	30,393	9,748	506,552
Additions	9,148	–	643	9	14,078	90,813	114,691
Transfer from construction in progress	–	94,006	–	–	–	(94,006)	–
Transfer to construction in progress	–	(514)	–	–	–	514	–
Disposals	(14,529)	(73,364)	(78)	–	(4,033)	–	(92,004)
At 31 December 2025	19,687	457,569	3,928	548	40,438	7,069	529,239
Accumulated depreciation:							
At and 1 January 2024	(7,454)	(178,233)	(1,890)	(249)	(7,598)	–	(195,424)
Charge for the year	(10,042)	(101,767)	(542)	(102)	(9,607)	–	(122,060)
Write off	–	5,162	–	–	–	–	5,162
Written back on disposals	2,055	47,022	40	–	1,688	–	50,805
At 31 December 2024 and 1 January 2025	(15,441)	(227,816)	(2,392)	(351)	(15,517)	–	(261,517)
Charge for the year	(7,828)	(136,648)	(491)	(101)	(12,963)	–	(158,031)
Written back on disposals	13,544	72,577	72	–	3,702	–	89,895
At 31 December 2025	(9,725)	(291,887)	(2,811)	(452)	(24,778)	–	(329,653)

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (continued)

	Properties leased for own use RMB'000	Massage equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Construction in progress RMB'000	Total RMB'000
Impairment:							
At 1 January 2024	–	(12,352)	–	–	–	–	(12,352)
Write off	–	12,352	–	–	–	–	12,352
At 31 December 2024, 1 January 2025 and 31 December 2025	–	–	–	–	–	–	–
Net book value:							
At 31 December 2025	9,962	165,682	1,117	96	15,660	7,069	199,586
At 31 December 2024	9,627	209,625	971	188	14,876	9,748	245,035

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025 **RMB'000**	2024 RMB'000
Included in "Property, plant and equipment":		
Properties leased for own use, carried at depreciated cost	**9,962**	9,627

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 **RMB'000**	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**7,828**	10,042
Interest on lease liabilities (note 5(a))	**308**	597
Expense relating to short-term leases	**25,819**	17,742
Variable lease payments not included in the measurement of lease liabilities	**772**	591

During the year, additions to right-of-use assets were RMB9,148,000 (2024: RMB4,980,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 17(d) and 21 respectively.

The Group has obtained the right to use properties as its POS, manufacturing facilities and administrative offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Lease payments are usually increased every 1 year to reflect market rentals.

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (continued)

The Group leased a number of POS which contain variable lease payment terms that are based on revenue generated from the POS and minimum annual lease payment terms that are fixed. These payment terms are common in POS in Chinese Mainland where the Group operates. The amount of fixed and variable lease payments for the year is summarised below:

	2025		
	Fixed payments RMB'000	**Variable payments RMB'000**	**Total payments RMB'000**
POS	**3,249**	**772**	**4,021**
Manufacturing facilities and administrative offices	**4,116**	**–**	**4,116**
	7,365	**772**	**8,137**

	2024		
	Fixed payments RMB'000	Variable payments RMB'000	Total payments RMB'000
POS	5,569	591	6,160
Manufacturing facilities and administrative offices	4,956	–	4,956
	10,525	591	11,116

At 31 December 2025, it is estimated that an increase in sales generated from these POS by 5% would have increased the lease payments by RMB39,000 (2024: RMB30,000).

11 INTANGIBLE ASSETS

	Software **RMB'000**
Cost:	
At 1 January 2024, 31 December 2024 and 1 January 2025	495
Additions	170
At 31 December 2025	665
Accumulated amortisation:	
At 1 January 2024	(224)
Charge for the year	(80)
At 31 December 2024 and 1 January 2025	(304)
Charge for the year	(157)
At 31 December 2025	(461)
Net book value:	
At 31 December 2025	204
At 31 December 2024	191

The amortisation charge for the year is included in administrative expenses and selling and distribution expenses in the consolidated statement of profit or loss.

(Expressed in Renminbi unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company Name	Place and date of establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by the subsidiary	
Fu'an Lemo Health Technology Co., Ltd (福安樂摩健康科技有限公司) (notes (i) and (ii))	PRC/ 16 March 2021	RMB500,000/ RMB500,000	100%	–	Refurbishment and repairment of massage equipment
Fuzhou Lemo Selected Life Service Technology Co., Ltd (福州樂摩優選生活服務科技有限公司) (notes (i) and (ii))	PRC/ 24 November 2022	RMB1,000,000/ RMB750,000	100%	–	Online sale of household massage chairs and massage accessories
Lemo IoT Technology (Hangzhou) Co., Ltd. (樂摩物聯科技(杭州)有限公司) (notes (i) and (ii))	PRC/ 30 November 2022	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service
Lemo IoT Technology (Suzhou) Co., Ltd. (樂摩物聯科技(蘇州)有限公司) (notes (i) and (ii))	PRC/ 8 December 2022	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service
Lemo IoT Technology (Chengdu) Co., Ltd. (樂摩物聯科技(成都)有限公司) (notes (i) and (ii))	PRC/ 28 December 2022	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service
Lemobar (Shanghai) IoT Technology Co., Ltd. (樂摩吧(上海)物聯科技有限公司) (notes (i) and (ii))	PRC/ 9 February 2023	RMB500,000/ RMB500,000	100%	–	Provision of mechanical massage service

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Notes:

(i) The official name of this entity is in Chinese. The English translation is for identification purpose only.

(ii) This entity is domestic enterprise established in Chinese Mainland and registered as a limited liability company under the PRC Law.

13 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent prepayments for POS rentals and expenses.

14 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	2025	2024
	RMB'000	RMB'000
Financial assets measured at fair value through profit or loss		
– Wealth management products (note (i))	**48,291**	–
Financial assets measured at fair value through other comprehensive income		
– Negotiable certificate of deposit	**–**	10,172

(i) The amount represents investments in wealth management products issued by reputable financial institutions in Chinese Mainland. There are no fixed or determinable returns of these wealth management products.

15 INVENTORIES

	2025	2024
	RMB'000	RMB'000
Inventories		
Raw materials	**7,109**	4,746
Finished goods	**832**	779
Goods in transit	**33**	46
	7,974	5,571

15 INVENTORIES (CONTINUED)

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	18,088	7,488
Carrying amount of inventories recognised as research and development expenses	1,352	3,321
Carrying amount of inventories recognised as selling and distribution expenses	6,015	10,332
Carrying amount of inventories consumed as cost of sales	5,981	3,581
Write-down of inventories	511	124
	31,947	24,846

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	2025 RMB'000	2024 RMB'000
Non-current		
Trade receivables, net of loss allowance		
– third parties	7,643	–
Current		
Trade receivables, net of loss allowance		
– third parties	6,819	943
– related parties (note 28(c))	173	–
	6,992	943
Deposits (note (i))	60,184	52,950
VAT recoverable	16,297	16,143
Other receivables	2,697	5,427
	86,170	75,463
	93,813	75,463

(i) Deposits mainly include the deposits paid to the site owners of POS which is refundable upon termination of the occupancy agreement.

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade and other receivables (continued)

As at 31 December 2025, deposits of RMB30,087,000 (2024: RMB28,780,000) of the Group were expected to be recovered or recognised as expense after more than one year. All of the other current trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	RMB'000	RMB'000
Current (not past due)	**14,493**	919
Less than 3 months past due	**121**	2
More than 3 months but less than 1 year past due	**19**	21
Past due over 1 year	**2**	1
	14,635	943

Trade receivables are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 26(a).

(b) Prepayment

	2025	2024
	RMB'000	RMB'000
Prepayments for:		
– occupancy fee of POS	**99,213**	94,761
– others	**5,261**	5,077
	104,474	99,838

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	238,936	17,471
Cash balances with payment platforms	4,932	2,213
Cash and cash equivalents	243,868	19,684

Cash balances with payment platforms represent cash balances kept with third party payment platforms, which can be withdrawn on demand.

As at 31 December 2025, cash and cash equivalents situated in Chinese Mainland amounted to RMB43,726,000 (2024: RMB19,684,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of profit before taxation to cash generated from operations:

		2025 RMB'000	2024 RMB'000
Profit before taxation		**112,063**	102,304
Adjustments for:			
Depreciation	5(c)	**158,031**	122,060
Amortisation of intangible assets	5(c)	**157**	80
Finance costs	5(a)	**1,804**	3,383
Changes in the carrying amount of the redemption liability		**–**	164
Interest income	4	**(709)**	(300)
Write-down of inventories	15	**511**	124
Loss on disposal of property, plant and equipment	4	**345**	1,217
Net fair value changes on financial assets measured at fair value through profit or loss	4	**(462)**	(96)
Equity-settled share-based payment expenses	5(b)	**4,562**	5,564
Impairment loss on trade and other receivables	5(c)	**2,157**	2,588
Net foreign exchange loss	4	**1,523**	–
Others		**105**	(222)
Changes in working capital:			
(Increase)/decrease in inventories		**(2,914)**	503
Increase in trade and other receivables and prepayments		**(29,862)**	(35,583)
Decrease/(increase) in other non-current assets		**1,042**	(7,269)
Increase in trade and other payables		**7,364**	21,888
Decrease in contract liabilities		**(178)**	(2,637)
(Decrease)/increase in other current liabilities		**(14)**	4
Cash generated from operations		**255,525**	213,772

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loans RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 21)	Total RMB'000
At 1 January 2025	54,873	9,002	63,875
Changes from financing cash flows:			
Proceeds from new bank loans	54,500	–	54,500
Repayment of bank loans	(54,825)	–	(54,825)
Capital element of lease rentals paid	–	(7,057)	(7,057)
Interest element of lease rentals paid	–	(308)	(308)
Interest paid	(1,512)	–	(1,512)
Total changes from financing cash flows	(1,837)	(7,365)	(9,202)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	–	9,148	9,148
Decrease in lease liabilities from termination of lease contracts	–	(1,122)	(1,122)
Interest expenses (note 5(a))	1,496	308	1,804
Total other changes	1,496	8,334	9,830
At 31 December 2025	54,532	9,971	64,503

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 21)	Redemption liability RMB'000	Total RMB'000
At 1 January 2024	56,122	16,154	16,009	88,285
Changes from financing cash flows:				
Proceeds from new bank loans	52,780	–	–	52,780
Repayment of bank loans	(53,952)	–	–	(53,952)
Capital element of lease rentals paid	–	(9,983)	–	(9,983)
Interest element of lease rentals paid	–	(597)	–	(597)
Interest paid	(2,863)	–	–	(2,863)
Total changes from financing cash flows	(4,035)	(10,580)	–	(14,615)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	4,280	–	4,280
Decrease in lease liabilities from termination of lease contracts	–	(1,449)	–	(1,449)
Changes in the carrying amount of the redemption liability	–	–	164	164
Interest expenses (note 5(a))	2,786	597	–	3,383
Cancellation of the redemption liability	–	–	(16,173)	(16,173)
Total other changes	2,786	3,428	(16,009)	(9,795)
At 31 December 2024	54,873	9,002	–	63,875

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following, which are related to lease rentals paid:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	25,819	17,742
Within financing cash flows	7,365	10,580
	33,184	28,322

18 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	45,595	74,812
Receipts in advance	32,301	29,663
Deposits (note (i))	5,189	5,267
Salary and welfare payables	34,692	30,857
Dividends payable to equity shareholders	–	12
Other payables and accruals	18,531	19,293
Financial liabilities measured at amortised cost	136,308	159,904
Other tax payables	3,034	1,967
	139,342	161,871

(i) Deposits mainly represent deposits paid by Local Partners, which is refundable upon termination of the cooperation agreement.

All trade and other payables are expected to be settled or recognised as income within one year or are payable on demand.

18 TRADE AND OTHER PAYABLES (CONTINUED)

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 3 months	**29,674**	55,549
Over 3 months but within 6 months	**3,241**	4,977
Over 6 months but within 9 months	**1,885**	341
Over 9 months but within 1 year	**1,647**	1,743
Over 1 year	**9,148**	12,202
	45,595	74,812

19 CONTRACT LIABILITIES

	2025	2024
	RMB'000	RMB'000
Receipts in advance#	**1,365**	1,498
Others	**64**	109
	1,429	1,607

This mainly represents the advance payments (exclude output VAT) from customers, for which the underlying services are yet to be provided. The output VAT contained in the advance payments has been classified under other current liabilities.

19 CONTRACT LIABILITIES (CONTINUED)

Movement in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	**1,607**	4,244
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,569)**	(4,129)
Increase in contract liabilities as a result of receiving advances from customers during the year	**1,391**	1,492
Balance at 31 December	**1,429**	1,607

As at 31 December 2025, the amount of contract liabilities expected to be recognised as income after more than one year is RMB14,000 (2024: RMB38,000). All of the other contract liabilities are expected to be recognised as income within one year.

20 BANK LOANS

	2025 RMB'000	2024 RMB'000
Short-term bank loans		
– unsecured and guaranteed	**–**	32,834
– unsecured and unguaranteed	**54,532**	–
– secured and guaranteed	**–**	10,641
	54,532	43,475
Long-term bank loans		
– secured and guaranteed	**–**	11,398
	54,532	54,873

20 BANK LOANS (CONTINUED)

Bank loans bear interest ranging from 1.50% to 2.50% per annum as at 31 December 2025 (2024: 2.60% to 4.85%).

Several bank loans of the Group are subject to the fulfilment of covenants relating to certain of the Company or the Group's subsidiaries' financial metrics. If the Group was to breach the covenants, the related loans would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 26(b). As at 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

(a) The analysis of the repayment schedule of bank loans is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	54,532	43,475
After 1 year but within 2 years	–	9,737
After 2 years but within 5 years	–	1,661
	–	11,398
	54,532	54,873

21 LEASE LIABILITIES

As at 31 December 2025, the lease liabilities were repayable as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	**3,966**	6,083
After 1 year but within 2 years	**2,067**	2,338
After 2 years but within 5 years	**3,938**	581
	6,005	2,919
	9,971	9,002

22 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

As stipulated by the regulations of the Chinese Mainland, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans based on certain percentage of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the contributions described above.

23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Group has adopted employee incentive schemes on 1 December 2021 (the "Employee Incentive Scheme 2021") and 8 September 2023 (the "Employee Incentive Scheme 2023"), respectively. The purpose of the employee incentive schemes is to provide incentives and rewards to eligible participants for their past and future contributions to the Group. In connection with the Employee Incentive Scheme 2021 and Employee Incentive Scheme 2023, Lemo Gongchuang and Lemo Gongying were established in Chinese Mainland respectively as the employee incentive vehicles to respectively subscribe RMB415,804 and RMB252,741 registered capital of the Company. Eligible participants as approved by the Company were granted the equity interests in the form of registered capital of the Company through holding the limited partnership interests in Lemo Gongchuang or Lemo Gongying (referred to as "Restricted Equity Interests"). The employee incentive vehicles are treated as the subsidiaries of the Company because their relevant activities are directed by the Company so as to suit the Group's obligations in relation to the employee incentive schemes. The Company lost such power on Lemo Gongchuang on 1 December 2024 when all of the Restricted Equity Interests under the Employee Incentive Scheme 2021 were vested, and hence Lemo Gongchuang was no longer consolidated from that date.

On 29 August 2024, the Company was converted into a joint stock limited liability company (note 25(c)(i)), and therefore, the total registered capital of the Company, amounting to RMB668,545, indirectly granted to the eligible participants of the employee incentive schemes were converted into 3,051,530 restricted shares of the Company on the same terms and conditions without a change in the underlying economic interests.

(a) Details of terms and conditions of the respective Restricted Equity Interests granted:

Employee Incentive Scheme 2021

On 1 December 2021, 29 July 2022 and 7 June 2024, certain directors of the Company were granted the Restricted Equity Interests in the form of the Company's registered capital of RMB226,139, RMB7,295 and RMB14,590, respectively, at a subscription price of RMB8.4 per each registered capital. These share awards were vested immediately at the corresponding dates of grant.

On 1 December 2021, 16 employees of the Company were granted the Restricted Equity Interests in the form of the Company's registered capital of RMB189,665 at a subscription price of RMB8.4 per each registered capital, which would be vested on the completion of the required service period of 36 months from the date of grant, subject to the employee's annual performance evaluation each year. On 1 December 2024, 765,821 unvested shares pursuant to the Employee Incentive Scheme 2021 were vested at the date of 36 months from the date of grant. The Company has the right to repurchase the Restricted Equity Interests at the original subscription price if the service requirement is not satisfied.

The directors and employees are only allowed to transfer their vested Restricted Equity Interests to the other eligible participants of the Employee Incentive Scheme 2021. If the employees' services are terminated before initial public offering ("IPO"), the employees are required to surrender the share award at a specified price or transfer it to other eligible participants. This transfer restriction will be released after three years upon completion of the IPO.

23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) Details of terms and conditions of the respective Restricted Equity Interests granted: (Continued)

Employee Incentive Scheme 2023

On 8 September 2023, one director of the Company was granted the Restricted Equity Interests in the form of the Company's registered capital of RMB76,163 at a subscription price of RMB10.58 per each registered capital. Further, on 31 August 2024, the same director of the Company was granted the Restricted Equity Interests in the form of 29,308 Company's shares at a subscription price of RMB2.32 per share. The share awards granted to the directors were vested immediately at the corresponding dates of grant.

On 8 September 2023, 12 employees of the Company were granted the Restricted Equity Interests in the form of the Company's registered capital of RMB176,578 at a subscription price of RMB10.58 per each registered capital, which would vest on the completion of the required service period of 36 months from the date of grant or the end of the A-share IPO lock-up period as mandated by stock exchanges in Chinese Mainland, whichever is later, and it is subject to the employee's annual performance evaluation each year. On 14 December 2023, the Group modified the share awards granted to the employees to remove the requirement of the occurrence of A-share IPO during the vesting period. From the date of the modification, the Group would take into account the revised vesting condition and recognises the grant-date fair value during the revised vesting period with adjusting the recognised share-based payment cost in the period of the modification to the amount that would have been recognised if the revised vesting conditions had always existed.

On 26 September 2024, 1 director and 4 employees of the Company were granted the Restricted Equity Interests in the form of the Company's shares at a subscription price of RMB4.09 per share. These share awards would vest on the completion of the required service period of 36 months from the date of grant, subject to the employee's annual performance evaluation each year.

The Company has the right to repurchase the share awards at the original subscription price if the service requirement is not satisfied. As at 31 December 2025, the deposit liabilities recognised under Employee Incentive Scheme 2023 were RMB3,334,000 (2024: RMB3,334,000).

(Expressed in Renminbi unless otherwise indicated)

23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Movements in numbers and weighted average fair value of the Restricted Equity Interests granted to directors and employees of the Company are as follows:

	2025		2024			
	Number of shares	Weighted average fair value per share RMB	Amount of registered capital RMB	Number of shares	Weighted average fair value per RMB1 registered capital RMB	Weighted average fair value per share RMB
As at 1 January	3,426,653	12.22	668,545	–	49.34	N/A
Granted and subscribed during the year	48,849	30.60	14,590	404,431	66.96	14.98
Forfeited during the year	(48,849)	15.00	(14,590)	(29,308)	66.96	14.67
Effect of conversion to a joint stock limited liability company	–	N/A	(668,545)	3,051,530	N/A	N/A
As at 31 December	3,426,653	12.44	–	3,426,653	N/A	12.22

As at 31 December 2025, the unvested shares under Employee Incentive Scheme 2023 were 1,151,795 shares (2024:1,151,795 shares).

(Expressed in Renminbi unless otherwise indicated)

23 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of the share awards and assumptions

The fair value of services received in return for the Restricted Equity Interests granted is measured by reference to the fair value of Restricted Equity Interests granted at the corresponding dates of grant. No adjustment is required for expected dividends as the directors and employees are entitled to receive dividends paid during the vesting period. Except for those ordinary shares granted on 26 September 2024, whose fair value is measured with reference to the issuance price of a recent transaction of the Company's fundraising activity, discounted cash flow method was used to determine the underlying equity fair value of the Company with following key assumptions at the respective dates of share grant:

	Employee Incentive Scheme 2021	Employee Incentive Scheme 2023
Annual growth rate of revenue during five-year forecast period		
• 1 December 2021 and 29 July 2022	-4.25% – 76.21%	
• 8 September 2023 and 31 August 2024		2.82% – 27.96%
• 7 June 2024	2.82% – 27.96%	
Estimated weighted average growth rate beyond the five-year period		
• 1 December 2021 and 29 July 2022	2.50%	
• 8 September 2023 and 31 August 2024		4.88%
• 7 June 2024	4.88%	
Gross profit margin during five-year forecast period		
• 1 December 2021 and 29 July 2022	28.99% – 46.04%	
• 8 September 2023 and 31 August 2024		34.90% – 38.78%
• 7 June 2024	34.90% – 38.78%	
Weighted average cost of capital ("WACC")		
• 1 December 2021 and 29 July 2022	11.50%	
• 8 September 2023 and 31 August 2024		10.30%
• 7 June 2024	10.30%	
Discount for lack of marketability ("DLOM")		
• 1 December 2021 and 29 July 2022	26.46%	
• 8 September 2023 and 31 August 2024		15.56%
• 7 June 2024	15.56%	

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
Current tax assets:		
PRC CIT recoverable	–	2,180
Current tax liabilities:		
PRC CIT payable	8,445	5,210
Hong Kong Profits Tax payable	387	–
	8,832	5,210

The Group mainly generates revenue from the provision of mechanical massage services to customers under the Direct Mode and mechanical massage POS operation support services to Local Partners under the Partner Mode in Chinese Mainland. The Group is subject to VAT and income tax in Chinese Mainland. Evaluation of relevant tax positions of the Group involves judgment as to the interpretation and application of the relevant tax laws. The Group has exercised the best judgement of its tax obligations based on current facts and circumstances.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Credit loss allowance RMB'000	Write-down of inventories RMB'000	Impairment loss on property, plant and equipment RMB'000	Unrealised inter-group profit RMB'000	Accumulated tax losses RMB'000	Accruals RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Depreciation on property, plant and equipment RMB'000	Others RMB'000	Total RMB'000
Deferred tax arising from:											
At 1 January 2024	(1,393)	(27)	(1,853)	(229)	(96)	(1,072)	1,966	(1,998)	–	–	(4,702)
(Credited)/charged to profit or loss	(414)	(19)	1,853	78	96	(1,125)	(503)	643	645	–	1,254
At 31 December 2024 and 1 January 2025	(1,807)	(46)	–	(151)	–	(2,197)	1,463	(1,355)	645	–	(3,448)
(Credited)/charged to profit or loss	(48)	(77)	–	(394)	–	(784)	(138)	11	(645)	(85)	(2,160)
At 31 December 2025	(1,855)	(123)	–	(545)	–	(2,981)	1,325	(1,344)	–	(85)	(5,608)

(ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax asset in the consolidated statement of financial position	**(5,608)**	(3,448)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(q), as at 31 December 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,407,000 (2024: RMB5,452,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under current tax legislation.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity are set out below:

Company

	Note	Paid-in capital RMB'000	Share capital RMB'000	Capital reserve RMB'000	Share premium RMB'000	Equity interests held for employee incentive scheme RMB'000	Shares held for employee incentive scheme RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024		10,954	–	52,439	–	(3,400)	–	4,935	12,691	80,683	158,302
Changes in equity for 2024:											
Profit and total comprehensive income for the year		–	–	–	–	–	–	–	–	60,833	60,833
Cancellation of the redemption liability		–	–	16,173	–	–	–	–	–	–	16,173
Equity-settled share-based transactions		–	–	441	5,435	122	(56)	(312)	–	–	5,630
Conversion to a joint stock limited liability company	25(c)	(10,954)	50,000	(69,053)	155,202	3,278	(3,278)	–	(12,691)	(112,504)	–
Appropriation to statutory reserve	25(d)(iii)	–	–	–	–	–	–	–	6,083	(6,083)	–
Dividends declared to equity shareholders	25(b)	–	–	–	–	–	–	–	–	(20,000)	(20,000)
Capital contribution from a shareholder		–	–	–	528	–	–	–	–	–	528
Balance at 31 December 2024		–	50,000	–	161,165	–	(3,334)	4,623	6,083	2,929	221,466

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(a) Movements in components of equity (continued)

Company (continued)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for employee incentive scheme RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2025		50,000	161,165	(3,334)	4,623	6,083	2,929	221,466
Changes in equity for 2025:								
Profit and total comprehensive income for the year		–	–	–	–	–	66,381	66,381
Issuance of ordinary shares by initial public offering	25(c)	5,556	181,519	–	–	–	–	187,075
Equity-settled share-based transactions		–	–	–	4,562	–	–	4,562
Appropriation to statutory reserve	25(d)(iii)	–	–	–	–	6,638	(6,638)	–
Dividends declared to the shareholders	25(b)	–	–	–	–	–	(25,000)	(25,000)
Balance at 31 December 2025		55,556	342,684	(3,334)	9,185	12,721	37,672	454,484

(b) Dividends

(i) Dividends paid or payable to equity shareholders of the Company attributable to the year

	2025 RMB'000	2024 RMB'000
Dividend approved and paid during the year (note)	25,000	20,000
Final dividend proposed after the end of the reporting period of RMB50.6 cents per ordinary share	28,119	–
	53,119	20,000

Note:

During the year ended 31 December 2025, the Company declared dividends of RMB25,000,000 (RMB50.0 cents per ordinary share) to its equity shareholders.

During the year ended 31 December 2024, the Company declared dividends of RMB20,000,000 to its equity shareholders, comprising (i) RMB10,000,000 to Mr. Xie Zhonghui for his financial needs; and (ii) RMB10,000,000 (RMB20.0 cents per ordinary share) to all shareholders.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Paid-in capital and share capital

	Note	No. of ordinary shares issued and fully paid '000	Paid-in capital RMB'000	Share capital RMB'000
At 1 January 2024		–	10,954	–
Issue of ordinary shares upon conversion into a joint stock limited liability company	(i)	50,000	(10,954)	50,000
At 31 December 2024 and 1 January 2025		50,000	–	50,000
Shares issued by initial public offering	(ii)	5,556	–	5,556
At 31 December 2025		55,556	–	55,556

Notes:

(i) Pursuant to the shareholders' resolutions dated 26 August 2024 and the promoters' agreement dated 28 August 2024, the shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, which is 29 February 2024, including paid-in capital, capital reserve, statutory reserve and retained profits were converted into 50,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium. Upon the completion of registration with the Pingtan Administration for Industry and Commerce on 29 August 2024, the Company was converted into a joint stock limited liability company under PRC Company Law.

(ii) 5,555,600 ordinary shares of par value of RMB1.00 each were issued at a price of HK$40.0 per ordinary share upon the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited. The gross proceeds raised from the offering was HK$222,224,000 (equivalent to approximately RMB201,996,000). Net proceeds from the offering were RMB187,075,000 (after offsetting costs directly attributable to the issuance of shares of approximately RMB14,921,000), of which RMB5,556,000 was credited to the Company's share capital account and the remaining RMB181,519,000 was credited to the Company's share premium account.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Capital reserve and share premium

The capital reserve of the Group represents contribution from shareholders in excess of the registered paid-in capital of the Company before its conversion into a joint stock limited liability company in August 2024.

The share premium of the Group represents the difference between the nominal value of the ordinary shares of the Company and its net assets value as of the conversion base date upon the conversion into a joint stock limited liability company in August 2024 and the difference between the par value of the Shares of the Company and consideration for the shares issued in December 2025.

(ii) Share-based payment reserve

The share-based payment reserve comprises the portion of difference between the fair value of shares granted and the consideration paid by the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 1(p)(ii).

(iii) Statutory reserve

Pursuant to the Articles of Association of the Group's Chinese Mainland companies and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the Chinese Mainland until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Chinese Mainland companies provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(t).

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and lease liabilities) and adjusted capital comprises all components of equity.

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2025 and 2024 was as follows:

	Note	**2025** **RMB'000**	2024 RMB'000
Current liabilities:			
Bank loans	20	**54,532**	43,475
Lease liabilities	21	**3,966**	6,083
		58,498	49,558
Non-current liabilities:			
Bank loans	20	**–**	11,398
Lease liabilities	21	**6,005**	2,919
Adjusted net debt		**64,503**	63,875
Total equity		**500,053**	240,023
Adjusted capital		**500,053**	240,023
Adjusted net debt-to-capital ratio		**13%**	27%

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions for which the Group considers to represent low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Current trade receivables without a significant financing component

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of reporting period, nil (2024: 4.62%) of the total trade receivables was due from the Group's largest customer within the segment of mechanical massage POS operation support services under the Partner Mode, and 81.09% (2024: 13.67%) of the total trade receivables was due from the Group's five largest customers.

The Group measures loss allowances for current trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different type of customer, the loss allowance based on past due status is not distinguished among the Group's different customer types.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Current trade receivables without a significant financing component (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for current trade receivables:

	2025		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	2.1%	6,995	145
Less than 3 months past due	38.3%	196	75
More than 3 months but less than 1 year past due	94.3%	335	316
Past due over 1 year	99.8%	900	898
		8,426	1,434

	2024		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.9%	937	18
Less than 3 months past due	18.2%	2	–*
More than 3 months but less than 1 year past due	84.1%	132	111
Past due over 1 year	99.9%	944	943
		2,015	1,072

* This amount is less than RMB500.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Current trade receivables without a significant financing component (continued)

Expected loss rates are based on actual loss experience over the past 36 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of current trade receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	1,072	1,738
Amounts written off	(688)	(684)
Impairment losses recognised	1,050	18
Balance at 31 December	1,434	1,072

Trade receivables with significant financing component

The Group generally requires trade receivables with significant financing component to be settled in equal in 18 months to 36 months from the date of billing. Normally, the Group does not obtain collateral from customers. The Group has put in place continuous monitoring mechanism, with regular reporting of credit exposures to internal management of credit risk. The Group's credit risk management covers key operational phases, including credit approval and post-sales monitoring. Any adverse events that may significantly affect a customer's repayment ability are reported immediately, and actions are taken to mitigate the risks.

The Group measures loss allowance for non-current trade receivables as disclosed in note 1(i)(i).

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

– PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the receivables;

– EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the receivables;

– LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables with significant financing component (continued)

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

As at 31 December 2024, there were no trade receivables with a significant financing component. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables with a significant financing component as at 31 December 2025.

	2025 12-month ECL RMB'000
Gross carrying amount	7,911
Less: Loss allowances	(268)
Net carrying amount	7,643

Movements in the loss allowance account in respect of trade receivables with a significant financing component during the year is as follows:

	2025 12-month ECL RMB'000
Balance at 1 January	–
Impairment losses recognised	268
Balance at 31 December	268

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Deposits and other receivables

Deposits and other receivables mainly represent rental deposits. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The following table provides information about the Group's exposure to credit risk and ECLs for deposits and other receivables:

	2025		
	Expected loss rate	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Within 1 year	**5.1%**	**58,334**	**2,966**
Over 1 year but within 2 years	**11.3%**	**6,759**	**764**
Over 2 years but within 3 years	**38.9%**	**2,486**	**968**
Over 3 years	**100.0%**	**5,485**	**5,485**
		73,064	**10,183**

	2024		
	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	4.6%	54,521	2,504
Over 1 year but within 2 years	13.7%	6,093	832
Over 2 years but within 3 years	53.6%	2,368	1,269
Over 3 years	100.0%	5,197	5,197
		68,179	9,802

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Deposits and other receivables (continued)

Movement in the loss allowance account in respect of deposits and other receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	9,802	7,997
Amounts written off	(458)	(765)
Impairment losses recognised	839	2,570
Balance at 31 December	10,183	9,802

(b) Liquidity risk

The treasury function of the Group is centrally managed by the Group, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), and the earliest date the Group can be required to pay:

	2025				
	Contractual undiscounted cash outflow				**Carrying amount on consolidated statement of financial position**
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Bank loans	**54,939**	**–**	**–**	**54,939**	**54,532**
Trade and other payables	**139,342**	**–**	**–**	**139,342**	**139,342**
Lease liabilities	**4,154**	**2,173**	**4,042**	**10,369**	**9,971**
	198,435	**2,173**	**4,042**	**204,650**	**203,845**

	2024				
	Contractual undiscounted cash outflow				Carrying amount on consolidated statement of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	44,646	10,069	1,694	56,409	54,873
Trade and other payables	161,871	–	–	161,871	161,871
Lease liabilities	6,337	2,408	586	9,331	9,002
	212,854	12,477	2,280	227,611	225,746

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalents, negotiable certificate of deposit, bank loans and lease liabilities. Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group at the end of the reporting period:

	Notional amount	
	2025	2024
	RMB'000	RMB'000
Fixed rate instruments:		
Negotiable certificate of deposit	**–**	10,172
Lease liabilities	**(9,971)**	(9,002)
Bank loans	**(39,524)**	(37,464)
	(49,495)	(36,294)
Variable rate instruments:		
Bank loans	**(15,008)**	(17,409)
Cash at bank and on hand	**238,936**	17,471
	223,928	62

(ii) Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB1,901,000 (2024: RMB1,000).

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis (continued)

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2024.

(d) Currency risk

The Group is exposed to currency risk arising from receivables, payables and cash balances that are denominated in United States Dollars.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)	
	2025	2024
	United States Dollars	United States Dollars
	RMB'000	RMB'000
Trade and other receivables	**11,868**	–
Cash and cash equivalents	**199,996**	–
Trade and other payables	**(3,873)**	–
Gross exposure arising from recognised assets	**207,991**	–

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
United States Dollars	**5%**	**8,840**	5%	–
	(5%)	**(8,840)**	(5%)	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2024.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Asset:				
Wealth management products	48,291	–	48,291	–

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	*Level 3*
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Asset:				
Negotiable certificate of deposit	10,172	–	10,172	–

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Valuation techniques and inputs used in Level 2 fair value measurements

Valuation method used for wealth management products and negotiate certificate of deposit

The fair value of wealth management products and negotiate certificate of deposit in level 2 is determined by using the DCF models. Future cash flows are estimated based on contractual terms of the wealth management products and negotiate certificate of deposit and discounted at a rate that reflects the credit risk of counterparties.

(ii) Fair value of financial assets and liabilities carried at amortised cost

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

27 COMMITMENTS

Commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	2025 **RMB'000**	2024 RMB'000
Contracted for acquisition of property, plant and equipment	**9,873**	26,810
Contracted for short-term leases	**7,346**	6,112
	17,219	32,922

28 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions during the years ended 31 December 2025 and 2024.

Name of related party	**Relationship**
Fujian Rovos Fitness Co., Ltd. (福建榮耀健康科技股份有限公司) *	Entity controlled by a director of the Group

* The English translation of the company's name is for reference only. The official name of this company is in Chinese.

28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, wages, allowances and other benefits in kind	6,106	4,474
Retirement scheme contributions	71	50
Equity-settled share-based payment expenses	2,443	2,749
	8,620	7,273

Total remuneration is included in "staff costs" (see note 5(b)).

(b) Other transactions with related party

	2025 RMB'000	2024 RMB'000
Trade in nature:		
Purchase of equipment and spare parts		
– Entity controlled by a director of the Group	35,583	11,477
Purchase of research and development outsource service		
– Entity controlled by a director of the Group	1,698	198
Sales of spare parts of mechanical massage equipment		
– Entity controlled by a director of the Group	1,081	–

28 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related party

	2025 RMB'000	2024 RMB'000
Trade in nature		
Trade and other payables		
– Entity controlled by a director of the Group	7,053	11,348
Trade and other receivables		
– Entity controlled by a director of the Group	173	–
Prepayments		
– Entity controlled by a director of the Group	205	–

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of note 28(b) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected Transactions" of the Report of the Directors.

29 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment		**189,710**	236,973
Intangible assets		**204**	191
Trade receivables		**627**	–
Investments in subsidiaries	12	**9,939**	12,380
Financial assets measured at fair value through other comprehensive income		**–**	10,172
Deferred tax assets		**1,832**	1,148
Other non-current assets		**3,324**	3,316
		205,636	264,180
Current assets			
Financial assets measured at fair value through profit or loss		**48,291**	–
Inventories		**3,859**	3,690
Trade and other receivables		**46,462**	50,177
Amounts due from subsidiaries		**49,044**	41,496
Prepayments		**50,871**	50,124
Prepaid taxes		**–**	2,167
Cash and cash equivalents		**221,078**	12,061
		419,605	159,715
Current liabilities			
Trade and other payables		**98,481**	133,522
Amounts due to subsidiaries		**10,974**	9,830
Contract liabilities		**1,429**	1,607
Bank loans		**54,532**	40,472
Lease liabilities		**1,615**	4,086
Other current liabilities		**90**	104
Current taxation		**3,284**	–
		170,405	189,621

29 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	2025 RMB'000	2024 RMB'000
Net current assets/(liabilities)	**249,200**	(29,906)
Total assets less current liabilities	**454,836**	234,274
Non-current liabilities		
Bank loans	**–**	11,398
Lease liabilities	**352**	1,410
	352	12,808
NET ASSETS	**454,484**	221,466
CAPITAL AND RESERVES		
Share capital	**55,556**	50,000
Reserves	**398,928**	171,466
TOTAL EQUITY	**454,484**	221,466

30 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 25(b).

31 ULTIMATE CONTROLLING PARTY

The directors of the Company considered the ultimate controlling party of the Company as at 31 December 2025 and 2024 was Mr.Xie Zhonghui.

(Expressed in Renminbi unless otherwise indicated)

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.