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carote

CAROTE LTD

卡羅特(商業)有限公司

(an exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2549)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2025 AND CHANGE OF COMPANY SECRETARY, AUTHORISED REPRESENTATIVE AND PROCESS AGENT

FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Carote Ltd (the “**Company**”) hereby presents the audited consolidated final results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended December 31, 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2024 (the “**Corresponding Period of the Previous Year**”). The audited consolidated final results of the Group have been reviewed by the audit committee of the Company.

KEY HIGHLIGHTS

FINANCIAL SUMMARY

	For the Year Ended December 31,		
	2025	2024	Change
	(RMB)	(RMB)	(%)
	<i>(in millions, except percentages)</i>		
Revenue			
Branded business	2,021.1	1,860.6	8.6%
Original Design Manufacturing (“ODM”) business	135.6	212.7	-36.2%
Total	<u>2,156.7</u>	<u>2,073.3</u>	<u>4.0%</u>
Gross Profit			
Branded business	669.4	810.0	-17.4%
ODM business	16.0	25.4	-37.0%
Total	<u>685.4</u>	<u>835.4</u>	<u>-18.0%</u>
Net profit	<u>257.8</u>	<u>356.0</u>	<u>-27.6%</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a global brand for kitchenware products. Within ten years since we launched our brand “CAROTE” in 2016, we have achieved a notable presence in the online kitchenware segment across key markets, including China, North America, Japan, Western Europe, Southeast Asia, and other areas, making us one of the fastest-growing kitchenware brands globally. Our products are always built to emphasize “Better for Use” and “Better for Value”, aiming to provide our customers with practical, well-designed, and reasonably priced items that promote a modern cooking lifestyle. In 2025, the proportion of our sales in offline channels has been continuously increasing, and stores count carrying our products has also been growing.

As a global brand for kitchenware products, we are always dedicated to enhancing consumers’ culinary experiences by delivering high-quality, innovative, and stylish kitchenware products at affordable prices. In 2025, despite facing the macroeconomic pressure of tariff policies of the United States of America (the “US”) and an intensely competitive market landscape, benefiting from our effective market strategy, strong product development capability and efficient cost control, the Company’s business scale maintained positive growth compared to the same period last year, with sales growth being particularly pronounced in the latter half of the year. During the Reporting Period, our total revenue was approximately RMB2,156.7 million (the same period in 2024: approximately RMB2,073.3 million), representing a year-on-year increase of approximately 4.0%. The growth was driven by the following factors: (i) expansion of sales channels, particularly the penetration of offline channels and the recovery of online sales channels, and (ii) product expansion through the launch of new products made from different materials and in different categories in the market.

On the product front, we have continued to refine our SKU portfolio strategy and expand category breadth while elevating individual product quality to establish a more diverse matrix of high quality SKUs. Taking the US market as an example, average transaction value has resumed an upward trajectory; material coverage has also extended from single-material aluminium cookware to encompass stainless steel, enamel, ceramic and other diverse material categories. Furthermore, the product category has been extended beyond core cookware to encompass a full range of kitchenware, establishing more comprehensive coverage of consumer scenarios.

Regarding channel deployment, we have been transitioning from its previous online-dominated model towards a deeply integrated omnichannel architecture. Online sales scale has continued to expand, while the offline store network has accelerated its growth with increasing store counts. In the US market, online channel market share steadily climb, while offline partnerships deepen with leading retailers like Walmart and Target, expanding terminal coverage. In the Chinese market, we have been transitioning from a single online

channel to the omnichannel model, successfully penetrating mainstream offline supermarket systems. In Japan, both online market share and sales volume on Amazon have increased, with simultaneous offline penetration into renowned retailers such as Donki, Aeon, and Uni.

Regarding organisational capability development, we have continued to strengthen the construction of our systems, striving to establish an orderly, professional, and efficient management structure. While maintaining the advantages of flat management, we have increased specialised investments. By centralising product and supply chain functions, we have enhanced support capabilities for multi-channel development.

At the talent strategy level, we recruited more senior industry professionals in 2025, enhanced recruitment standards, and accelerated the development of specialised talent pipelines to solidify the human capital foundation for long-term growth.

FUTURE OUTLOOK

In 2026, the global economic recovery remains clouded by significant uncertainties and risks. Rising trade protectionism, heightened geopolitical tensions and the ongoing US-China trade dispute are having a profound impact on the global supply chain. As a result, the year 2026 is expected to be another challenging year for our Group. However, history has consistently shown that challenges often lead to opportunities. In the midst of these headwinds, the global cookware and kitchenware industry shows remarkable growth potential, driven by ever-increasing consumer demand for high-quality and high-value kitchenware products.

In 2026, the Group will remain committed to our long-term development strategy, leveraging our deep consumer insights, strong product development and design capabilities and continuous innovation, as well as our efficient operating model and extensive supply chain experience, to drive the growth of our brand business. Our key strategic focus areas are outlined below:

- 1 **Product Strategy:** In 2026, we will establish “quality first” as the core of our product strategy. Against the background of expanding business scale and product portfolio, quality stability will be enhanced through refined quality control measures, thereby fortifying the competitive moat of our products.
- 2 **Channel Strategy:** Steadily deepen global business deployment by expanding into additional regional markets. While consolidating online sales strengths, we will rapidly accelerate the retail store count expansion and deeply penetrate into the retail supermarkets to reinforce omnichannel synergies.

- 3 **Organizational Architecture:** We will maintain the advantages of a flat organizational structure, advance specialized division of labor through a “centralized platform + product-specific divisions” model, and continuously iterate and optimize organizational forms to efficiently support rapid business growth.
- 4 **Talent Strategy:** Launch the “Talent Development Programme” to strengthen performance evaluation mechanisms. Through targeted recruitment and systematic training, we will inject more globally-minded professionals into the Company, thereby energizing team innovation and continuously elevating expertise.
- 5 **Supply Chain Strategy:** We will sustain the efficiency dividends of “Made in China” by reinforcing the supply chain cost and efficiency advantages, optimize global inventory allocation to provide robust support for all sales channels, and thereby enhance operational resilience.

We are confident that through the implementation of these strategies, our Group will be well-positioned to navigate the challenges of 2026 and seize the emerging opportunities, thus achieving sustainable growth and creating greater value for all stakeholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, our total revenue was approximately RMB2,156.7 million (same period in 2024: approximately RMB2,073.3 million), representing a year-on-year increase of approximately 4.0%. The following table sets forth a breakdown of our revenue by business segments, in absolute amounts and as a percentage of total revenue, for the periods indicated:

	For the Year Ended December 31,		
	2025	2024	Change
	(RMB)	(RMB)	(%)
	<i>(in millions, except percentages)</i>		
Branded business	2,021.1	1,860.6	8.6%
ODM business	135.6	212.7	-36.2%
Total	2,156.7	2,073.3	4.0%

Our revenue from branded business increased from approximately RMB1,860.6 million for the year ended December 31, 2024 to approximately RMB2,021.1 million for the year ended December 31, 2025, representing a year-on-year increase of approximately 8.6%. For the year ended December 31, 2025, we launched 3,775 SKUs of our own-branded products. Our revenue from branded business accounted for 89.7% of our total revenue for the year ended December 31, 2024 and 93.7% of our total revenue for the year ended December 31, 2025. The increase in revenue from our branded business is mainly due to our planning and strategy with a particular focus on branded business.

The following table sets forth a breakdown of our revenue from branded business by geographical location for the periods indicated:

	For the Year Ended December 31,		
	2025	2024	Change
	(RMB)	(RMB)	(%)
	<i>(in millions, except percentage)</i>		
Mainland China	340.2	299.5	13.6%
United States	1,472.0	1,251.1	17.7%
Western Europe	18.2	104.9	-82.7%
Japan	112.7	93.7	20.3%
Southeast Asia	29.0	53.5	-45.8%
Others	49.0	57.9	-15.4%
	<hr/>	<hr/>	<hr/>
Total	<u>2,021.1</u>	<u>1,860.6</u>	<u>8.6%</u>

During the Reporting Period, our branded business experienced revenue growth in all our geographic markets except for Western Europe, Southeast Asia and other regions in line with the strategy of our business expansion. Our revenue in branded business from the United States amounted to approximately RMB1,251.1 million and approximately RMB1,472.0 million for the year ended December 31, 2024 and 2025, respectively, accounting for 67.2% and 72.8% of our total revenue from branded business for the same period, respectively. Our revenue from branded business from the United States recorded for the Reporting Period represents a year-on-year increase of approximately 17.7% as compared to the corresponding period of the previous year. The significant increase in our revenue from the United States was primarily due to: (i) sales growth on Amazon; and (ii) sales growth through offline store channels.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately 18.0% from approximately RMB835.4 million for the year ended December 31, 2024 to approximately RMB685.4 million for the same period in 2025.

Our gross profit from branded business amounted to approximately RMB810.0 million and approximately RMB669.4 million for the year ended December 31, 2024 and 2025, respectively.

Our gross profit from ODM business amounted to approximately RMB25.4 million and approximately RMB16.0 million for the year ended December 31, 2024 and 2025, respectively.

Our gross profit margin from branded business was approximately 43.5% and approximately 33.1% for the year ended December 31, 2024 and 2025, respectively. Such decrease was primarily due to the escalation of the US tariff policies.

Our gross profit margin from ODM business was approximately 11.9% and approximately 11.8% for the year ended December 31, 2024 and 2025, respectively. Our gross profit margin from ODM business remained relatively stable. Such change was within a reasonable range in our normal operation.

Expenses

Cost of Sales

Our cost of sales primarily consists of (i) cost of inventories sold, primarily representing the cost we incurred in procuring finished goods from our contract manufacturers and tariff paid, (ii) freight and storage expenses, representing freight expenses incurred in the shipment of our products to customers, which mainly comprised courier fees and payments to third-party e-commerce platforms for their delivery services, and fees we paid to e-commerce platforms for their storage services; (iii) employee benefit expenses (including salaries, bonuses, social security costs, and other employee welfares) relating to warehouse personnel; and (iv) others, representing primarily product testing fees and certification fees. Our cost of sales increased from approximately RMB1,237.9 million for the year ended December 31, 2024 to approximately RMB1,471.3 million for the same period in 2025, representing a year-on-year increase of 18.9%, which was in line with the escalation of the US tariff policies and the growth of our branded business.

Selling Expenses

Our selling expenses decreased by approximately 12.5% from approximately RMB375.5 million for the year ended December 31, 2024 to approximately RMB328.8 million for the same period in 2025, primarily due to a reduction in selling expenses following withdraw from the markets in Europe, Southeast Asia and other regions.

Administrative Expenses

Our administrative expenses decreased significantly by approximately 37.0% from approximately RMB62.4 million for the year ended December 31, 2024 to approximately RMB39.3 million for the same period in 2025, primarily due to no listing expenses incurred in 2025.

Research and Development Expenses

Our research and development expenses decreased slightly by approximately 4.3% from approximately RMB41.4 million for the year ended December 31, 2024 to approximately RMB39.6 million for the same period in 2025. Such slight decrease represented a normal period-to-period fluctuation.

Net Impairment Losses/Reversal of Impairment on Financial Assets

We recorded net impairment losses on financial assets of approximately RMB4.4 million for the year ended December 31, 2025, primarily representing credit impairment of our accounts receivable. We recorded a net reversal of impairment on financial assets of approximately RMB161,000 for the year ended December 31, 2024, primarily due to the growth of our offline business that led to an increase in accounts receivable. As the credit terms for offline business are generally longer than those for online business, the related credit impairment losses increased accordingly.

Other Income

Our other income decreased significantly from approximately RMB32.1 million for the year ended December 31, 2024 to approximately RMB6.2 million for the same period in 2025, primarily due to a decrease in government grants.

Other Losses/Gains, Net

Our net other gains decreased significantly from approximately RMB10.2 million to a loss of approximately RMB12.9 million for the year ended December 31, 2024 and 2025, respectively.

Finance Income, Net

Our net finance income increased significantly by approximately 156.3% from approximately RMB18.9 million for the year ended December 31, 2024 to approximately RMB48.4 million for the same period in 2025, primarily due to an increase in our interest income on time deposits as our time deposits increased.

Income Tax Expenses

Our income tax expenses decreased from approximately RMB61.3 million for the year ended December 31, 2024 to approximately RMB57.3 million for the same period in 2025, primarily due to the decrease in our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by approximately 27.6% from approximately RMB356.0 million for the year ended December 31, 2024 to approximately RMB257.8 million for the same period in 2025, while our net profit margin decreased from 17.2% for the year ended December 31, 2024 to approximately 12.0% for the same period in 2025.

Liquidity, Financial Resources and Capital Structure

For the year ended December 31, 2025, (i) our net cash used in operating activities was approximately RMB54.5 million (same period in 2024, we generated net cash of approximately RMB350.2 million), primarily due to an increase in inventory turnover days resulting from a higher proportion of branded business sales, as well as an increase in accounts receivable turnover days attributable to the growing share of our offline business; (ii) our net cash generated from investing activities was approximately RMB59.3 million (same period in 2024: our net cash used in investing activities was approximately RMB874.1 million), primarily due to acquisition of property, plant and equipment and redemption of time deposits; and (iii) our net cash used in financing activities was approximately RMB93.5 million (same period in 2024, we generated from financing activities approximately RMB648.1 million), primarily due to the absence of over-allotment during the Reporting Period.

The total bank and other borrowings of the Group remain nil as at December 31, 2025.

As at December 31, 2025, the Group had current assets of approximately RMB1,624.2 million (as at December 31, 2024: approximately RMB1,454.1 million) and current liabilities of approximately RMB490.9 million (as at December 31, 2024: approximately RMB466.1 million).

The current ratio (which is calculated by dividing current assets by current liabilities) slightly increased to approximately 3.3 as at December 31, 2025 from approximately 3.1 as at December 31, 2024.

As at December 31, 2025, our cash and cash equivalents were primarily denominated in RMB and USD.

Foreign Exchange Exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are denominated in non-RMB.

The management of the Group has set up a policy to require the Group to manage their foreign exchange risk against their functional currency. The Group are required to control the exposure of the foreign currency during the business operation. The foreign currency exposure is mainly due to the settlement of the overseas sales in foreign currencies and the management controls the exchange schedule to reduce the Group's exposure to foreign exchange risk. Save for certain bank balances which are denominated in USD, the impact of foreign exchange exposure on the Group was minimal and there was minor impact on normal operations. During the Reporting Period, the Group did not commit to any financial instruments to hedge its exposure to foreign exchange risk. However, the management of the Group monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Risk

Other than bank balances with variable interest rates, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate significant impact on interest-bearing assets resulting from the changes in interest rates since the interest rates of bank balances are not expected to change significantly. In 2025, the Group did not have any interest-bearing bank borrowings, and therefore was not exposed to interest rate risk.

CHARGE OVER ASSETS OF THE GROUP

As at December 31, 2025, the Group pledged restricted deposits to issue bank acceptance notes of RMB195.0 million, representing a decrease of 7.5% from RMB210.8 million as at December 31, 2024. Such restricted deposits included restricted cash and time deposits.

GEARING POSITION

Our gearing ratio (calculated as total debts, comprising current and non-current borrowings and lease liabilities, divided by total equity as of the end of the period indicated, in percentage) was approximately 0.3% and 0.1% as at December 31, 2024 and 2025, respectively. Such decrease was mainly attributable to repayment of bank loans by the Group.

CONTINGENCIES

As at 31 December 2025, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

FINAL DIVIDEND

In line with the Company's general dividend policies, the Board has resolved to recommend a final dividend (the "**Final Dividend**") of HK\$0.1419 per Share (equivalent to approximately RMB0.13 per Share) for the year ended December 31, 2025 (2024: RMB0.13 per Share (equivalent to approximately HK\$0.1408 per Share)). The Final Dividend shall be subject to the approval of shareholders of the Company and such dividend is expected to be paid in HK dollars on or before July 31, 2026 to shareholders of the Company. Details of the arrangement for the distribution of dividends to shareholders of the Company will be notified by the Company separately.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**2026 AGM**") will be held on May 29, 2026. Notice of the 2026 AGM will be published and issued (if requested) to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the shareholders attend and vote at the 2026 AGM, the record date will be May 29, 2026 and the register of members of the Company will be closed May 26, 2026 to May 29, 2026 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on May 22, 2026, for registration.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue from the Group's five largest customers accounted for approximately 20.5% (2024: 12.7%) of the Group's total revenue and the revenue from the largest customer accounted for approximately 11.2% (2024: 6.6) of the Group's total revenue.

During the Reporting Period, supplies provided by the Group's five largest suppliers accounted for approximately 55.5% (2024: 49.9%) of the Group's total purchase and supplies provided by the largest supplier included therein accounted for approximately 15.3% (2024: 22.1%) of the Group's total purchase.

None of the Directors or any of their close associates or any shareholders of the Company (which, to the knowledge of the Directors, own more than 5% of the Company's issued shares) had any interests in the Group's five largest customers or five largest suppliers during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 257 employees (as at 31 December 2024: 188 employees).

The Group has formulated its emolument policy which sets out the basis for the remuneration of the employees and their remuneration structure comprising basic wage, allowances, benefits, and others, and grants employees share awards as appropriate based on the assessment of individual performance. The Company has made contributions to, among others, social insurance and housing provident fund on behalf of its employees in accordance with the relevant laws and regulations requirements of the PRC.

Further details of the remuneration policies for the Directors will be set out in the 2025 annual report of the Company.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

During the Reporting Period, the Group had no significant investments or material acquisitions and disposals of its subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2025, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus and the "Use of Proceeds from the Global Offering" in this announcement, we did not have other plans for material investments and capital assets.

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

Save as disclosed below, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

During the Reporting Period, pursuant to the general mandate granted to the Directors on May 30, 2025, the Company repurchased an aggregate of 4,201,500 Shares on the Stock Exchange at an aggregate consideration of HK\$20,371,065 (approximately RMB17,945,279) (inclusive of handling fee), all of which are held as treasury Shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the “**Listing Rules**”)) of the Company.

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any material subsequent events after the Reporting Period and up to the date of this announcement.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On October 2, 2024, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering (as defined in the prospectus of the Company dated September 23, 2024 (the “**Prospectus**”)), after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and the full exercise of Over-Allotment Option (as defined in the Prospectus), were approximately HK\$843.0 million. As of the date of announcement, there was no change in the intended use of proceeds as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

To the extent that the net proceeds of the Global Offering are not immediately required for the purposes as set out in the Prospectus or if we are unable to put into effect any part of our plan as intended, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and other authorised financial institutions (as defined under the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

Set out below is the status of use of proceeds from the Global Offering as at December 31, 2025.

Purpose	% of use of proceeds	Net proceeds (HK\$)	Utilized	Unutilized
			amount as at December 31, 2025 (HK\$)	amount as at December 31, 2025 (HK\$)
<i>(in millions, except percentages)</i>				
Pursuing acquisition and investment opportunities	35%	295.0	0	295.0
Product development	25%	210.7	14.8	195.9
Sales channel expansion	20%	168.6	0	168.6
ESG-related investments	10%	84.3	0	84.3
Working capital and other general corporate purposes	10%	84.4	28.8	55.6
Total	100%	843.0	43.6	799.4

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Note</i>	Year ended December 31,	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	2,156,671	2,073,251
Cost of sales	6	(1,471,254)	(1,237,854)
Gross profit		685,417	835,397
Selling expenses	6	(328,761)	(375,528)
Administrative expenses	6	(39,308)	(62,372)
Research and development expenses	6	(39,567)	(41,356)
Net impairment losses on financial assets		(4,382)	(161)
Other income	4	6,194	32,143
Other (losses)/gains – net	5	(12,918)	10,234
Operating profit		266,675	398,357
Finance income	7	48,521	19,160
Finance costs	7	(72)	(258)
Finance income – net		48,449	18,902
Profit before income tax		315,124	417,259
Income tax expense	8	(57,305)	(61,299)
Profit for the year		<u>257,819</u>	<u>355,960</u>
Profit attributable to:			
Owners of the Company		257,806	355,994
Non-controlling interests		13	(34)
		<u>257,819</u>	<u>355,960</u>

		Year ended December 31,	
	<i>Note</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Earnings per share attributable to the equity holders of the Company (<i>in RMB</i>)			
Basic earnings per share	10	<u>0.47</u>	<u>0.81</u>
Diluted earnings per share	10	<u>0.47</u>	<u>0.81</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
<i>Note</i>	2025	2024
	RMB'000	RMB'000
Profit for the year	<u>257,819</u>	<u>355,960</u>
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences on translation of foreign operations	(3,867)	2,839
<i>Item that will not be reclassified to profit or loss</i>		
Currency translation differences on translation of the Company	<u>(14,225)</u>	<u>18,056</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(18,092)</u>	<u>20,895</u>
Total comprehensive income for the year	<u>239,727</u>	<u>376,855</u>
Total comprehensive income attributable to:		
Owners of the Company	239,714	376,889
Non-controlling interests	<u>13</u>	<u>(34)</u>
	<u>239,727</u>	<u>376,855</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at December 31,	
		2025	2024
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		72,462	71,188
Right-of-use assets		1,672	3,678
Time deposits		187,981	183,727
Deferred tax assets		10,685	9,080
Other non-current assets		1,144	–
		<u>273,944</u>	<u>267,673</u>
Current assets			
Inventories	<i>11</i>	281,939	154,849
Trade receivables	<i>12</i>	205,907	85,774
Prepayments, other receivables and other current assets		93,634	28,554
Time deposits		753,970	766,010
Financial assets at fair value through profit or loss		–	36,243
Restricted cash		6,978	5,316
Cash and cash equivalents		281,769	377,332
		<u>1,624,197</u>	<u>1,454,078</u>
Total assets		<u>1,898,141</u>	<u>1,721,751</u>
EQUITY			
Share capital	<i>13</i>	1,985	1,985
Share premium	<i>13</i>	719,097	790,710
Treasury shares	<i>13</i>	(18,636)	–
Shares held for shares award scheme		(6)	(6)
Reserves		(237,037)	(221,040)
Retained earnings		941,917	684,111
		<u>1,407,320</u>	<u>1,255,760</u>
Non-controlling interests		<u>(64)</u>	<u>(77)</u>
Total equity		<u>1,407,256</u>	<u>1,255,683</u>

		As at December 31,	
	<i>Note</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Current liabilities			
Trade and bills payables	14	416,906	397,020
Other payables and accruals	15	25,732	27,287
Current income tax liabilities		45,797	37,633
Lease liabilities		1,050	4,128
Contract liabilities		1,400	–
		<u>490,885</u>	<u>466,068</u>
Total liabilities		<u>490,885</u>	<u>466,068</u>
Total equity and liabilities		<u>1,898,141</u>	<u>1,721,751</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended December 31,	
<i>Note</i>	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Net cash (used in)/generated from operations	(13,800)	402,134
Interest received from cash at banks	10,054	7,799
Income taxes paid	(50,746)	(59,706)
	<u>(54,492)</u>	<u>350,227</u>
Net cash (used in)/generated from operating activities		
Cash flows from investing activities		
Proceeds from sales of property, plant and equipment	–	118
Payments for property, plant and equipment and intangible assets	(6,322)	(68,998)
Proceeds from time deposits	748,100	288,200
Payments for time deposits	(753,880)	(1,064,091)
Interest received from time deposits	34,388	6,614
Proceeds from disposal of financial assets at fair value through profit or loss	37,054	–
Payments for financial assets at fair value through profit or loss	–	(35,945)
Repayment of loans to related parties	–	7
	<u>59,340</u>	<u>(874,095)</u>
Net cash generated from/(used in) investing activities		
Cash flows from financing activities		
Acquisition of treasury shares	(18,636)	–
Proceeds from issuance of shares upon global offering and over-allotment option	–	762,038
Repayment of borrowings	–	(5,000)
Interest paid on borrowings	–	(83)
Payments for listing expenses	–	(7,793)
Principal payments and interest paid of lease liabilities	(3,208)	(1,108)
Dividend paid to the then shareholders	(71,613)	(100,000)

	Year ended December 31,	
<i>Note</i>	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from financing activities	<u>(93,457)</u>	<u>648,054</u>
Net (decrease)/increase in cash and cash equivalents	<u>(88,609)</u>	<u>124,186</u>
Cash and cash equivalents at beginning of the year	377,332	236,064
Effects of exchange rate changes on cash and cash equivalents	<u>(6,954)</u>	<u>17,082</u>
Cash and cash equivalents at end of the year	<u><u>281,769</u></u>	<u><u>377,332</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Carote Ltd 卡羅特(商業)有限公司 (“**Carote**”, or the “**Company**”) was incorporated in the Cayman Islands on February 3, 2023 as an exempted company with limited liability. The address of the Company’s registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

Zhejiang Carote Industry & Trade Co., Ltd. 浙江卡羅特工貿有限公司 (“**Zhejiang Carote**”) was incorporated in the People’s Republic of China (the “**PRC**”) in April 2007. Upon the completion of the reorganization in August 2023, Zhejiang Carote became an indirect wholly owned subsidiary of the Company.

The Company is an investment holding company and its subsidiaries (together, “**the Group**”) are principally engaged in sale of cookware such as non-stick pots and pans, cast iron pots, and curated cookware sets, kitchen utensils, drinkware and other products (The “**Listing Business**”). The Group’s products are sourced in the People’s Republic of China (the “**PRC**”) and sold to customers in locations including the Mainland China, the United States (the “**U.S.**”), Malaysia, Singapore, Japan and other countries via third-party e-commerce platforms, as well as through wholesale distribution channels.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since October 2, 2024. On October 30, 2024, the Company has completed the over-allotment option of 19,479,500 shares at the price of HK\$5.78 per Share.

The ultimate holding company of the Company is Yili Investment Holdings Ltd (“**Yili Investment**”), a company incorporated in the British Virgin Islands and controlled by Mr. Zhang Guodong 章國棟 (“**Mr. Zhang**”) and Ms. Lyu Yili 呂伊俐 (“**Ms. Lyu**”) (the “**Controlling Shareholders**”).

These consolidated financial statements are presented in thousands of RMB (“**RMB’000**”), unless otherwise stated.

The financial statements have been approved for issue by the Board of Directors on March 26, 2026.

2 BASIS OF PREPARATION

(i) Compliance with HKFRS Accounting Standards and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(ii) Historical cost convention

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

(iii) New and amended standard adopted by the Group

An amended standard became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting this standard.

		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	January 1, 2025

(iv) New and amended standards and interpretations not yet adopted

The following amended standards have been issued but not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts referencing nature – dependent electricity	January 1, 2026
Annual improvements project	Annual Improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18	Presentation and disclosure in financial statements	January 1, 2027
HKFRS 19 and amendment	Subsidiaries without public accountability: disclosures	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the performance and positions of the Group when they become effective, except that the presentation of the consolidated statement of profit or loss may be amended to reflect the new requirements under HKFRS 18. The Group is currently analyzing the new requirements and assessing the impact of HKFRS 18. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

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

From the high-level preliminary assessment performed, the following potential impacts have been identified:

Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

- Foreign exchange differences currently aggregated in the line item 'other (losses)/gains – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation.

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged, however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- management-defined performance measures;
- a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
- for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

From a cash flow statement perspective, there will be a change to how interest received is presented. Interest received will be presented as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with HKFRS 18.

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

For management purposes, the Group is not organized into business units based on their products and only has one reportable segment. The executive directors of the Company are identified as the chief operating decision maker who monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information of revenue

The amount of the Group's revenue from external customers broken down by location of the customers is shown in the table below:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
America	1,579,405	1,377,318
Mainland China	347,413	308,745
Japan	112,727	93,704
Southeast Asia	30,559	56,942
Western Europe	22,000	157,172
Others	64,567	79,370
	<u>2,156,671</u>	<u>2,073,251</u>

(b) Revenue from contract with customers

All revenue from contract with customers within the scope of HKFRS 15 is recognized at a point in time as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
– Online sales, business through third-party e-commerce platforms to individuals	1,617,283	1,773,762
– Wholesale distribution	403,825	86,850
– Original design manufacturer business	135,563	212,639
	<u>2,156,671</u>	<u>2,073,251</u>

(c) **Revenue from major customers**

Revenue from a major customer which individually contributed over 10% or more of the total revenue of the Group during the years ended December 31, 2025 and 2024 is set out below:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	<u>238,375</u>	<u>*</u>

* The customer contributed less than 10% of total revenue for the corresponding year.

(d) **Contract liabilities**

The Group recognised the following contract liabilities related to the contracts with customers as at December 31, 2025 and 2024:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>1,400</u>	<u>–</u>

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

(e) **Revenue recognition**

Revenue from contracts with customers is recognized when control of products is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products.

The following is a description of the accounting policy for the principal revenue stream of the Group.

Sales of products

The Group sells its products to customers over third-party e-commerce platforms or directly. Revenue from contracts with customers is recognized when control of the products is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those products and delivery to the customers.

For sales to end customers through third-party e-commerce platforms, the Group recognises revenue when the goods are delivered to the customer's designated location and accepted by the customers.

For direct sales to wholesalers, control is considered to be transferred at the point in time when the products have been delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery has occurred when the products have been shipped to the specific location based on the agreed shipping terms, the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the goods.

If the contract for the sale of goods provides customers with rights of return, it gives rise to variable consideration. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price.

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

4 OTHER INCOME

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Government grants (i)	6,194	31,763
Others	–	380
	6,194	32,143
	6,194	32,143

- (i) Government grants provided to the Group is mainly related to financial subsidies received from the local governments in the PRC. There were no unfulfilled conditions or contingencies attached to these grants.

5 OTHER (LOSSES)/GAINS – NET

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Net foreign exchange (losses)/gains	(13,010)	9,555
Net fair value gains on financial assets at fair value through profit or loss	811	298
Net loss on disposal of property, plant and equipment	–	(3)
Others	(719)	384
	(12,918)	10,234
	(12,918)	10,234

6 EXPENSES BY NATURE

The detailed analysis of cost of sales, selling expenses, administrative expenses and research and development expenses is as follow:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Cost of inventories sold	1,059,552	882,228
Raw materials and consumables used	36,265	39,960
Freight and storage expenses	404,558	350,526
Commission to e-commerce platforms	255,974	269,352
Marketing and advertising expenses	49,091	84,149
Employee benefit expenses	38,761	35,463
Legal and professional fees	8,016	4,319
Depreciation of property, plant and equipment	3,786	3,029
Auditors' remuneration – Audit services	2,692	2,170
Office expenses	2,299	1,737
Depreciation of right-of-use assets	2,006	3,227
Short-term leases expense	58	290
Listing expenses	–	26,955
Others	15,832	13,705
	<u>1,878,890</u>	<u>1,717,110</u>

7 FINANCE INCOME, NET

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Finance income:		
Interest income on cash at banks	10,054	7,799
Interest income on time deposits	38,467	11,361
	<u>48,521</u>	<u>19,160</u>
Finance costs:		
Interest expenses on borrowings	–	(79)
Interest expenses on lease liabilities	(72)	(179)
	<u>(72)</u>	<u>(258)</u>
Finance income, net	<u>48,449</u>	<u>18,902</u>

8 INCOME TAX EXPENSES

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Current tax on profits for the year	58,910	63,817
Deferred income tax	(1,605)	(2,518)
Income tax expense	57,305	61,299

Taxes on profits assessable have been calculated at the rates of tax prevailing in the jurisdictions in which the entity operates.

(a) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to the Cayman Islands income tax pursuant to the current laws of the Cayman Islands.

(b) Hong Kong profits tax

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% (2024: 8.25%) on assessable profits up to HK\$2,000,000 and 16.5% (2024: 16.5%) on any part of assessable profits over HK\$2,000,000 for the year ended December 31, 2025.

(c) United States income tax

Carote USA was established in California, the United States. The corporate income tax rate of Carote USA is subject to both federal income tax rate and California income tax rate, which are 21% and 8.84% (2024: 21% and 8.84%) respectively for the year ended December 31, 2025.

(d) Japan income tax

Enterprises incorporated in Japan are subject to income tax rate at the state level of 23.2% (2024: 23.2%) during the year ended December 31, 2025.

(e) Singapore corporate income tax ("Singapore CIT")

The Group's subsidiary in Singapore is subject to Singapore CIT which is calculated based on the applicable tax rate of 17% (2024: 17%) on the assessable profits of the subsidiaries in accordance with Singapore tax laws and regulations for the year ended December 31, 2025.

(f) PRC corporate income tax ("CIT")

The Company's subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations, except for disclosed below.

Zhejiang Carote, a subsidiary of the Company, was recognized as the High New Tech Enterprises in December 2019. According to the tax incentives of the Corporate Income Tax Law of the People’s Republic of China (the “CIT Law”) for High New Tech Enterprises, Zhejiang Carote is subject to a reduced corporate income tax rate of 15% for three years commencing from the first year when it was recognized as the High New Tech Enterprises. Zhejiang Carote obtained the approval for renewal of the qualification for another three-year period commencing 2022, and further obtained approval for renewal of the qualification for an additional three-year period commencing 2025. Accordingly, Zhejiang Carote was entitled to a preferential income tax rate of 15% (2024: 15%) during the year ended December 31, 2025.

During the years ended December 31, 2025 and 2024, an additional 100% of qualified research and development expenses incurred was allowed to be deducted from taxable income under the Mainland China Income Tax Law and its relevant regulations.

(g) PRC withholding income tax

According to the CIT Law, starting from January 1, 2008, a 10% withholding tax will be levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends out of their profits earned after January 1, 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, including those incorporated in Hong Kong.

Unremitted earnings on which deferred income tax liabilities have not been recognized totaled RMB620,044,000 as at December 31, 2025 (December 31, 2024: RMB416,836,000) as the directors have confirmed that the Group does not expect the PRC subsidiaries to distribute the aforementioned retained earnings in the foreseeable future.

- (h) The difference between the actual income tax expense charged to the consolidated statement of profit or loss and the amounts which would result from applying the enacted tax rates to profit before income tax can be reconciled as follows:

	Year ended December 31,	
	2025	2024
	RMB’000	RMB’000
Profit before taxation	<u>315,124</u>	<u>417,259</u>
Tax calculated at statutory tax rates applicable to each group entity	74,455	103,071
Preferential tax rate	(18,338)	(40,907)
Expenses not deductible for tax purpose	568	697
Super deduction for research and development expenses	(2,924)	(3,102)
Tax losses for which no deferred income tax asset was recognized	3,860	2,223
Previously unrecognized tax losses now recognized or recouped to reduce current tax expense	<u>(316)</u>	<u>(683)</u>
Income tax expense	<u><u>57,305</u></u>	<u><u>61,299</u></u>

9 DIVIDENDS

Pursuant to the resolution of the shareholders' meeting of the Company held on May 30, 2025, dividends of HKD78,144,366, out of share premium of the Company, were approved to be paid to the shareholders of the Company. The dividends of HKD78,144,366 (equivalent to approximately RMB71,613,000) were paid in cash on August 1, 2025.

A proposed final dividend in respect of the year ended December 31, 2025 of HKD0.1419 per ordinary share, amounting to a total dividend of approximately RMB68,839,000 is to be presented for approval by the shareholders at the annual general meeting of the Company on May 29, 2026. These financial statements do not reflect this as dividend payable.

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the years ended December 31, 2025 and 2024 are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the years ended December 31, 2025 and 2024.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit attributable to the ordinary equity holders of the Company (RMB'000)	257,806	355,994
Weighted average number of ordinary shares in issue	<u>551,653,684</u>	<u>439,700,343</u>
Basic earnings per share (expressed in RMB per share)	<u>0.47</u>	<u>0.81</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the years ended December 31, 2025 and 2024, the Company's dilutive potential ordinary shares include share awards granted to employees. As the share awards are issuable upon the satisfaction of specified performance condition, as of December 31, 2024, the condition has met. As of December 31, 2025, the condition has met, the calculation of diluted earnings per share is shown as below:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Profit attributable to the ordinary equity holders of the Company (RMB'000)	257,806	355,994
Weighted average number of ordinary shares in issue	551,653,684	439,700,343
Adjustments for share awards	859,648	558,778
Weighted average number of ordinary shares for diluted earnings per share	<u>552,513,332</u>	<u>440,259,121</u>
Diluted earnings per share (expressed in RMB per share)	<u>0.47</u>	<u>0.81</u>

11 INVENTORIES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Finished goods	279,193	152,554
Raw materials and parts	2,746	2,295
Less: provision for inventories	—	—
	<u>281,939</u>	<u>154,849</u>

(i) Amounts recognized in profit or loss

Inventories recognized as an expense during the year ended December 31, 2025 amounted to RMB1,066,696,000 (December 31, 2024: RMB887,328,000). These were included in cost of sales.

Raw materials and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable 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.

12 TRADE RECEIVABLES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Trade receivables	210,498	86,023
Less: allowance for impairment	(4,591)	(249)
	<u>205,907</u>	<u>85,774</u>

(i) **Aging analysis of trade receivables**

As at December 31, 2025 and 2024, the aging analysis of trade receivables based on invoice date, is as follows:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Less than 3 months	205,179	79,368
3 months to 6 months	1,312	6,483
6 months to 9 months	1,024	86
9 months to 12 months	1,355	86
Above 1 year	1,628	–
	210,498	86,023

(ii) **Classification as trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 3 months or a normal operating cycle and therefore all classified as current. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore it measures them subsequently at amortised cost using the effective interest method.

(iii) **Fair values of trade receivables**

Due to the short-term nature of the current receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

(iv) **Impairment and risk exposure**

Trade receivables

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

13 SHARE CAPITAL, SHARES HELD FOR SHARES AWARD SCHEME AND SHARE PREMIUM

	Number of shares	Nominal value of shares
		USD'000
Authorized		
As at January 1, 2024	25,000,000	250,000
Share subdivision (a)	475,000,000	–
Addition (c)	1,500,000,000	750,000
	2,000,000,000	1,000,000
As at December 31, 2025 and 2024		

	Number of shares	Share capital USD'000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for shares award scheme RMB'000
Issued						
As at January 1, 2024	20,282,930	203	1,460	137,208	–	(6)
Share subdivision (a)	385,375,670	–	–	–	–	–
Dividend distribution to the shareholders (b)	–	–	–	(100,000)	–	–
Issuance of shares upon global offering and over-allotment option (d)	149,344,000	75	525	753,502	–	–
As at December 31, 2024	555,002,600	278	1,985	790,710	–	(6)
As at January 1, 2025	555,002,600	278	1,985	790,710	–	(6)
Acquisition of treasury shares (e)	(4,201,500)	–	–	–	(18,636)	–
Dividend distribution to the shareholders (f)	–	–	–	(71,613)	–	–
As at December 31, 2025	550,801,100	278	1,985	719,097	(18,636)	(6)

- (a) On 29 February 2024, pursuant to the resolution passed by the shareholders of the Company, each share of a nominal or par value of US\$0.01 share capital of the Company was subdivided into 20 shares of a nominal or par value of US\$0.0005 each. The Company's authorized share capital became US\$250,000 divided into 500,000,000 shares of a nominal or par value of US\$0.0005 each. Immediately following the Subdivision, the number of ordinary shares in issue was 405,658,600 (including 1,600,000 shares held for shares award scheme after consideration of the subdivision).
- (b) On March 3, 2024, pursuant to the resolution of the shareholders' meeting of the Company, dividends of RMB100,000,000 were approved to be paid to the shareholders of the Company. The dividends of USD\$10,000,000 (equivalent to approximately RMB72,300,000) and USD\$3,836,371 (equivalent to approximately RMB27,700,000) were paid in cash in April and May 2024, respectively.
- (c) On September 23, 2024, pursuant to the resolution of the shareholders' meeting of the Company, the authorized shares of the Company increased by 1,500,000,000 shares from 500,000,000 shares to 2,000,000,000 shares with par value USD\$0.0005.
- (d) On October 2, 2024, the Company has completed a global offering of 129,864,500 Shares of par value of US\$0.0005 each at the price of HK\$5.78 per Share. On October 30, 2024, the Company has completed the over-allotment option of 19,479,500 Shares of par value of US\$0.0005 each at the price of HK\$5.78 per Share.

Share issuance costs related to the global offering and the over-allotment option mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other costs. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately RMB26,317,900 was treated as a deduction against the share premium arising from the issuance.

- (e) During the years ended December 31, 2025, the Company repurchased an aggregate number of 4,201,500 of its own shares from the market, which had not been cancelled as at December 31, 2025. The shares were repurchased at prices ranging from HK\$3.73 to HK\$5.25 per share.
- (f) On May 30, 2025, pursuant to the resolution of the annual general meeting held, dividends of HKD78,144,366 (equivalent to RMB71,613,000) were approved by the Company to its shareholders. All dividend has been paid in cash on August 1, 2025.

14 TRADE AND BILLS PAYABLES

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	183,656	147,230
Bills payables	233,250	249,790
	416,906	397,020

The bills payables have maturity terms ranging from 6 to 12 months. And the issuance of these bills payables are secured by certain time deposits.

As at December 31, 2025 and 2024, the aging analysis of the trade and bills payables based on invoice date was as follows:

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	309,960	212,389
Between 3 months and 1 year	106,587	184,263
Over one year	359	368
	416,906	397,020

The carrying amounts of trade and bills payables approximated their fair values due to their short-term in nature.

15 OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Other taxes payables	15,750	17,450
Payroll and welfare payables	6,839	5,983
Accrued audit services	1,305	2,010
Accrued freight expenses	753	1,265
Others	1,085	579
	<u>25,732</u>	<u>27,287</u>

The carrying amounts of other payables and accruals approximated their fair values due to their short-term in nature.

16 COMMITMENTS

Capital commitments

	As at December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for		
– purchase of intangible asset	2,403	–
– purchase of property, plant and equipment	131	1,698
	<u>2,534</u>	<u>1,698</u>

17 CONTINGENCIES

As at December 31, 2025 and 2024, the Group had no material contingent liabilities.

OTHER INFORMATION

Corporate Governance

The Group is committed to achieving high standards of corporate governance practices to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. During the Reporting Period, the Company continued to apply the principles set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. Save as disclosed below, the Directors consider that the Company had complied with all the applicable code provisions of the CG Code during the Reporting Period.

Code Provision C.2.1 of Part 2 of the CG Code as set out in Appendix C1 to the Listing Rules recommends, but does not require, that the roles of chairman and chief executive should be separate and that such roles should not be performed by the same person. The Company deviates from this provision because Mr. Zhang performs both the roles of the chairman of the Board and the chief executive officer of the Company. As Mr. Zhang has served the Group since July 2011 and has provided strategic guidance and leadership to the Group since 2019, the Board believes that vesting the roles of both chairman and chief executive officer to Mr. Zhang has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively. The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. The Board will reassess the division of the roles of chairman and the chief executive officer from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Change of company secretary, authorised representative and process agent

With effect from March 26, 2026, Mr. Chow Shing Lung will resign from, and Ms. Kwok Yan Ting Jennis will be appointed to, the positions of company secretary of the Company, authorised representative of the Company under Rule 3.05 of the Listing Rules, and authorised representative for acceptance of service of process and notices on behalf of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Mr. Chow confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company and the Stock Exchange in relation to his resignation.

The biographical details of Ms. Kwok are as follows:

Ms. Kwok Yan Ting Jennis (郭恩廷) has over 12 years of extensive experience in corporate governance, company secretarial practice and regulatory compliance. She is currently Senior Manager, Entity Solutions of Computershare Hong Kong Investor Services Limited.

Ms. Kwok holds a degree of Bachelor of Business Administration from Hong Kong Shue Yan University. She is a fellow member of both The Hong Kong Chartered Governance Institute (the “**HKCGI**”) and The Chartered Governance Institute in the United Kingdom, and she is also a holder of the practitioner’s endorsement of HKCGI. In addition, Ms. Kwok is a Certified Environmental, Social and Governance Analyst (CESGA®) accredited by The European Federation of Financial Analysts Societies (EFFAS) and a Certified ESG Planner (CEP®) awarded by the International Chamber of Sustainable Development (ICSD). She also holds the Sustainability and Climate Risk (SCR®) Certificate issued by the Global Association of Risk Professionals (GARP®).

The Board wishes to take this opportunity to express its gratitude to Mr. Chow for his contribution during his tenure of service and also to extend a warm welcome to Ms. Kwok on her new appointment as the company secretary, authorised representative, and process agent of the Company.

Model Code For Directors’ Securities Transactions

The Company has adopted the Code for Dealings in Securities by Management (管理層證券交易守則) with terms no less exacting than the Model Code as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code.

The Code for Dealings in Securities by Management applies to all the Directors and all the employees to whom the Code for Dealings in Securities by Management is given and who are informed that they are subject to its provisions.

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Model Code and the Company’s Code for Dealings in Securities by Management during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company during Reporting Period and up to the date of this announcement.

Audit Committee and Review of Final Results

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee currently consists of three independent non-executive Directors, namely Ms. Yeung Shuet Fan Pamela, Dr. Chan Tin Wai David and Mr. Shi Zhoufeng. Mr. Shi Zhoufeng, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee had reviewed, together with the management, the accounting principles and policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements and final results of the Group for the year ended December 31, 2025.

Scope of Work of Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in this preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2025. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

Publication

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.mycarote.com>) respectively. The 2025 annual report of the Company will be made available to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company and dispatched to the shareholders of Company (when necessary) in due course.

By order of the Board
CAROTE LTD
卡羅特(商業)有限公司
Mr. ZHANG Guodong
Chairman of the Board

Hong Kong, March 26, 2026

As at the date of this announcement, the directors are: Mr. ZHANG Guodong, Ms. LYU Yili and Mr. XIA Chenhao as executive directors and Ms. YEUNG Shuet Fan Pamela, Dr. CHAN Tin Wai David and Mr. SHI Zhoufeng as independent non-executive directors.