



JIANGSU HORIZON CHAIN SUPERMARKET COMPANY LIMITED

江蘇宏信超市連鎖股份有限公司

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

Stock Code: 2625

2025

Annual Report





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# Corporate Information

## Directors

### Executive Directors

Mr. Gao Feng (高峰) (*Chairman*)  
Mr. Yuan Yuan (袁原)  
Mr. Zhang Jiaan (張佳安) (*Chief Executive Officer*)  
Mr. Yao Jun (姚駿)  
Ms. Shen Zhigen (沈志良)  
Ms. Nai Jingjing (倪晶晶)  
Mr. Wang Fei (王飛)

### Non-executive Director

Ms. Wei Yan (韋燕)

### Independent Non-executive Directors

Mr. Zheng Manjun (鄭滿軍)  
Mr. Zheng Yu (鄭宇)  
Ms. Jia Meng (賈夢) (appointed on 15 January 2026)  
Ms. Zhang Yan (張燕) (appointed on 15 January 2026)  
Mr. Lam Ka Tak (林嘉德) (resigned on 15 January 2026)  
Mr. Zhu Bo (朱波) (resigned on 15 January 2026)

### Audit Committee

Ms. Jia Meng (賈夢) (*Chairperson*) (appointed on 15 January 2026)  
Mr. Zheng Manjun (鄭滿軍)  
Mr. Zheng Yu (鄭宇)  
Ms. Zhang Yan (張燕) (appointed on 15 January 2026)  
Ms. Wei Yan (韋燕)  
Mr. Lam Ka Tak (林嘉德) (resigned on 15 January 2026)  
Mr. Zhu Bo (朱波) (resigned on 15 January 2026)

## Nomination Committee

Mr. Zheng Manjun (鄭滿軍) (*Chairperson*)  
Mr. Zheng Yu (鄭宇)  
Ms. Jia Meng (賈夢) (appointed on 15 January 2026)  
Ms. Zhang Yan (張燕) (appointed on 15 January 2026)  
Ms. Wei Yan (韋燕)  
Mr. Lam Ka Tak (林嘉德) (resigned on 15 January 2026)  
Mr. Zhu Bo (朱波) (resigned on 15 January 2026)

## Remuneration Committee

Mr. Zheng Yu (鄭宇) (*Chairperson*)  
Mr. Zheng Manjun (鄭滿軍)  
Ms. Jia Meng (賈夢) (appointed on 15 January 2026)  
Ms. Zhang Yan (張燕) (appointed on 15 January 2026)  
Ms. Wei Yan (韋燕)  
Mr. Lam Ka Tak (林嘉德) (resigned on 15 January 2026)  
Mr. Zhu Bo (朱波) (resigned on 15 January 2026)

## Authorised Representatives

Mr. Gao Feng (高峰)  
Mr. Hui Hung Kwan (許鴻群)

## Joint Company Secretaries

Ms. Xu Chunling (徐春玲)  
Mr. Hui Hung Kwan (許鴻群) (*an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants*)



## Corporate Information

### Auditor

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

### Compliance Adviser

Red Solar Capital Limited  
402B, 4/F, China Insurance Group Building  
141 Des Voeux Road Central  
Central  
Hong Kong

### Hong Kong Legal Adviser

DeHeng Law Offices (Hong Kong) LLP  
28/F, Henley Building  
5 Queen's Road Central  
Central  
Hong Kong

Room 1111, 11/F  
New World Tower 1  
No. 16–18 Queen's Road Central  
Central, Hong Kong

Room 3507, 35/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

### PRC Legal Adviser

Beijing DHH Law Firm  
12/F, Tower C  
Beijing Yintai Centre  
No. 2 Jianguomenwai Avenue  
Chaoyang District  
Beijing, PRC

### Registered Office

Shao Bo Town Industrial Park Logistics Park  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

### Headquarters and Principal Place of Business in the PRC

Shao Bo Town Industrial Park Logistics Park  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

### Principal Place of Business in Hong Kong

28/F, Henley Building  
5 Queen's Road Central  
Hong Kong

### H Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong



# Corporate Information

## Principal Banks

### **Agricultural Bank of China Yangzhou Jiangdu Branch**

No. 1289 Wenchang East Road  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

### **Bank of China Jiangdu Branch**

No. 19 Longcheng Road  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

### **China Construction Bank Corporation Jiangdu Branch**

No. 1 Xiancheng Road  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

### **Agricultural Development Bank of China Yangzhou Jiangdu Branch**

No. 10 Dong Fang Hong East Road  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

### **Jiangsu Jiangdu Rural Commercial Bank Co., Ltd.**

No. 21 Longcheng Road  
Jiangdu District, Yangzhou City  
Jiangsu Province  
PRC

## Company Website

[www.hxsupermarket.cn](http://www.hxsupermarket.cn)

## Stock Code

2625

## Listing Date

31 March 2025



# Definitions

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the forthcoming annual general meeting of the Company to be held on 2 June 2026
“Articles” or “Articles of Association”	the articles of association of our Company adopted on 15 January 2026, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Auditor”	KPMG, the external auditor of the Company
“Board” or “Board of Directors”	board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in of Appendix C1 to the Listing Rules
“Chairman”	chairman of the Board
“China” or “PRC”	the People’s Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
“Company” or “our Company” or “the Company”	Jiangsu Horizon Chain Supermarket Company Limited (江蘇宏信超市連鎖股份有限公司) (formerly known as Jiangdu Mall Hongxin Supermarket Chain Co., Ltd.* (江都商城宏信超市連鎖有限公司)), a limited liability company established in the PRC on 19 October 2005 and subsequently converted into a joint stock company with limited liability on 30 September 2007, whose H Shares are listed on the Stock Exchange on 31 March 2025 (stock code: 2625)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this annual report, refers to the controlling shareholders of our Company, namely, Mr. Gao Feng (高峰), Ruichuanda Investment, Mr. Yuan Yuan (袁原) and Mr. Zhang Jiaan (張佳安)
“Director(s)”	director(s) of the Company



## Definitions

“Global Offering”	an offering of 53,562,000 H Shares, comprising a final Hong Kong public offering of 8,892,000 H Shares and a final international public offering of 44,670,000 H Shares
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries
“H Share(s)”	the ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are subscribed for and traded in Hong Kong dollars and listed and traded on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards
“Latest Practicable Date”	15 April 2026, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	31 March 2025, the date on which the H Shares of the Company were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated 21 March 2025
“Remuneration Committee”	the remuneration committee of the Board



## Definitions

“Reporting Period”	the year ended 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Ruichuanda Investment”	Jiangsu Ruichuanda Investment Co., Ltd.* (江蘇瑞川達投資有限公司), a limited liability company established in the PRC on 23 November 2009, which is owned as to 100% by Mr. Gao Feng (高峰), and is one of our Controlling Shareholders
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with nominal value of RMB1.00 each, including our domestic unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	member(s) of the Supervisory Committee of the Company
“Supervisory Committee”	the supervisory committee of our Company
“%”	per cent

\* For identification purpose only

# Financial Highlights

	2025	Year ended 31 December			
		2024	2023	2022	2021
		(RMB in thousands)			
Revenue	<b>1,543,962</b>	1,350,925	1,401,972	1,328,685	1,432,193
Gross profit	<b>289,297</b>	289,101	301,376	302,138	282,685
Profit before taxation	<b>54,100</b>	62,345	70,058	68,487	47,696
Profit for the year	<b>38,238</b>	43,975	51,602	51,065	35,080
<b>Profitability</b>					
Gross profit margin	<b>18.7</b>	21.4%	21.5%	22.7%	19.7%
Net profit margin	<b>2.5%</b>	3.3%	3.7%	3.8%	2.4%

	2025	As at 31 December			
		2024	2023	2022	2021
		(RMB in thousands)			
Non-current assets	<b>407,103</b>	399,108	377,772	397,990	412,336
Current assets	<b>1,404,000</b>	1,056,580	1,029,364	933,549	764,664
Current liabilities	<b>954,344</b>	774,555	819,983	796,414	683,875
Non-current liabilities	<b>117,248</b>	140,223	93,812	88,345	95,614
Net current assets	<b>449,656</b>	282,025	209,381	137,135	80,789
Net assets	<b>739,511</b>	540,910	493,341	446,780	397,511



# Chairman's Statement

On behalf of the Board, I am pleased to present the annual report of the Group for the year ended 31 December 2025 for our Shareholders' review.

## Financial Review

During the Reporting Period the Group's revenue increased by 14.3% or RMB193.1 million from approximately RMB1,350.9 million for the year ended 31 December 2024 to approximately RMB1,544.0 million, primarily attributable to the increase in our revenue generated from general sales from retail operations, wholesale, and supply and sales of meals. In the Reporting Period, the Group's revenue generated from wholesale increased by 20.4% to approximately RMB878.8 million from approximately RMB729.8 million for the year ended 31 December 2024. In the Reporting Period, the Group's revenue generated from general sales from retail increased by 9.5% to approximately RMB554.0 million from approximately RMB505.8 million for the year ended 31 December 2024. In the Reporting Period, the Group's revenue generated from bulk sales from retail operations decreased by 8.6% to approximately RMB45.4 million from approximately RMB49.7 million for the year ended 31 December 2024. In the Reporting Period, the Group's revenue generated from commission income from concessionaire sales and supply of goods decreased by 12.3% to approximately RMB30.7 million from approximately RMB34.9 million for the year ended 31 December 2024. In the Reporting Period, the Group's revenue generated from supply and sales of meals increased by 38.1% to approximately RMB23.3 million from approximately RMB16.9 million for the year ended 31 December 2024. In the Reporting Period, the Group's revenue generated from rental income from operating lease decreased by 14.6% to approximately RMB11.8 million from approximately RMB13.9 million for the year ended 31 December 2024. The Group's profit for the Reporting Period was RMB38.2 million, representing a decrease of approximately 13.0% as compared to a profit of RMB44.0 million for the year ended 31 December 2024. The Group's basic and diluted earnings per share in the Reporting Period were RMB0.18, as compared to RMB0.27 for the year ended 31 December 2024.

## Operation Review

The Group is a wholesaler of grain and oil headquartered in Yangzhou, with retail operations of supermarket and convenience stores focusing on the central region of Jiangsu Province under the brand "宏信龍" (Hongxinlong). Ancillary to our retail operations, we lease some shop floor area or shop premises in our Retail Stores and Malls to other retail operators like restaurant, hotels and pharmacies, etc. and receive rental income. Leveraging our ability to source and supply quality and fresh food ingredients, we also operate a central kitchen to produce meals and deliver to local corporates, schools or government entities.

As at 31 December 2025, the Group operated 56 supermarkets and 123 convenience stores in Jiangsu Province, including 53 supermarkets and 122 convenience stores in Yangzhou City and 3 supermarkets and 1 convenience store in Taizhou City. Apart from supermarkets and convenience stores, we also operate two Malls located in Yangzhou, namely Jiangdu Mall\* (江都商城) and Hongxinlong Mall\* (宏信龍購物中心).

\* For identification purpose only



# Chairman's Statement

## Outlook for 2026

The Group will continue to plow its resources into the retail market in the Yangtze River Delta region and steadily advance the development strategy and business layout of the Company. Looking into 2026, we plan to implement the following strategies, which we believe will strengthen our market position, increase our market share and capture the growth opportunities in China's retail industry:

- Expand our market share and the number of retail stores;
- Increase our warehousing capacity by establishing new distribution centres;
- Expand our meal processing capacity by establishing new central kitchens; and
- Enhance our ERP and infrastructure systems to improve operational efficiency.

## Acknowledgement

On behalf of the Board, I would like to express my heartfelt gratitude to our Shareholders. We would also like to extend our sincere appreciation to all Directors, Supervisors, senior management and colleagues for their dedication and relentless efforts. We will endeavour to seize market opportunities to achieve sustainable growth in our existing businesses and actively seek new growth drivers to deliver greater returns to our Shareholders.

**Mr. Gao Feng**

*Chairman*

Jiangsu, China, 20 March 2026



# Management Discussion and Analysis

## Business Review and Outlook

We are a wholesaler of grains and oil headquartered in Yangzhou, with retail operations of supermarkets and convenience stores focused on the central region of Jiangsu Province under our brand “宏信龍” (Hongxinlong\*). Leveraging our ability to source and supply quality and fresh food ingredients, we also operate a central kitchen to produce meals and deliver them to local corporates, schools or government entities.

Our business entails the following operations:

- **Wholesale operations:** We sell grains and oil, food products and other products to resellers and other retail operators, including other operators of supermarkets and convenience stores as well as catering business operators. We also sell garments and wooden products to overseas customers and household appliances to distributors and retailers.
- **Retail operations:** We operate our supermarkets and convenience stores under our brand “宏信龍” (Hongxinlong\*), as well as two malls, with a geographical focus in the central region of Jiangsu Province. We receive sales proceeds from (i) general sales to consumers at our retail stores and malls; and (ii) bulk sales to customers, including corporate and government entities. We also receive sales amounts for concessionaire sales at our retail stores and malls and charge the concessionaires a certain percentage of gross sale amounts or the agreed sales target, whichever is the higher, as commissions.

Our supermarkets provide a wide range of daily consumer products to cater for the daily needs of our customers, which could be broadly categorised as raw and fresh food, grains and oil, non-staple food and household products, while our convenience stores open for 16 or 24 hours a day to cater for quick purchases of everyday consumable products.

Apart from supermarkets and convenience stores, we also operate two malls located in Yangzhou, namely Jiangdu Mall\* (江都商城) and Hongxinlong Mall\* (宏信龍購物中心). We sell fashion and apparel, children’s wear, cosmetics and personal care, jewellery, accessories, footwear, household appliances, consumer electronics, liquor and miscellaneous products at our malls.

- **Rental operations:** Ancillary to our retail operations, we lease certain shop floor areas and shop premises in our retail stores and malls to other retail operators such as restaurants, hotels and pharmacies, etc. and receive rental income.
- **Supply and sales of meals:** We operate a central kitchen that produces meals and delivers to local corporates, schools or government entities.

\* For identification purpose only



## Management Discussion and Analysis

In the year of 2025, the Company has adopted the following measures to actively explore its new retail business:

- Strengthening the omni-channel layout of “offline stores + online platforms” and launching multiple platform operating windows to meet the instant retail needs of consumers;
- Actively preparing for unmanned smart stores to enhance operational efficiency;
- Introducing unmanned logistics vehicles to improve delivery efficiency;
- Enhancing the level of informatisation, integrating online and offline merchandise and inventory management, and achieving warehouse-store integration; and
- Investing in the research and development of new types of equipment such as unmanned coffee robots.

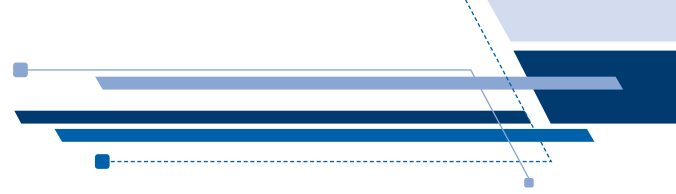
Going forward, we plan to implement the following strategies, which we believe will strengthen our market position, increase our market share and capture the growth in the PRC retail industry:

- Expanding our presence and number of retail stores;
- Expanding our warehousing capacity by establishing a new distribution centre;
- Expanding our processing capacity of meals by establishing a new central kitchen; and
- Enhancing our Enterprise Resource Planning (ERP) system and infrastructure systems to improve our operational efficiency.

The total revenue of the Company for the year ended 31 December 2025 was RMB1,544.0 million, representing an increase of 14.3% from last year. The Group’s revenue was principally derived from sales of goods from retail operations and wholesale, commission income, and supply and sales of meals.

### Market and Industry Overview

China’s economy continued its recovery in 2024, with gross domestic product (GDP) growing 5.0% and per capita disposable income rising, supporting consumer spending, particularly on food and household goods. The retail landscape is increasingly shaped by omni-channel strategies, with online retail’s share growing (31.8% in 2024) while offline channels continued to adapt.



## Management Discussion and Analysis

China's chain supermarket market experienced a decline (-1.28% compound annual growth rate (CAGR) during the period from 2017 to 2023) due to competition from e-commerce and evolving formats, but a modest recovery is projected (1.43% CAGR for the period from 2024 to 2027). Notably, large supermarkets face contraction, whereas small and medium-sized supermarkets demonstrate resilience and growth potential, driven by convenience and focus on fresh products. This trend is particularly pronounced in Jiangsu, where retail sales of small and medium-sized chain supermarkets saw strong growth (15.7% CAGR during the period from 2017 to 2023) with positive forecasts (8.7% CAGR for the period from 2024 to 2027). In Yangzhou, this segment grew at 14.6% CAGR during the period from 2017 to 2023 and is projected to grow at 4.7% CAGR for the period from 2024 to 2027.

The convenience store market experienced robust growth nationally (14.3% CAGR during the period from 2017 to 2023) and in Yangzhou (14.3% CAGR during the period from 2017 to 2023), fuelled by demand for convenience and digital integration, with continued expansion forecast (9.0% and 8.0% CAGR for the period from 2024 to 2027, respectively). Conversely, the department store sector faces ongoing decline nationally and regionally.

Key opportunities lie in China's large consumer base, urbanisation, rising demand for quality and fresh goods, and technological integration (omni-channel). Challenges include intense market competition, particularly from e-commerce, shifting consumer preferences, and managing operational costs like labour and rent, despite some easing in commercial property rents. The outlook for regional small and medium-sized supermarkets and convenience stores remains positive, leveraging local presence and convenience.

### Financial Review

#### Revenue

Our revenue increased by 14.3% from RMB1,350.9 million for the year ended 31 December 2024 to RMB1,544.0 million for the year ended 31 December 2025, primarily attributable to the increase in our revenue generated from (i) sales of goods from both retail and wholesale operations and (ii) supply and sales of meals.

For the year ended 31 December 2025, our revenue generated from wholesale increased by 20.4% to approximately RMB878.8 million from approximately RMB729.8 million for the year ended 31 December 2024. Such increase was mainly driven by the introduction of grains and oil of various brands and specifications, and the beginning to gradually expand the grains and oil wholesale market in northern Jiangsu Province.

For the year ended 31 December 2025, our revenue generated from general sales from retail operations increased by 9.5% to approximately RMB554.0 million from approximately RMB505.8 million for the year ended 31 December 2024. Such increase was mainly driven by that we optimized our store structure, making adjustments to some inefficient stores while opening new experiential stores, thereby boosting customer traffic and average transaction value.



## Management Discussion and Analysis

For the year ended 31 December 2025, our revenue generated from bulk sales from retail operations decreased by 8.6% to approximately RMB45.4 million from approximately RMB49.7 million for the year ended 31 December 2024. Such decrease was mainly driven by that we proactively scaled back some of our low-margin and high-risk bulk sales from retail operations.

For the year ended 31 December 2025, our revenue generated from commission income from concessionaire sales and supply of goods decreased by 12.3% to approximately RMB30.7 million from approximately RMB34.9 million for the year ended 31 December 2024. Such decrease was mainly driven by the decline in concessionaire sales led to a relative decrease in corresponding commission income.

For the year ended 31 December 2025, our revenue generated from supply and sales of meals increased by 38.1% to approximately RMB23.3 million from approximately RMB16.9 million for the year ended 31 December 2024. Such increase was mainly driven by the increase in number of contracts produce meals and deliver to local schools.

For the year ended 31 December 2025, our revenue generated from rental income from operating lease decreased by 14.6% to approximately RMB11.8 million from approximately RMB13.9 million for the year ended 31 December 2024. Such decrease was mainly driven by the cancellation of leases by certain customers.

### Cost of sales

Our cost of sales mainly comprised the cost of inventories sold. Our cost of sales for the year ended 31 December 2025 was RMB1,254.7 million, representing an increase of RMB192.8 million or 18.2% compared with last year; primarily attributable to the increase in the costs of wholesale, general sales from retail operations and supply and sales of meals.

### Gross profit and gross profit margin

As a result of the above, our gross profit for the year ended 31 December 2025 was RMB289.3 million, remaining stable as compared with last year; while our gross profit margin was 18.7%, representing a decrease by 2.7 percentage points compared with last year, primarily attributable to (i) the gross profit margin of the newly added grains and oil categories was lower than that of the existing grains and oil categories; (ii) the sales of high-end liquor with higher gross profit margin declined due to the Chinese central government's ban on alcohol; and (iii) the Group increased the frequency and intensity of holiday promotions in the year of 2025, and held a week-long "promotional carnival" after the Company's listing, resulting in a decline in the gross profit margin of the retail operations compared with last year.

### Other revenue

Our other revenue mainly comprised service income for processing meals for two catering business operators in Yangzhou and government grants. Our other revenue decreased from RMB7.7 million for the year ended 31 December 2024 to RMB7.2 million for the year ended 31 December 2025, primarily as a result of a decrease in our service income.



# Management Discussion and Analysis

## Other net (loss)/gain

Our other net loss was approximately RMB1.2 million for the year ended 31 December 2025, while our other net gain was approximately RMB1.6 million for the year ended 31 December 2024. Such decrease was mainly driven by the change in net foreign exchange gain in 2024 to loss in 2025.

## Selling and distribution costs

Our selling and distribution costs mainly comprised staff costs and depreciation and amortisation expenses. Our selling and distribution costs for the year ended 31 December 2025 were RMB146.8 million, representing a decrease of 8.5% compared with last year, mainly due to the decrease in staff costs.

## Administrative and other operating expenses

Our administrative and other operating expenses mainly comprised staff costs, depreciation and amortisation expenses and Listing expenses. Our administrative and other operating expenses increased by 9.1% from RMB54.4 million for the year ended 31 December 2024 to RMB59.4 million for the year ended 31 December 2025, primarily because of the increase in Listing expenses, and partly set off by the decrease in staff costs.

## Impairment (loss)/reversal on trade and other receivables

Our impairment on financial assets refers to the credit loss assessment and movement in allowance for the impairment of trade receivables and other receivables. The impairment loss of financial assets for the year ended 31 December 2025 was RMB10.5 million, compared with the impairment reversal of RMB0.9 million for the year ended 31 December 2024. Such change was mainly driven by the increase in trade receivables compared with last year, mainly due to an increase in trade receivables aged 3 to 12 months. Our management has strengthened contractual terms, clarified payment milestones, payment terms, and liabilities for breach of contract, and adjusted payment terms in real time based on customer payment performance, in order to reduce bad debts.

## Net finance costs

Our net finance costs for the year ended 31 December 2025 was RMB23.3 million, representing an increase of RMB1.2 million compared with last year, mainly due to the increase in interest expenses on bank loans and other borrowings.

## Income tax

The income tax expenses decreased from RMB18.4 million for the year ended 31 December 2024 to RMB15.9 million for the year ended 31 December 2025, mainly due to the decrease in profit before taxation for the year ended 31 December 2025 as compared with last year.



# Management Discussion and Analysis

## Profit for the year

For the foregoing reasons, we recorded a profit of RMB38.2 million for the year ended 31 December 2025, representing a decrease of 13.0%, compared to a profit of RMB44.0 million for the year ended 31 December 2024. Such decrease is mainly attributable to the increase in Listing expenses and impairment loss on trade and other receivables, and partly set off by the decrease in staff costs.

## Non-IFRS measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also presented the adjusted net profit (Non-IFRS measure) and adjusted net profit margin (Non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRSs. We believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS financial measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period. Such non-IFRS financial measures allow investors to consider metrics used by our management in evaluating our performance.

The use of non-IFRS financial measures has limitations as an analytical tool, and investors should not consider these in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial conditions as reported in accordance with IFRSs. In addition, the definitions of non-IFRS financial measures may differ among companies.

We adjusted for certain items as our non-IFRS financial measures, in order to provide potential investors with a complete and fair understanding of our operating results and financial performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance. Listing expenses mainly represent expenses incurred in connection with the Listing and are added back because they were incurred solely for the purposes of the Listing.

# Management Discussion and Analysis

## Adjusted net profit (Non-IFRS measure)

We defined adjusted net profit (Non-IFRS measure) as net profit for the year ended 31 December 2025 adjusted by adding back Listing expenses. The table below sets forth the adjusted net profit (Non-IFRS measure) and the adjusted net profit margin (Non-IFRS measure) for the year ended 31 December 2024 and 31 December 2025, respectively:

	2025 RMB'000	2024 RMB'000
Profit for the year	38,238	43,975
<i>Adjusted:</i>		
Listing expenses	12,552	7,276
<b>Adjusted net profit (Non-IFRS measure) for the year</b>	<b>50,790</b>	51,251
<b>Adjusted net profit margin (Non-IFRS measure)</b>	<b>3.3%</b>	3.8%

## Financial condition

Shareholders' equity increased from RMB540.9 million as at 31 December 2024 to RMB739.5 million as at 31 December 2025, mainly due to the Global Offering and the profit for the year.

## Liquidity and financial resources, treasury policies and capital structure

The Group has maintained a sound financial position during the Reporting Period. As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB238.4 million (2024: RMB216.9 million). For the year ended 31 December 2025, our net cash used in operating activities was approximately RMB77.0 million (2024: RMB140.1 million generated from operating activities).

The Group recorded total current assets of approximately RMB1,404.0 million as at 31 December 2025 (2024: approximately RMB1,056.6 million) and total current liabilities of approximately RMB954.3 million as at 31 December 2025 (2024: approximately RMB774.6 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 1.47 as at 31 December 2025 (2024: approximately 1.36).



## Management Discussion and Analysis

As at 31 December 2025, the sum of long-term bank loans and other borrowings amounted to RMB56.1 million, which should be repaid within 2 years to 5 years. The sum of short-term bank loans and other borrowings amounted to RMB543.2 million, with maturities of one year or less. Bank borrowings are denominated in RMB. The Group has complied with the loan financial contract during the Reporting Period. The Company does not use any financial instruments for hedging. The Group maintains sufficient liquidity to meet its daily administrative and capital expenditure requirements and can control its internal operating cash flow.

As at 31 December 2025, the Group has not provided guarantees and pledges to related parties.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers debtors. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available in order to meet its funding requirements and commitment in a timely manner.

The H Shares have been listed on the Stock Exchange since 31 March 2025 (the "Listing Date"). There has been no change in the capital structure of the Company since the Listing Date and up to the date of this annual report. The capital of the Company comprises ordinary shares of the Company including H Shares and Unlisted Shares.

### Capital expenditure

During the Reporting Period, the capital expenditure of the Group was RMB74.5 million, which mainly includes the purchase of property, plant and equipment, financial assets measured at fair value through other comprehensive income, and interests in associates. The Company mainly uses cash from operating activities to fund capital expenditures. The Company intends to use the Company's existing cash balances, bank and other borrowings and proceeds from the Global Offering to finance the Company's future capital expenditures and long-term investments. The Company may reallocate funds for capital expenditure and long-term investment based on continuing business needs.

### Pledge of assets

As of 31 December 2025, the Group pledged (i) land use rights with a net book value of RMB27.8 million, (ii) plants and buildings with a net book value of RMB27.3 million; and (iii) machinery and equipment, office and other equipment, and motor vehicles with a net book value of RMB1.8 million, for the Group's bank loans and other borrowings of RMB579.4 million. These borrowings are for general business operation purposes. For further details, please refer to Note 20 to the consolidated financial statements in this annual report.



# Management Discussion and Analysis

## Contingent liabilities

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

## Share pledge

During the Reporting Period, there was no pledge by our Controlling Shareholders of their interests in the Shares to secure our debts or to secure guarantees or other support of their obligations.

## Gearing ratio

The Group has bank loans and other borrowings of approximately RMB599.4 million as at 31 December 2025. As such, our gearing ratio, calculated as total borrowings divided by the total equity as at the end of the year, was approximately 81.1% (2024: 86.6%).

## Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group made investment of RMB25.0 million in 海科宏信數字科技(深圳)有限公司 (Haike Hongxin Digital Technology (Shenzhen) Co. Ltd.\*) (“Haike”). As a result, the Group holds equity interest of 18% in Haike. The investment in Haike is accounted for as a financial asset measured at fair value through other comprehensive income. Haike is mainly engaged in digital technology services, including the development and application of artificial intelligence, intelligent robotics, software, and blockchain solutions. Its business also covers data processing, ecommerce, import and export, advertising, and related consulting and technical services. On 1 December 2025, the Company entered into a capital increase agreement, pursuant to which, the Company conditionally agreed to contribute a capital increase of RMB53.2 million in cash to Haike and subscribe for the corresponding amount of new registered capital (the “Capital Increase”). Upon completion of the Capital Increase, the Company’s shareholding in Haike will increase from the current approximately 18% to approximately 40.71%, and Haike will be regarded as an associate of the Company. Immediately prior to the initial investment and the Capital Increase, Haike was an independent third party. As one of the applicable percentage ratios in respect of the investment in Haike and the Capital Increase on an aggregated basis exceeds 5% but is less than 25% as determined in accordance with Rule 14.07 of the Listing Rules, the investment in Haike constitutes a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules. Please refer to the announcement of the Company dated 1 December 2025 for details. The transaction did not constitute connected transaction under Chapter 14A of the Listing Rules.

\* For identification purpose only



## Management Discussion and Analysis

During the Reporting Period, the Group also made investment of HKD20.0 million (equivalent to RMB18.3 million) in Hon Wang Holdings Limited (漢宏控股有限公司) (“Hon Wang”). As a result, the Group holds equity interest of 40% in Hon Wang. Due to the Group’s significant influence, Hon Wang is classified as an associate for financial reporting purposes and accounted for using the equity method. Hon Wang is mainly engaged in the investment holding of consumer goods business. Immediately prior to the investment, Hon Wang was an independent third party. As all applicable percentage ratios under the Listing Rules for the investment in Hon Wang were below 5%, this transaction did not constitute notifiable transactions under Chapter 14, nor did it constitute connected transaction under Chapter 14A of the Listing Rules.

Save as disclosed above, we did not have other material acquisitions or disposals of subsidiaries, associates and joint ventures.

### Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, as of 31 December 2025, we did not have plans for material investments and capital assets.

### Exposure to Fluctuations in Foreign Exchange Rates

Our Group primarily generates all of its revenue in the PRC. Majorities of our Group’s assets, liabilities and cash flows were denominated in RMB and part of the Group’s assets were denominated in HK\$. During the year ended 31 December 2025, the depreciation of RMB against HK\$ had no significant impact from translation as the reporting currency of our Group was RMB. Apart from that, the management of our Company viewed that the change in exchange rate for RMB against foreign currencies did not have a significant impact on our Group’s financial position nor performance given that the functional currency of the Group was RMB. During the year ended 31 December 2025, our Group did not engage in any hedging activities and our Group had no intention to carry out any hedging activities in the near future. The management of our Group will continue to closely monitor the foreign currency market and consider carrying out hedging activities when necessary.

### Significant Investment and Material Event During the Reporting Period

As of 31 December 2025, the Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group’s total assets as of 31 December 2025).



# Management Discussion and Analysis

## Events Subsequent to the Reporting Period

There were no significant events affecting the Group which occurred after 31 December 2025 and up to the date of this annual report.

## Employees and Remuneration Policies

As at 31 December 2025, we had a total of 1,335 employees, all of whom were based in Jiangsu Province. For the year ended 31 December 2025, the total employee benefits (including directors' remuneration) amounted to RMB90.9 million (2024: RMB101.1 million).

The following table sets forth a breakdown of our employees categorised by function as of 31 December 2025.

	<u>No. of employees</u>
Management	14
Administrative	117
Financial and Information Technology	45
Marketing	23
Procurement	26
Logistics	71
Operational	<u>1,039</u>
Total	<u>1,335</u>

We make contributions for our employees towards five categories of social insurance, including pension, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance in accordance with the PRC social insurance system, as well as housing provident fund in compliance with the relevant PRC laws and regulations.

We enter into separate employment contracts with each of our employees, the terms and conditions of which are in full compliance with the relevant PRC labour laws and employment decrees. The remuneration of our employees consists of basic salary and quarterly and annual discretionary bonuses. The bonus amount is based on the employee's performance. In addition, we provide our employees with various insurance policies and housing pensions as required under relevant PRC labour laws. As disclosed in the section headed "Business – Non-compliance" in the Prospectus, our PRC operating subsidiaries did not make full social insurance contributions and housing provident fund contributions for all of their employees. During the Reporting Period and up to the date of this annual report, no administrative actions, fines or penalties have been imposed by the relevant PRC government authorities with respect to such non-compliance, nor have our operating entities received any order to settle the outstanding amount of social insurance contributions and housing provident fund contributions.



# Management Discussion and Analysis

## Recruitment Policies

We generally recruit our employees from the open market through placing recruitment advertisements. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. We assess the available human resources on an ongoing basis and determine whether additional personnel are required to support the business development of our Group.

## Training

Our human resources department introduces our standards and culture to our new staff and prepare a series of compulsory trainings for them, with a focus on hard skills such as company introduction and working procedures. Our store managers also provide training to our newly recruited staff to cater for the needs of our retail stores and malls.

We also offer regular and tailor-made training to our management and front-line personnel and identify suitable and promising candidates for future promotion to store managers. We believe our internal training programmes not only improve our staff retention rates as a result of the upward mobility prospect, but also cultivate suitable management personnel as required for our business expansion.

We have established labour unions. Our Directors confirmed that we have not experienced any labour strikes or material labour disputes during the Reporting Period and up to the date of this annual report, and have not encountered any significant difficulties in recruiting or retaining qualified staff.



# Biographies of Directors, Senior Management and Company Secretaries

## Directors

Our Board currently consists of 12 Directors, of which seven are executive Directors, one is non-executive Director and four are independent non-executive Directors.

### Executive Directors

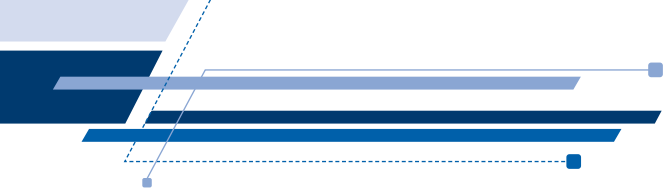
**Mr. Gao Feng (高峰)**, aged 66, is the chairman of the Board and an executive Director, and is mainly responsible for presiding over our Board and being responsible for the overall management of business operation, strategy and corporate development of our Group. Mr. Gao joined our Group in June 1994 and was appointed as an executive Director in October 2005, and was further appointed as the Chairman in September 2007.

Mr. Gao has over 40 years of experience in the supermarket and supply chain businesses.

In June 1994, Mr. Gao joined our Group and served as the general manager of Jiangsu Hongxin Trading Co., Ltd.\* (江蘇宏信商貿股份有限公司) (“Hongxin Trading”) until June 2011, and was further appointed as the chairman of the board of directors of Hongxin Trading from November 2001 to June 2011, where he was responsible for the decision-making, management and operations of Hongxin Trading. Mr. Gao later joined our Company as an executive Director since October 2005, and was later appointed as the general manager during September 2007 to December 2010, and was further appointed as the Chairman since September 2007.

Mr. Gao completed the business enterprise management major at Jiangsu Radio and Television University (currently known as Jiangsu Open University) in July 1986. In June 2001, Mr. Gao completed a graduate student training programme in economics and management at Nanjing Normal University. In August 2005, Mr. Gao completed an advanced training programme in business administration for the retail industry organised by the School of Continuing Education, Tsinghua University. Mr. Gao pursued a master’s degree programme offered by Tsinghua University in collaboration with The Australian National University, and was awarded a master’s degree in management by The Australian National University in July 2011.

Mr. Gao was recognised as Model Working Class of the National Supply and Marketing Cooperative System (全國供銷合作社系統勞動模範) by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the All China Federation of Supply and Marketing Cooperatives (中華全國供銷合作總社) in May 1997. Mr. Gao was awarded the qualification of senior economist (高級經濟師) by Jiangsu Provincial Department of Human Resources\* (江蘇省人事廳) in November 2000.



## Biographies of Directors, Senior Management and Company Secretaries

**Mr. Yuan Yuan (袁原)**, aged 63, is the vice chairman of our Board and an executive Director, and is mainly responsible for fundraising and financing activities, and participating in major business matters of our Group, assisting the Chairman in his duties. Mr. Yuan joined our Group in June 1994 and was appointed as a Director in May 2010, and was further appointed as the vice chairman of our Board and an executive Director in March 2014 and May 2024, respectively.

Mr. Yuan has over 40 years of experience in the supermarket and supply chain businesses.

In June 1994, Mr. Yuan joined our Group and served as the manager of the finance and audit department of Hongxin Trading until March 1998. Mr. Yuan was appointed as the assistant general manager and the manager of the finance department of Hongxin Trading from March 1998 to August 2001, where he was primarily responsible for assisting the general manager in his duties and handling financial accounting work and securities financing. In August 2001, Mr. Yuan was promoted to a deputy general manager and the manager of the finance department of Hongxin Trading. Until November 2004, Mr. Yuan oversaw financial operations, formulated financial strategy, and prepared financial forecasts and budgets of Hongxin Trading. From November 2004 to September 2007, Mr. Yuan served as the vice chairman of the board of directors, deputy general manager, and the head of finance department of Hongxin Trading, where he was primarily responsible for managing the finances of Hongxin Trading and assisting the chairman of the board of directors and the general manager.

During September 2007 to May 2010, Mr. Yuan served as the chairman of the Supervisory Committee of our Company, overseeing the daily operations of our Supervisory Committee. In May 2010, Mr. Yuan was appointed as a Director, and was further appointed as the vice chairman of our Board of our Company in March 2014.

Mr. Yuan completed the adult higher education programme in accounting at the Jiangsu Provincial Cadre Management Academy for Government Agencies\* (江蘇省省級機關管理幹部學院) in January 2007. In June 2008, Mr. Yuan passed the undergraduate self-taught examination in financial management organised by Yangzhou University Higher Education Institution and Jiangsu Provincial Higher Education Self-Taught Examinations Committee. Mr. Yuan further completed the master's degree in business administration at the University of Wales in May 2014.

Mr. Yuan was awarded the qualification of senior economist (高級經濟師) by Jiangsu Provincial Department of Human Resources\* (江蘇省人事廳) in November 2006.



## Biographies of Directors, Senior Management and Company Secretaries

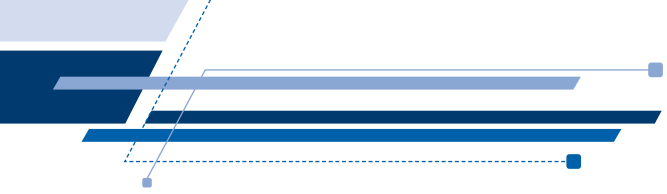
**Mr. Zhang Jiaan (張佳安)** (with a former name as Zhang Jiaan (張家安)), aged 55, is an executive Director and the general manager of our Company, and is mainly responsible for overseeing the overall business operation and participating in key business and operational decision-making of our Group. Mr. Zhang joined our Group in June 1994 and was appointed as a Director in September 2007, and was further appointed as the general manager of our Company and an executive Director in March 2008 and May 2024, respectively.

Mr. Zhang has over 30 years of experience in the supermarket and supply chain businesses.

In June 1994, Mr. Zhang joined our Group and continued his role as an assistant manager of the first-floor department store of Hongxin Trading until March 1997, where he was responsible for the operation management. From March 1997 to February 1998, Mr. Zhang assumed the role of deputy manager in the finance department at Hongxin Trading, where he was primarily responsible for managing accounts. From February 1998 to March 1999, Mr. Zhang became the deputy manager of supermarket store of Hongxin Trading, focusing on the operation management of the supermarket stores. Mr. Zhang later served as the deputy manager of the footwear and headwear department store at Hongxin Trading from March 1999 to December 2001, where he was mainly responsible for the operation management of the footwear and headwear department. From December 2001 to December 2002, Mr. Zhang served as the manager of the non-staple food market at Hongxin Trading, overseeing its operations and management. Mr. Zhang then served as the supermarket manager at Hongxin Trading from January 2003 to October 2005.

From October 2005 to March 2006, Mr. Zhang became the manager of our Company, and later served as the assistant general manager and the purchasing director from March 2006 to March 2007, overseeing management and procurement of supermarket stores. From March 2007 to March 2008, Mr. Zhang was promoted to deputy general manager of our Company, where he was in charge of the operations and management of our Company. Since September 2007 and March 2008, Mr. Zhang was appointed as the Director and the general manager of our Company respectively.

Mr. Zhang studied management (technology and innovation management) at Tsinghua University (清華大學) in a programme jointly held with The Australian National University, and obtained a master's degree in management in December 2014.



## Biographies of Directors, Senior Management and Company Secretaries

**Mr. Yao Jun (姚駿)**, aged 47, is an executive Director and a deputy general manager of our Company, and is mainly responsible for overseeing the overall operation of our Group's supermarket stores. Mr. Yao joined our Group in October 2005 and was appointed as a Director in June 2018, and was further appointed as a deputy general manager of our Company and an executive Director in June 2018 and May 2024, respectively.

Mr. Yao has over 15 years of experience in the supermarket chain management.

In October 2005, Mr. Yao joined our Group as the store manager at our Shaobo store of our Company until March 2007, where he was primarily responsible for the initial setup and preparation of the opening of the Shaobo store, as well as the management and operation of the store. From March 2007 to March 2008, Mr. Yao served as the sales department manager of our Company, where he was responsible for overseeing the operations of supermarket stores. From March 2008 to March 2009, Mr. Yao assumed the position of manager of the department of convenience stores' operations of our Company, where he was responsible for the operations of convenience stores of our Group. In March 2009, Mr. Yao became the manager of the store expansion department at our Company, and until March 2012, Mr. Yao was primarily responsible for managing the expansion of new stores of our Group. From March 2012 to March 2017, Mr. Yao served as the assistant general manager and fresh food department manager of our Company. During the said period, Mr. Yao was primarily responsible for the management and operation of the store's fresh food operations.

From March 2017 to June 2018, Mr. Yao served as the assistant general manager and the manager of the supermarket operation management department of our Company, where he was primarily responsible for managing the day-to-day operations of supermarket stores of our Group. Since June 2018, Mr. Yao has been serving as the deputy general manager and a Director of our Company.

Mr. Yao completed an associate degree programme in administration management at China Central Radio and TV University (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) in July 2010.



## Biographies of Directors, Senior Management and Company Secretaries

**Ms. Shen Zhigen (沈志良)** (with a former name as Qian Wen (錢雯)), aged 54, is an executive Director, a deputy general manager and financial controller of our Company, and is mainly responsible for participating in key business and operational decision-making of our Group and overseeing our Group's financial and information technology operations. Ms. Shen joined our Group in January 1997 and was appointed as a Director in June 2018, and was further appointed as a deputy general manager of our Company and an executive Director in March 2022 and May 2024, respectively.

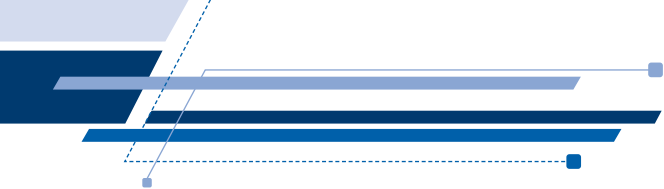
Ms. Shen has over 25 years of experience in finance and accounting management related to supermarket operations.

Ms. Shen worked in Hongxin Trading as a clerk in the human resources department from January 1997 to June 1997, a computer operator in the finance audit department from June 1997 to June 1999, an accountant in the finance department from June 1999 to June 2004, and an assistant manager in the finance department from June 2004 to October 2005.

Since October 2005, Ms. Shen worked in our Company as an assistant manager in the finance department until March 2006, a deputy manager of the finance department from March 2006 to March 2008, the manager of the finance department from March 2008 to March 2018, a deputy finance director from March 2012 to March 2018, and the finance director from March 2018 to March 2022, where Ms. Shen was responsible for overseeing the finance department.

Since June 2018 and March 2022, Ms. Shen has been serving as a Director and a deputy general manager of our Company, respectively.

Ms. Shen completed a part-time study in the financial accounting programme at the Water Conservancy College of Yangzhou University (揚州大學) in July 1996.



## Biographies of Directors, Senior Management and Company Secretaries

**Ms. Nai Jingjing (倪晶晶)**, aged 38, is an executive Director, and is mainly responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Ms. Nai was appointed as a Director in April 2024, and was further appointed as an executive Director in May 2024.

Ms. Nai has approximately seven years of experience in financial investment management. Prior to joining our Group, Ms. Nai served at Yangzhou Longchuan Holding Group Co., Ltd.\* (揚州龍川控股集團有限責任公司), which was principally engaged in financial services and financing, from October 2016 to September 2021, with her last position as the director of the funds settlement centre. Since October 2021, Ms. Nai has been serving at Yangzhou Longchuan Holding Financial Investment Co., Ltd.\* (揚州龍川控股金融投資有限公司), a company principally engaged in financial investment, with her current position as the general manager.

Ms. Nai graduated from Jiangsu Institute of Technology\* (江蘇工業學院) (currently known as Changzhou University (常州大學)) with a bachelor's degree in management in June 2009.

**Mr. Wang Fei (王飛)**, aged 36, is an executive Director, and is mainly responsible for participating in decision-making in respect of major matters such as corporate and business strategies. Mr. Wang was appointed as a Director in December 2022, and was further appointed as an executive Director in May 2024.

Mr. Wang has over 10 years of experience in investment management. Prior to joining our Group, Mr. Wang served as a client manager of Qilu Securities Co., Ltd.\* (齊魯證券有限公司) from July 2010 to August 2011, where he was primarily responsible for securities brokerage and investment-related business. From August 2011 to May 2016, Mr. Wang served as a channel manager at the Wuhu Limin West Road branch of China Galaxy Securities Co., Ltd.\* (中國銀河證券股份有限公司), where he was primarily responsible for securities investment-related and financial advisory business. From May 2016 to October 2016, Mr. Wang served as an investment manager at Jiangsu Suning Loan Financial Information Service Co., Ltd.\* (江蘇蘇寧易貸金融信息服務有限公司) (currently known as Jiangsu Suning Financial Information Service Co., Ltd.\* (江蘇蘇寧金融信息服務有限公司)), a company principally engaged in the provision of financial information and corporate management consultation services, where he was mainly responsible for asset management and investment management. From November 2016 to June 2018, Mr. Wang served as the director of capital operations and the secretary of the board of directors at Anhui Huida Communication Network Technology Co., Ltd.\* (安徽慧達通信網絡科技股份有限公司), a company principally engaged in research and development of communication network technology, where he was mainly responsible for day-to-day works of the company's board of directors and project investment activities. Since September 2018, Mr. Wang has been serving at Jiangsu New Supply and Marketing Fund Management Co., Ltd.\* (江蘇新供銷基金管理有限公司), a company principally engaged in investment management and related consulting services, with his current position as the chief investment officer, where he was mainly responsible for investment management.

Mr. Wang graduated from Anhui Normal University (安徽師範大學) with a bachelor's degree in sociology in July 2010.



## Biographies of Directors, Senior Management and Company Secretaries

### Non-executive Director

**Ms. Wei Yan (韋燕)**, aged 32, is a non-executive Director, and is mainly responsible for providing strategic advice and recommendations business development and planning of our Group. Ms. Wei was appointed as a non-executive Director in May 2024.

Ms. Wei has over five years of experience in investment management. Ms. Wei has been the executive president of Jiangsu Dongding Investment Fund Management Co., Ltd.\* (江蘇東鼎投資基金管理有限公司), which is primarily engaged in fund and investment management, since August 2017, where she has been mainly responsible for the company's operational strategy. Since April 2020, Ms. Wei has also been serving as the legal representative and general manager of Jiangsu Jinyan Private Fund Management Co., Ltd.\* (江蘇金鹽私募基金管理有限公司), which is primarily engaged in the provision of private equity investment and venture capital fund management services, where Ms. Wei has been responsible for the asset allocation and investment strategy. Since January 2023, Ms. Wei has been an executive director of Dongtai Capital Limited (東泰資本有限公司), which is primarily engaged in investment management and corporate management consulting in Hong Kong, where she has been responsible for overseeing the company's operations and management.

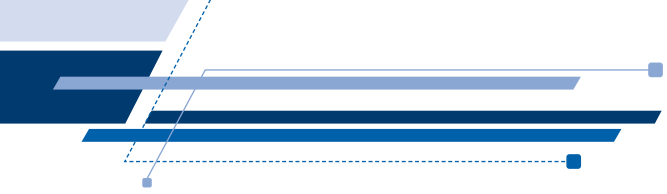
Since January 2024, Ms. Wei has been serving as the director of administration and business development at King International Investment Limited (帝王國際投資有限公司) (formerly known as Life Healthcare Group Limited (蓮和醫療健康集團有限公司), Tack Fiori International Group Limited (野馬國際集團有限公司) and Tack Fat Group International Limited (德發集團國際有限公司)), a company listed on the Main Board of the Stock Exchange (stock code: 928), where she is primarily responsible for the management and the investment operations of funds established in the PRC.

Ms. Wei graduated from Nanjing University (南京大學) with a bachelor's degree in business administration in June 2022.

### Independent Non-executive Directors

**Ms. Jia Meng (賈夢)**, aged 40, is an independent non-executive Director, and is mainly responsible for supervising and providing independent judgment to our Board. Ms. Jia was appointed as an independent non-executive Director in January 2026.

Ms. Jie has more than 15 years of experience in finance and accounting industry. Since June 2025, Ms. Jia has served as an independent non-executive director of Ganzhou Hemay Pharmaceutical Co., Ltd. (贛州和美藥業股份有限公司). Since June 2021, Ms. Jia has served as the head of finance of Hong Kong Hengfeng Oil Trade Co., Ltd. (香港恒豐石油貿易有限公司). From May 2017 to May 2021, she served as a vice president of Central China International Capital Limited (中州國際融資有限公司). From November 2013 to February 2016, she worked at Citigroup Pty Limited. From May 2012 to November 2013, she worked at Bank of China Ltd. (Sydney Branch) and was responsible for financial reporting and management, regulatory reporting and capital management. From October 2009 to February 2012, she served as an audit and assurance associate in PricewaterhouseCoopers Zhong Tian CPAs Limited Company, Beijing Branch (普華永道中天會計師事務所有限公司北京分公司).



## Biographies of Directors, Senior Management and Company Secretaries

Ms. Jia obtained her bachelor of business administration in accounting from the Beijing Institute of Technology in the PRC in July 2007, and her master of applied commerce in accounting from The University of Melbourne in Australia in August 2009. Ms. Jia is also a certified practicing accountant in Australia.

**Mr. Zheng Manjun (鄭滿軍)**, aged 62, is an independent non-executive Director, and is mainly responsible for supervising and providing independent judgment to our Board. Mr. Zheng was appointed as an independent non-executive Director in May 2024, with his appointment taking effect from the Listing Date.

Mr. Zheng has over 20 years of experience in engineering. Mr. Zheng served at Gezhouba Hydroelectric Power Plant\* (葛洲壩水力發電廠) (“Gezhouba Hydroelectric Power Plant”) from July 1986 to September 2002, where Mr. Zheng was awarded the qualification of senior engineer\* (高級工程師) by the review committee of Gezhouba Hydroelectric Power Plant in January 1998. Mr. Zheng served at the Yangtze Three Gorges Technology & Economic Development Co., Ltd.\* (長江三峽技術經濟發展有限公司) of China Yangtze Three Gorges Corporation Limited\* (中國長江三峽集團公司) (“Three Gorges Corporation”) from September 2002 to June 2019, where Mr. Zheng was awarded the qualification of senior engineer at the professor level\* (教授級高級工程師) by the human resources department of Three Gorges Corporation in December 2014. From July 2019 to October 2021, Mr. Zheng served as both the manager and an executive director at the Yangtze Ecological Environmental Protection Group Co., Ltd.\* (長江生態環保集團有限公司) of Three Gorges Corporation. From December 2019 to June 2022, Mr. Zheng served as a director of Taizhou Three Gorges Ecological Environmental Protection Co., Ltd.\* (泰州三峽生態環保有限公司) (currently known as Taizhou Chengtong Ecological Environmental Protection Co., Ltd.\* (泰州城投生態環保有限公司)).

Mr. Zheng graduated from Shaanxi Mechanical Institute\* (陝西機械學院) (currently known as Xi’an University of Technology (西安理工大學)) with a bachelor’s degree in hydraulic and hydropower engineering\* (水利水電動力工程專業) in July 1986.

**Mr. Zheng Yu (鄭宇)**, aged 47, is an independent non-executive Director, and is mainly responsible for supervising and providing independent judgment to our Board. Mr. Zheng was appointed as an independent non-executive Director in May 2024, with his appointment taking effect from the Listing Date.

Mr. Zheng has over 20 years of experience in the legal profession. Mr. Zheng has been a practising lawyer in the PRC since October 2003 and is currently holding the position of senior partner at Lantai Partners (北京市蘭台(南京)律師事務所). Mr. Zheng was appointed as an independent non-executive director of Diwang Industrial Holdings Limited (帝王實業控股有限公司) (formerly known as Sunlight Technology Holdings Limited (深藍科技控股有限公司)), a company listed on the Main Board of the Stock Exchange (stock code: 1950), from January 2022 to January 2024. From March 2024 to September 2024, Mr. Zheng served as an independent non-executive director of King International Investment Limited (帝王國際投資有限公司) (previously known as Life Healthcare Group Limited (蓮和醫療健康集團有限公司), Tack Fiori International Group Limited (野馬國際集團有限公司) and Tack Fat Group International Limited (德發集團國際有限公司)) (stock code: 928), a company listed on the Main Board of the Stock Exchange. Since December 2025, Mr. Zheng has served as an independent director of Jiangsu Nanfang Medical Supplies Co., Ltd.\* (江蘇南方衛材醫藥股份有限公司) (stock code: 603880.SH), a company listed on the Main Board of Shanghai Stock Exchange (上海證券交易所).



## Biographies of Directors, Senior Management and Company Secretaries

Mr. Zheng graduated from Nanjing University (南京大學) with a bachelor's degree in law in June 2004, and further completed a distance-learning programme in finance at the Nanjing University in July 2021.

Mr. Zheng obtained the Legal Professional Qualification Certificate of the People's Republic of China in September 2002. Mr. Zheng was accredited as an intermediate-level lawyer\* (三級律師) by Nanjing Professional Title (Professional Qualification) Leading Group Office\* (南京市職稱(職業資格)工作領導小組辦公室) in December 2016. Mr. Zheng has also become an arbitrator of the Taizhou Arbitration Commission, Nanjing Arbitration Commission/JiangSu (Nanjing) International Commercial Arbitration Centre and Suining Arbitration Commission since September 2022, March 2023 and July 2023, respectively.

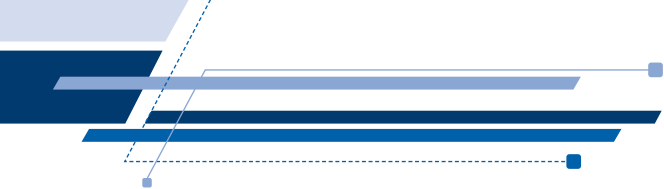
**Ms. Zhang Yan (張燕)**, aged 50, is an independent non-executive Director, and is mainly responsible for supervising and providing independent judgment to our Board. Ms. Zhang was appointed as an independent non-executive Director in January 2026.

Ms. Zhang has more than 25 years of experience in finance and accounting industry. Since July 2001, Ms. Zhang has served as a partner of Shenzhen City Guoying Finance Agency Co. Ltd. (深圳市國英財務代理有限公司). Since November 2015, Ms. Zhang has served as the vice president of finance of Shenzhen Qingda United Capital Management Co. Ltd. (深圳清大聯合資本管理有限公司). From May 2014 to October 2015, Ms. Zhang served as the finance manager of Shenzhen Bailianhui Commercial Factoring Co. Ltd. (深圳百聯匯商業保理有限公司). From October 2009 to April 2014, Ms. Zhang served as the finance manager of Shenzhen City Huiye Investment Development Co. Ltd. (深圳市匯業投資發展有限公司). From June 2008 to September 2009, she served as the finance manager in the IPO Working Team of Shenzhen ITAT Group. From January 1996 to June 1998, Ms. Zhang served as the accounting assistant of Shenzhen City Yaqing Investment Co. Ltd. (深圳市亞青投資有限公司).

Ms. Zhang obtained her bachelor of accounting from the Southwest University of Science and Technology, Sichuan (中國四川西南科技大學) in the PRC in July 2010, and graduated in Advanced Training Program in Capital Operation (Investment and Financing) at Tsinghua University Shenzhen Graduate School (清華大學深圳研究生院資本運營(投融資)高級研修班) in July 2016.

### ***Confirmation of Independence from Independent Non-executive Directors***

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.



# Biographies of Directors, Senior Management and Company Secretaries

## Senior Management

Our Senior management consists of Mr. Zhang Jiaan (張佳安), Mr. Yao Jun (姚駿), Ms. Shen Zhigen (沈志艮) and Mr. Xiao Zhiping (肖志平). For the biographical details of Mr. Zhang, Mr. Yao and Ms. Shen, please see the subsection headed “Directors – Executive Directors” in this section.

**Mr. Xiao Zhiping (肖志平)**, aged 50, is a deputy general manager and head of fresh food operations of our Company, and is mainly responsible for overseeing the procurement of fresh food products of our Group and supervising its operation. Mr. Xiao joined our Group and was appointed as a deputy general manager and head of fresh food operations in January 2020.

Mr. Xiao has over 10 years of experience in fresh food operation management. Prior to joining our Group, Mr. Xiao was the manager at Chongqing Yonghui Superstores Co., Ltd.\* (重慶永輝超市有限公司), a company operating a supermarket chain, from August 2008 to April 2012, where he was primarily responsible for the fresh food operations. From April 2013 to April 2018, Mr. Xiao was the project manager at Beijing Zhongxian Network Technology Co., Ltd.\* (北京中鮮網絡科技有限公司), where he was primarily responsible for training in fresh food operations and procurement. From April 2018 to December 2019, Mr. Xiao was the fresh food director of Inner Mongolia Weilehui Supermarket Co., Ltd.\* (內蒙古維樂惠超市有限公司), a company operating a supermarket chain, where he was primarily responsible for fresh food operations and procurement. Since January 2020, Mr. Xiao joined our Group and has been serving as the deputy general manager and the head of fresh food operations of our Group.

## Joint Company Secretaries

**Ms. Xu Chunling (徐春玲)**, aged 46, has been appointed as one of our joint company secretaries.

Ms. Xu has more than 20 years of experience in administration management related to supermarket operations. Ms. Xu joined our Group in December 2002 and is currently the secretary to the Board, a position she held since May 2024. Ms. Xu served as a clerk of Hongxin Trading from December 2002 until March 2014, and has been serving as the manager of our Company since March 2014, during both periods she was mainly responsible for managing the corporate affairs of our Group, managing the archives and qualification certificates, drafting and preparing legal and other documents and managing their receipt and dispatch.

Ms. Xu completed the undergraduate programme majoring in administration management at China Central Radio and TV University (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) in January 2015. Ms. Xu was awarded the Certificate of Secretary for the Board of Directors (董事會秘書資格證明) from the Shanghai Stock Exchange (上海證券交易所) in May 2019.



## Biographies of Directors, Senior Management and Company Secretaries

**Mr. Hui Hung Kwan (許鴻群)**, aged 54, has been appointed as one of our joint company secretaries.

Mr. Hui has more than 25 years of experience in accounting and financial management. He graduated with a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in December 1994.

Mr. Hui has been an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) and a fellow of the Association of Chartered Certified Accountants since September 1997 and October 2002, respectively.

### Other Information

Save as otherwise disclosed above, each of our Directors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

None of our Directors 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.

None of our Directors and members of the senior management is related to other Directors and members of the senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Each of our Directors (other than Ms. Jia Meng and Ms. Zhang Yan) confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 5 June 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of Ms. Jia Meng and Ms. Zhang Yan confirms that she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 15 December 2025, and (ii) understands her obligations as a director of a listed issuer under the Listing Rules.

Save as disclosed in this annual report, there has been no change in the Directors and the senior management of the Company since the Listing Date and up to the date of this annual report.



# Report of Directors

The Board of the Company is pleased to present this report of the Directors with the consolidated financial statements of the Group for the year ended 31 December 2025.

## Global Offering

On 31 March 2025, the H Shares of the Company were listed on the Main Board of the Stock Exchange in a global offering of 53,562,000 H Shares, comprising a final Hong Kong public offering of 8,892,000 H Shares and a final international public offering of 44,670,000 H Shares (as adjusted in the Company's allotment results announcement dated 28 March 2025). The H Shares were issued and subscribed for by Hong Kong and overseas investors at an Offer Price of HK\$2.50 per H Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange transaction fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering. The over-allotment option as described in the Prospectus was not exercised by the overall coordinators (for themselves and on behalf of the international underwriters).

For details of the Global Offering, please refer to the Prospectus and the allotment results announcement of the Company dated 28 March 2025.

## Use of Proceeds from the Global Offering

According to the announcement of the Company dated 28 March 2025 relating to the offer price and allotment results (the "Allotment Results Announcement"), the net proceeds from the Global Offering (after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Listing) amounted to approximately HK\$92.55 million (the "Net Proceeds").

As disclosed in the Prospectus, the estimated amount of the Listing expenses is approximately RMB38.9 million (based on the mid-point of the then indicative offer price range of HK\$2.50 to HK\$3.00 per H share of the Company). The actual Listing expenses incurred are approximately RMB41.4 million (equivalent to approximately HK\$44.9 million) (the "Actual Listing Expenses"), which was higher than the estimated amount of the Listing expenses.

In light of the difference between the Actual Listing Expenses and the estimated amount of the Listing expenses as disclosed in the Prospectus and the Allotment Results Announcement, the actual Net Proceeds amounted to approximately HK\$89.04 million, the Group has adjusted the intended use of the actual amount of the Net Proceeds on a pro-rata basis as disclosed in the Prospectus. Save for the aforesaid, there is no other change to the intended use of Net Proceeds and the expected implementation timetable as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

## Report of Directors

As at the date of this annual report, the Company had utilised approximately HK\$22.9 million of Net Proceeds from the Global Offering. The following table sets out breakdown of the use of Net Proceeds from the Global Offering.

Use of Net Proceeds	Percentage of Net Proceeds	Estimated Net Proceeds allocated as disclosed in the Prospectus (approximate HK\$ million)	Revised allocated Net Proceeds from the Global Offering based on the Actual Listing Expenses (approximate HK\$ million)	Net Proceeds utilised since the Listing and up to the date of this annual report (approximate HK\$ million)	Expected timeline of full utilisation of Net Proceeds	Remaining amount as at the date of this annual report (approximate HK\$ million)
<b>To open new retail stores</b>	30.9%	32.5	27.5	21.9	By 31 March 2027	5.6
(i) Store renovation	9.2%	9.7	8.2	8.2	Not applicable	–
(ii) Purchase of shelves	8.9%	9.4	7.9	5.2	By 31 March 2027	2.7
(iii) Purchase of cold storage facilities, lightings, air-conditioning, CCTV surveillance system and POS system	8.4%	8.8	7.5	4.6	By 31 March 2027	2.9
(iv) Installation of fire safety system	4.4%	4.6	3.9	3.9	Not applicable	–
<b>To establish a new distribution centre</b>	41.2%	43.3	36.7	–	By 31 March 2027	36.7
(i) Acquisition of a parcel of land located in Jiangdu District, Jiangsu Province, the PRC	14.8%	15.6	13.2	–	By 31 March 2027	13.2
(ii) Construction of the new distribution centre	18.3%	19.2	16.3	–	By 31 March 2027	16.3
(iii) Acquisition of shelves, lightings and ancillary facilities and installing fire safety system	8.1%	8.5	7.2	–	By 31 March 2027	7.2
<b>To establish a new central kitchen</b>	26.8%	28.1	23.9	–	By 31 March 2027	23.9
(i) Construction of the new central kitchen	5.0%	5.2	4.5	–	By 31 March 2027	4.5
(ii) Acquisition of machines and equipment	10.0%	10.5	8.9	–	By 31 March 2027	8.9
(iii) Acquisition and installation of fire safety system, ventilation system, cold storage facilities, utilities, air-conditioning, CCTV surveillance system and ancillary facilities	10.3%	10.8	9.2	–	By 31 March 2027	9.2
(iv) Acquisition of additional vehicles for the delivery of meals	1.5%	1.6	1.3	–	By 31 March 2027	1.3
<b>To enhance our ERP system and infrastructure systems</b>	1.1%	1.2	1.0	1.0	Not applicable	–

For further details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.



# Report of Directors

## FUND RAISING AND USE OF PROCEEDS

During the Reporting Period, the Company completed the placing of 21,392,655 new H Shares of nominal value RMB1.00 each (with an aggregate nominal value of RMB21,392,655) under the general mandate on 2 December 2025 (the “Placing”). The Placing Shares were placed to not less than six placees, who and whose respective ultimate beneficial owners are independent third parties not connected with the Company and its connected persons. The placing price was HK\$2.90 per H Share. The market price of the H Shares as quoted on the Stock Exchange on 11 November 2025, being the date on which the terms of the Placing were fixed, was HK\$3.37 per H Share. The net price to the Company per Placing Share was approximately HK\$2.737. The gross proceeds and net proceeds from the Placing amounted to approximately HK\$62.04 million and HK\$58.55 million, respectively. No net proceeds from the Placing were utilised during the Reporting Period and, as at the date of this annual report, none of the net proceeds had been utilised. The Company intends to apply all unutilised net proceeds, in accordance with the previously disclosed intentions, towards the capital injection into Haike, the proceeds of which are expected to be used for (i) equipment research and development and software development (approximately 20%); (ii) production and procurement of equipment and components (approximately 50%); and (iii) operation management and marketing (approximately 30%), in each case in relation to beverage robots, catering robots, unmanned retail robots and humanoid robot promoters. As at the date of this annual report, the unutilised net proceeds were expected to be utilised by June 2026.

## Principal Activities

Our Group is principally engaged in the operation of retail stores and shopping malls in areas around Yangzhou, Jiangsu, sales of goods to wholesale customers and supply and sales of meals.

There were no significant changes in the nature of our 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 our Group. An analysis of our Group’s revenue, other income and gains for the Reporting Period by principal activities is set out in the section headed “Management Discussion and Analysis” in this annual report and Notes 4 and 5 to the consolidated financial statements in this annual report.

## Business Review

A review of the Group’s business during the Reporting Period is set out in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” in this annual report. The review and discussion form part of this Directors’ report.



# Report of Directors

## Principal Risks and Uncertainties

Our business and operation are subject to the following principal risks and uncertainties:

- our business might be adversely affected if we could not identify and secure desirable locations for our retail stores;
- our success depends on our ability to respond effectively to changes in customer preferences and needs;
- we may not be able to successfully compete with online stores;
- we have thin profit margins and we may not be able to sustain our historical profitability and working capital position;
- we rely on the performance of our retail stores and malls which can be adversely affected by factors which might be beyond our control; and
- we may be subject to food safety issue, product liability claims or product recalls relating to defective products sold by us.

## Results of Operations

The results of the Group for the Reporting Period are set out in the Consolidated Statements of Profit or Loss and the Consolidated Statements of Profit or Loss and Other Comprehensive Income on pages 122 and 123 of this annual report.

## Five-year Financial Summary

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 8 of this annual report. This summary does not form part of the audited consolidated financial statements.

## Dividend Policy and Final Dividend

The Board may, from time to time, propose the payment of dividends, if conditions warrant, for the Company's shares listed on the Stock Exchange, pursuant to the following Dividend Policy.

The determination of whether to propose or declare dividends, and the amount of any such dividends, rests entirely at the absolute discretion of the Board. In exercising this discretion, the Board will consider various factors, including but not limited to the Company's actual and expected results of operations, its cash flow and financial position, general business conditions and strategies, expected working capital requirements and future expansion plans, any legal, regulatory, and contractual restrictions, and any other factors the Board deems appropriate.



## Report of Directors

Subject to applicable laws and regulations and the Company's Articles of Association, any dividends proposed or declared by the Board may take the form of interim dividends, final dividends, special dividends, or any other distribution of net profits the Board deems appropriate.

Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

During the Reporting Period, none of the Shareholders has waived or agreed to waive any dividends. Having due regard to the long-term interests of the Shareholders and the Company, the Board did not recommend any payment of dividends for the Reporting Period.

### Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Company and the Group for the Reporting Period are set out in Note 11 to the consolidated financial statements of this annual report.

### Closure of Register of Members

The annual general meeting (the "AGM") will be held on Tuesday, 2 June 2026. For the purpose of determining the identity of the H Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 28 May 2026 to Tuesday, 2 June 2026, both days inclusive, during which period no transfer of shares of the Company will be effected. H Shareholders whose names appear on the register of members of the Company on Tuesday, 2 June 2026 are entitled to attend the AGM. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Wednesday, 27 May 2026.

### Compliance with Laws and Regulations

To the best of the Directors' knowledge, information and belief, save as disclosed in the section headed "Business – Non-compliance" in the Prospectus, our Group has, in all material aspects, complied with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.



# Report of Directors

## The Central Kitchen Relocation Plan

As disclosed in the Prospectus, our Group identified non-compliance incidents arising from our inability to obtain land use right certificates for certain defective land of approximately 68 mu and consequently, property ownership certificates for properties situated thereon. This was primarily due to changes in government land quota policies after the initial land acquisition agreement in 2010. Our Muyuan Central Kitchen (as defined in the Prospectus), a processing and distribution centre for meal supply, is located within these properties. Although competent authorities provided confirmations allowing continued use and stating no penalties would be imposed, our Group formulated a relocation plan (the “Central Kitchen Relocation Plan”) in respect of our Muyuan Central Kitchen.

Pursuant to the timeline for the Central Kitchen Relocation Plan as set out in the Prospectus, key activities, including finalising equipment procurement, site finishing, equipment installation, testing, and inspections, were scheduled for completion in the first quarter of 2025, whereas the physical relocation of the Muyuan Central Kitchen was planned for the second quarter of 2025. The entire process, from commencement to full operation of the new facility, was estimated to take nine to twelve months, with the actual operational downtime during relocation expected to be around one month. The estimated cost was projected to be between RMB2 million and RMB3 million. For further details, please refer to the section headed “Business – Non-compliance – (1) Failure to obtain certain land use right certificates and property ownership certificates” in the Prospectus.

In or around June 2025, the Group has obtained a formal confirmation letter (the “Confirmation Letter”) from the People’s Government of Shaobo Town, Jiangdu\* (江都市邵伯鎮人民政府) (the “Shaobo Town People’s Government”), a competent government authority as advised by our PRC legal advisers, confirming that the Defective Land complies with village land planning requirements and is primarily utilised for vegetable processing and central kitchen purposes. In alignment with the policy guidelines of Yangzhou City’s Land Use Project for the Integrated Development of Primary, Secondary, and Tertiary Industries\* (一二三產業融合發展用地項目), preparations were underway to apply for inclusion in the aforementioned integrated industries development project and to process the conversion of agricultural land in accordance with applicable laws and regulations. Preliminary approval procedures were initiated in May 2025 and the Company has been cooperating closely with Shaobo Town People’s Government and other relevant government authorities to facilitate the approval process. This position was further confirmed by the Jiangdu Branch of the Yangzhou Municipal Bureau of Natural Resources and Planning\* (揚州市自然資源和規劃局江都分局), which also formally endorsed the Confirmation Letter by having affixed its official seal thereon. The bureau affirmed its commitment to actively cooperate with the Shaobo Town People’s Government to advance the necessary planning adjustments and land conversion procedures for the project in accordance with all applicable laws and regulations.

\* For identification purpose only



## Report of Directors

According to the Confirmation Letter, the land use conversion procedure was initially expected to be fully completed by the end of December 2026, following which the land will be supplied to the Company in accordance with applicable laws and regulations. Shaobo Town People's Government shall assist the Company in the relevant procedures to confirm that the Company will be able to obtain the relevant land use rights and property ownership without foreseeable obstacles in accordance with applicable laws and regulations. It was also confirmed that as of the date of the Confirmation Letter, the Company does not occupy any basic farmland, and the Shaobo Town People's Government acknowledges and consents to the continued long-term use of the Defective Land and properties in their current state. The Shaobo Town People's Government also confirmed that the Company has not been subject to any penalties from them in relation to land, properties, building construction, fire safety, or other related matters. Furthermore, there are no potential, ongoing, or existing disputes or conflicts between the Shaobo Town People's Government and the Company concerning these lands, properties, or buildings, and no reports or complaints from third parties regarding the same were received.

The Company has continued to communicate with the Shaobo Town People's Government in relation to the regularisation of the relevant land and property titles. However, the progress of the relevant approval and land use conversion procedures has been slower than originally expected. In April 2026, the Shaobo Town People's Government indicated to the Company that the planning adjustment in respect of the relevant land parcel had been submitted to higher authorities, with a view to advancing the work relating to the relevant certificates.

In light of the issuance of the Confirmation Letter and the continuing efforts pathway towards legalising the titles of the Defective Properties and the relevant land, the Company has decided to temporarily suspend the Central Kitchen Relocation Plan. The Company is cooperating closely with the Shaobo Town People's Government and other relevant authorities to facilitate the approval process with a view to obtaining the relevant land use right and property ownership for the Defective Properties and the relevant land.

### Environmental Policies and Performance

Our Group is highly aware of the importance of environment protection and has not noted any material in compliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment. We strive to comply with applicable rules, laws, regulations and industry standards on workplace safety and environmental matters.

During the Reporting Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental laws or regulations.

Further details are set out in the "Environmental, Social and Governance Report" of this annual report.



# Report of Directors

## Share Capital

As at the Latest Practicable Date, the total Share Capital of our Company was RMB235,639,565, divided into 235,639,565 Shares of nominal value RMB1.0 each including 235,639,565 H Shares and nil Domestic Unlisted Shares.

Details of movements in the share capital of our Company for the Reporting Period are set out in Note 26 to the consolidated financial statements of this annual report.

## Debenture Issued

Our Group did not issue any debenture during the Reporting Period (2024: nil).

## Reserves

Details of movements in the reserves of our Company for the Reporting Period are set out in Note 26 to the consolidated financial statements of this annual report.

## Distributable Reserves

As at 31 December 2025, our Company had retained profits of RMB116.0 million. The retained profits which are calculated in accordance with statutory provisions applicable in the PRC and general acceptable accounting principles in the PRC, are reserves available for distribution to our Shareholders.

## Purchase, Redemption or Sale of the Listed Securities

During the Reporting Period and up to the date of this annual report, neither our Company nor any of our subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

## Pre-emptive Rights

Our Company had no arrangement for pre-emptive rights and share options during the Reporting Period. Neither the Articles of Association nor the PRC laws stipulates that our Company shall give priority to existing Shareholders in offering new shares in proportion to the shareholdings.



# Report of Directors

## Directors

Our Board currently consists of 12 Directors, of which seven are executive Directors, one is a non-executive Director, and four are independent non-executive Directors.

### Executive Directors

Mr. Gao Feng (高峰) (*Chairman*)  
Mr. Yuan Yuan (袁原)  
Mr. Zhang Jiaan (張佳安) (*Chief Executive Officer*)  
Mr. Yao Jun (姚駿)  
Ms. Shen Zhigen (沈志良)  
Ms. Nai Jingjing (倪晶晶)  
Mr. Wang Fei (王飛)

### Non-executive Director

Ms. Wei Yan (韋燕)

### Independent non-executive Directors

Mr. Zheng Manjun (鄭滿軍)  
Mr. Zheng Yu (鄭宇)  
Ms. Jia Meng (賈夢) (appointed on 15 January 2026)  
Ms. Zhang Yan (張燕) (appointed on 15 January 2026)  
Mr. Lam Ka Tak (林嘉德) (resigned on 15 January 2026)  
Mr. Zhu Bo (朱波) (resigned on 15 January 2026)

## Change in Information of Directors and Senior Management

The Company has made specific enquiries with all Directors and all Directors confirmed that there is no change in any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Listing Date and up to the date of this annual report.

## Confirmation of Independence from the Independent Non-executive Directors

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors to be independent during the Reporting Period.



# Report of Directors

## Service Contracts of Directors

We have entered into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Details of the remuneration of our Directors for the Reporting Period are set out in Note 8 to the consolidated financial statements of this annual report.

## Interests of Directors in Transactions, Arrangements or Contracts of Significance

None of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the Reporting Period.

## Directors' Interests in Competing Business

During the Reporting Period, neither our Controlling Shareholders nor any of our Directors are considered to have interests in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

## Compensation of Directors and Senior Management

Our Directors and senior management receive compensation in the form of fees, salaries, allowances, discretionary bonuses, pension-defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of our Company. Our Company also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Company or executing their functions in relation to the operation of our Company. Details of the emoluments of our Directors and senior management and emoluments of the five highest paid individuals in the Group are set out in Notes 8 and 9 to the consolidated financial statements of this annual report.

During the Reporting Period, no emoluments were paid by the Group to any Director or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors or senior management has waived any emoluments during the Reporting Period.

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



# Report of Directors

## Continuing Disclosure Obligation Pursuant to the Listing Rules

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

## Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of our Company were entered into or existed for the Reporting Period.

## Convertible Bonds

During the Reporting Period, our Group has not issued any convertible bonds.

## Equity-linked Agreement

To the best knowledge of our Directors, save as disclosed in this annual report and the Prospectus, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period and up to the date of this annual report.

## Material Legal Proceedings

During the Reporting Period and up to the date of this annual report, no member of our Group was involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened against any member of our Group.

## Loans and Other Borrowings

Details of bank loans or other borrowings of our Company and our subsidiaries for the Reporting Period are set out in Note 20 to the consolidated financial statements in this annual report.

As at 31 December 2025, our Group had not made any loan or provided any guarantee for loan, directly or indirectly, to our Directors and senior management of our Company, or their respective connected persons.

# Report of Directors

## Interests and Short Position of each of our Directors and Chief Executives in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests and short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

### Interest in our Company

Name of Directors or chief executive	Nature of interest <sup>(1)</sup>	Number of Shares	Approximate percentage of shareholding interest (%)
Mr. Gao <sup>(2)</sup>	Beneficial owner, interest in controlled corporation, interest of concert parties	66,674,976	28.30
Mr. Yuan <sup>(3)</sup>	Beneficial owner, interest of concert parties	66,674,976	28.30
Mr. Zhang <sup>(4)</sup>	Beneficial owner, interest of concert parties	66,674,976	28.30
Mr. Yao Jun (姚駿先生) <sup>(5)</sup>	Beneficial owner	500,000	0.21
Ms. Shen Zhigen (沈志良女士) <sup>(6)</sup>	Beneficial owner	600,000	0.25

Notes:

- All interests stated are long positions.
- As at 31 December 2025, Mr. Gao directly holds 26,292,302 Shares in our Company. Ruichuanda Investment, a company directly wholly-owned by Mr. Gao, directly holds 21,410,776 Shares in our Company. Under the SFO, the deemed interest of Mr. Gao consists of (i) 47,703,078 Shares in our Company held directly and beneficially, and through Ruichuanda Investment, and (ii) Shares held by other Concert Parties as they are parties acting in concert.
- As at 31 December 2025, Mr. Yuan directly holds 11,171,898 Shares in our Company. Under the SFO, the deemed interest of Mr. Yuan consists of (i) 11,171,898 Shares in our Company held directly and beneficially, and (ii) Shares held by other Concert Parties as they are parties acting in concert.

## Report of Directors

4. As at 31 December 2025, Mr. Zhang directly holds 7,800,000 Shares in our Company. Under the SFO, the deemed interest of Mr. Zhang consists of (i) 7,800,000 Shares in our Company held directly and beneficially, and (ii) Shares held by other Concert Parties as they are parties acting in concert.
5. Mr. Yao Jun (姚駿先生) is an executive Director and a deputy general manager of our Company.
6. Ms. Shen Zhigen (沈志艮女士) is an executive Director, a deputy general manager and financial controller of our Company.

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

As at 31 December 2025, except Mr. Gao Feng, the chairman of our Board and an executive Director who is a director of Ruichuanda Investment, none of the Directors was a director or an employee of a company which had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### Interests and Short Position of each of Substantial Shareholders and Other Persons in Shares, Underlying Shares and Debentures

As at 31 December 2025, to the best knowledge of our Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1),(2)</sup>	Approximate percentage of interest in our Company (%)
Mr. Gao <sup>(3)</sup>	Beneficial owner, interest in controlled corporation, interest of concert parties	66,674,976	28.30
Ruichuanda Investment <sup>(3)</sup>	Beneficial owner, interest of concert parties	66,674,976	28.30

## Report of Directors

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1),(2)</sup>	Approximate percentage of interest in our Company (%)
Ms. Leng Yuemei (冷月梅女士) ("Ms. Leng") <sup>(4)</sup>	Interest of spouse	66,674,976	28.30
Mr. Yuan <sup>(5)</sup>	Beneficial owner, interest of concert parties	66,674,976	28.30
Ms. Gu Xia (古霞女士) ("Ms. Gu") <sup>(6)</sup>	Interest of spouse	66,674,976	28.30
Mr. Zhang <sup>(7)</sup>	Beneficial owner, interest of concert parties	66,674,976	28.30
Ms. Wang Xia (王霞女士) ("Ms. Wang") <sup>(8)</sup>	Interest of spouse	66,674,976	28.30
Jiequan Fund <sup>(9)</sup>	Beneficial owner	21,558,441	9.15
NSM Fund <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
NSM Industry Development <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
China S&M <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Suhe Digital <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Houji PE <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Houji Investment <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Wang Xiaoming <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Jiangsu Equity Investment <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15

# Report of Directors

Name of Shareholder	Nature of Interest	Number of Shares <sup>(1),(2)</sup>	Approximate percentage of interest in our Company (%)
NSM Enterprise Management <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Suhe Investment <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Beijing Zhonghe <sup>(9)</sup>	Interest in controlled corporation	21,558,441	9.15
Jiangdu Fund <sup>(10)</sup>	Beneficial owner	16,393,442	6.96
Cinda Capital <sup>(10)</sup>	Interest in controlled corporation	16,393,442	6.96

Notes:

- All interests stated are long positions.
- For the avoidance of doubt, both Domestic Unlisted Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.
- As at 31 December 2025, Mr. Gao directly holds 26,292,302 Shares in our Company. Ruichuanda Investment, a company directly wholly-owned by Mr. Gao, directly holds 21,410,776 Shares in our Company. Under the SFO, the deemed interest of Mr. Gao consists of (i) 47,703,078 Shares in our Company held directly and beneficially, and through Ruichuanda Investment, and (ii) Shares held by other Concert Parties as they are parties acting in concert.
- Ms. Leng is the spouse of Mr. Gao. By virtue of the SFO, Ms. Leng is deemed to be interested in the equity interests held by Mr. Gao.
- As at 31 December 2025, Mr. Yuan directly holds 11,171,898 Shares in our Company. Under the SFO, the deemed interest of Mr. Yuan consists of (i) 11,171,898 Shares in our Company held directly and beneficially, and (ii) Shares held by other Concert Parties as they are parties acting in concert.
- Ms. Gu is the spouse of Mr. Yuan. By virtue of the SFO, Ms. Gu is deemed to be interested in the equity interests held by Mr. Yuan.
- As at 31 December 2025, Mr. Zhang directly holds 7,800,000 Shares in our Company. Under the SFO, the deemed interest of Mr. Zhang consists of (i) 7,800,000 Shares in our Company held directly and beneficially, and (ii) Shares held by other Concert Parties as they are parties acting in concert.
- Ms. Wang is the spouse of Mr. Zhang. By virtue of the SFO, Ms. Wang is deemed to be interested in the equity interests held by Mr. Zhang.



## Report of Directors

9. Jiequan Fund is a limited partnership established in the PRC. The general partners of Jiequan Fund are Jiangsu New Supply and Marketing Fund Management Co., Ltd.\* (江蘇新供銷基金管理有限公司) (“NSM Fund”), which held 0.74% partnership interest in Jiequan Fund, and Jiangsu Houji Private Equity Fund Management Co., Ltd.\* (江蘇厚積私募基金管理有限公司) (“Houji PE”), which held 0.26% partnership interest in Jiequan Fund and is also the fund manager of Jiequan Fund. The limited partner of Jiequan Fund who contributed more than one third of the capital to the limited partnership is Nanjing New Supply and Marketing Enterprise Management Co., Ltd.\* (南京新供銷企業管理有限公司) (“NSM Enterprise Management”), holding approximately 49.60% of the partnership interest in Jiequan Fund.

NSM Fund is owned as to 51% by New Supply and Marketing Industry Development Fund Management Co., Ltd.\* (新供銷產業發展基金管理有限責任公司) (“NSM Industry Development”), 34% by Jiangsu Suhe Digital Economy Integrated Management Co., Ltd.\* (江蘇蘇合數字經濟綜合管理有限公司) (“Suhe Digital”) and another shareholder holding less than one-third of shareholding in NSM Fund. NSM Industry Development is owned as to approximately 80.2% by China Supply and Marketing Group Co., Ltd.\* (中國供銷集團有限公司) (“China S&M”), and other 13 shareholders each holding less than one-third of shareholding in NSM Industry Development. China S&M is wholly-owned by All China Federation of Supply and Marketing Cooperatives\* (中華全國供銷合作總社). Suhe Digital is indirectly wholly-owned by Jiangsu Federation of Supply and Marketing Cooperatives\* (江蘇省供銷合作總社) (“Jiangsu S&M”).

Houji PE is owned as to 65% by Jiangsu Houji Investment Management Co., Ltd.\* (江蘇厚積投資管理有限公司) (“Houji Investment”) and 35% by Jiangsu Province Equity Investment Centre Co., Ltd. (江蘇省股權投資中心有限公司) (“Jiangsu Equity Investment”). Houji Investment is in turn owned by Wang Xiaoming (王曉明) as to 40% and two other shareholders each holding less than one-third of its equity interest. Jiangsu Equity Investment is ultimately wholly-owned by the Department of Finance of Jiangsu Province (江蘇省財政廳).

NSM Enterprise Management is owned as to approximately 40.2% by Jiangsu Suhe Investment and Operation Group Co., Ltd.\* (江蘇省蘇合投資運營集團有限公司) (“Suhe Investment”), 39.8% by Beijing Zhonghe Guoneng Investment Management Partnership (Limited Partnership)\* (北京中合國能投資管理合伙企業(有限合夥)) (“Beijing Zhonghe”), and two other shareholders holding less than one-third of shareholding in NSM Enterprise Management. Suhe Investment is directly wholly-owned by Jiangsu S&M. Beijing Zhonghe is a limited partnership established in the PRC, with NSM Industry Development as its general partner, holding approximately 99.3% of partnership interest in Beijing Zhonghe.

As such, under the SFO, NSM Fund, NSM Industry Development, China S&M, Suhe Digital, Houji PE, Houji Investment, Wang Xiaoming, Jiangsu Equity Investment, NSM Enterprise Management, Suhe Investment and Beijing Zhonghe are deemed to be interested in the equity interests held by Jiequan Fund.

10. Jiangdu Fund is owned as to approximately 99.9% by Wuhu Xinning Investment Partnership Enterprise (Limited Partnership)\* (蕪湖信寧投資合夥企業(有限合夥)) (“Wuhu Xinning”) and another shareholding holding less than one-third of shareholding in Jiangdu Fund. Wuhu Xinning is a limited partnership established in the PRC, whose general partner is Cinda Capital Management Co., Ltd.\* (信達資本管理有限公司) (“Cinda Capital”), holding approximately 0.17% of the partnership interest in Wuhu Xinning. The limited partner of Wuhu Xinning who contributed more than one third of the capital to the limited partnership is China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司) (whose shares are listed on the Stock Exchange (stock code: 1359)) (“China Cinda”), holding approximately 69.75% of the partnership interest in Wuhu Xinning. Cinda Capital is indirectly wholly-owned by China Cinda.

As such, under the SFO, Cinda Capital is deemed to be interested in the equity interests held by Jiangdu Fund.



# Report of Directors

## Key Relationship with Stakeholders

Our Group recognises that various stakeholders including customers, suppliers, employees and other business associates are key to our Group's success. Our Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

## Major Customers and Suppliers

### Major Customers

For the year ended 31 December 2025, revenue from our five largest customers contributed approximately 24.5% (2024: 32.0%) of our Group's total revenue while our largest customer contributed approximately 8.7% (2024: 12.2%) of our Group's revenue during the year.

### Major Suppliers

For the year ended 31 December 2025, purchases from our five largest suppliers contributed approximately 27.6% (2024: 40.9%) of our Group's total cost of procurement while our largest supplier contributed approximately 7.6% (2024: 14.0%) of our Group's cost of procurement during the year.

For the year ended 31 December 2025, none of our Directors or any of their close associates or any Shareholders (which to the knowledge of our Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of our Group.

## Taxation

Tax position of our Company during the year ended 31 December 2025 is set forth in Note 25 to the consolidated financial statements of this annual report.

## Tax Relief and Exemption

Our Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the H Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the H Shares, they are advised to consult their professional advisers.

## Retirement and Employee Benefits Scheme

During the Reporting Period, details of the retirement benefit scheme are set out in Notes 2 and 6 to the consolidated financial statements of this annual report.



# Report of Directors

## Connected/Related Party Transaction

Details of the Group's related party transactions during the Reporting Period are set out in Note 29 to the consolidated financial statements of this annual report. As disclosed in note 29(f) to the consolidated financial statements, the related party transactions disclosed in note 29 constituted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules, but were exempt from the applicable reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to the relevant exemption thereunder. The Company has complied with the applicable requirements of Chapter 14A of the Listing Rules in respect of such transactions.

## Contract of Significance with Controlling Shareholders

During the year ended 31 December 2025, none of our Company or any of our subsidiaries entered into any contract of significance with the Controlling Shareholders or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the Controlling Shareholders or any of its subsidiaries to the Company or any of its subsidiaries.

## Sufficiency of Public Float

Based on information publicly available to our Company and to the best knowledge of our Directors, at least 25% of our Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the Latest Practicable Date.

## Permitted Indemnity Provisions

The Company has maintained directors' liability insurance to protect the Directors of the Company against any potential losses arising from his/her actual or alleged misconduct.

## Donations

During the Reporting Period, we made charitable and other donations amounting to RMB70,000.

## Audit Committee

The Board has established an Audit Committee, which comprises four independent non-executive Directors, namely, Ms. Jia Meng (賈夢) (chairperson of the Audit Committee), Mr. Zheng Manjun (鄭滿軍), Mr. Zheng Yu (鄭宇) and Ms. Zhang Yan (張燕), and one non-executive Director, namely, Ms. Wei Yan (韋燕). The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).



## Report of Directors

The Audit Committee has, together with the management of our Company and the Auditor, reviewed the applicable accounting principles, standards and practices adopted by our Group as well as the consolidated financial statements of our Group for the year ended 31 December 2025 and the disclosure in this annual report.

### Corporate Governance

Our Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Our Company has adopted the code provisions of the CG Code as its own code of corporate governance.

During the period from the Listing Date to the Latest Practicable Date, our Company has complied with all the principles and applicable code provisions under the CG Code.

Our Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the “comply or explain” principle in the “Corporate Governance Report” included in this annual report.

### Auditor

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and audited by KPMG who will retire at the forthcoming AGM of the Company and, being eligible, offer themselves for reappointment.

The Company issued H Shares and its H Shares were listed on the Main Board of the Stock Exchange on 31 March 2025, and there has been no change in auditor since the Listing Date and up to the Latest Practicable Date.

By order of the Board

**Mr. Gao Feng**

*Executive Director and Chairman of the Board*

Jiangsu, PRC, 20 March 2026

\* For identification purpose only



# Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2025.

## Compliance with the CG Code

Our Company is committed to achieving high standards of corporate governance with the aim of safeguarding the interests of our Shareholders. The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

Throughout the period from the Listing Date to 31 December 2025, the Company has complied with all relevant principles and applicable code provisions under the CG Code.

The Board will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements at least annually in order to maintain a high standard of corporate governance of the Company and make appropriate changes if considered necessary.

## Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules to regulate all dealings by the Directors and relevant employees of securities in the Company and other matters covered by the Model Code since the Listing Date. Having made specific enquiry with all the Directors, all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the period from the Listing Date to 31 December 2025.

## The Board of Directors

### Responsibilities

Our Company is guided by an effective Board of Directors, which holds ultimate responsibility for leadership, control, and steering the Company towards success through strategic direction and supervision. All Board decisions are made objectively and prioritise the Company's best interests.

The Board's composition reflects a balance of skills, experience, and diverse perspectives tailored to our business needs. It includes both Executive Directors and Non-executive Directors (including Independent non-executive Directors), ensuring a strong independent element capable of exercising objective judgment. The Board regularly reviews the contributions and time commitment expected from each Director to effectively fulfill their duties.

The Company maintains a clear separation of responsibilities among the Board and senior management.



## Corporate Governance Report

The roles of the Chairman and the Chief Executive Officer are segregated in order to reinforce their independence and accountability. Mr. Gao Feng, the Chairman of the Group, is responsible for presiding over our Board and being responsible for the overall management of business operation, strategy and corporate development of our Group. Mr. Zhang Jiaan, Chief Executive Officer of the Group, is responsible for overseeing the overall business operation and participating in key business and operational decision-making of our Group.

The Board is responsible for overseeing the Company's management and operations. Its responsibilities include determining business strategies and investment plans, implementing shareholder resolutions, and ensuring compliance with the Articles of Association and relevant laws, including Listing Rules. In making strategic decisions, the Board represents the long-term interests of the Company and its Shareholders. It also oversees the effective utilisation of corporate resources, delegates authority appropriately to senior management, and maintains effective supervision, thereby maintaining a clear separation between the Board's governance role and executive functions.

To oversee specific aspects of the Company's affairs, the Board has established three Board committees, namely the Audit Committee, Remuneration Committee, and the Nomination Committee (collectively, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Separately, the senior management team, operating under the Board's direction, executes Board-approved decisions and oversees the daily operational activities of the business. This team remains accountable for its performance and reporting to the Board. The Company formalises the function reserved to the Board and those delegated to management, and that such arrangements are reviewed periodically to ensure they remain appropriate to the Company's needs.

Every Director is committed to carrying out his or her duty in good faith and in compliance with applicable laws and regulations, to act honestly with due diligence, skill, and care, and to act always in the best interests of the Company and its Shareholders.

The Company has arranged appropriate coverage for Directors' and officers' liabilities arising from legal actions against its Directors and senior management related to corporate activities.

### Board Composition

As at the Listing Date, and up to the date of this annual report, the Board consists of 12 Directors, including seven executive Directors (namely, Mr. Gao Feng (Chairman), Mr. Yuan Yuan, Mr. Zhang Jiaan, Mr. Yao Jun, Ms. Shen Zhigen, Ms. Nai Jingjing and Mr. Wang Fei), one non-executive Director (namely, Ms. Wei Yan), and four independent non-executive Directors (namely, Ms. Jia Meng, Mr. Zheng Manjun, Mr. Zheng Yu and Ms. Zhang Yan). As far as the Company is aware, there is neither financial, business, family or material/related relationship among members of the Board, nor significant relationships between its Directors or senior management that need to be disclosed.



# Corporate Governance Report

The biographies of the Directors and senior management are set out in the section headed “Biographies of Directors, Senior Management and Company Secretaries” of this annual report.

Save as disclosed in this annual report, there is no change in Directors and senior management of the Company since the Listing Date and up to the date of this annual report.

## Independent Non-executive Directors

Since the Listing Date and up to the date of this annual report, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise. Furthermore, the Company has also complied with Rule 3.10A of the Listing Rules, requiring independent non-executive directors to constitute at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

## Independent Views and Inputs

To ensure independent perspectives are available to the Board, the Company has put in place a framework which includes:

- (i) maintaining at least one-third of Board members are independent non-executive Directors;
- (ii) ensure that independent non-executive Directors possess professional knowledge and broad experience;
- (iii) no independent non-executive Director has served our Company for more than nine years;
- (iv) no independent non-executive Director holds more than six listed company directorships at a time to make sure that each of the independent non-executive Directors is able to dedicate sufficient time to make contributions to the Board; and
- (v) each independent non-executive Director shall serve an annual confirmation of his/her independence to our Company.

The implementation and effectiveness of the relevant framework have been reviewed by our Board and will continue to be reviewed annually.



# Corporate Governance Report

## Board Diversity Policy and Workforce

Our Company is committed to fostering a culture of diversity, recognising that a diverse Board is essential for enhancing the effectiveness of our Board and achieving its strategic objectives. To this end, our Company has adopted a board diversity policy (the “Board Diversity Policy”) outlining its objective and approach.

When considering Board composition, our Company takes into account a wide range of factors to achieve board diversity, including but not limited to professional experience, skills, knowledge, age, gender, education, cultural background and length of service. Promoting gender diversity is an active part of this process at all levels. Pursuant to the Board Diversity Policy, we aim to maintain at least 10% female representation in our Board.

Potential Board candidates are identified and selected based on merit and their potential contribution, with due regard given to the Board Diversity Policy and our Company’s specific operational needs at the time. To enhance corporate governance effectiveness and increase the proportion of female members over time, our Company actively works to promote gender diversity. This includes actively identifying and selecting female individuals with a diverse range of skills, experience and knowledge, maintaining a list of such potential candidates for Board appointment which will be periodically reviewed by our Nomination Committee, and ensuring gender diversity when recruiting staff at the mid- to senior-levels so that we have a pipeline of female senior management and potential successors to our Board going forward.

The Nomination Committee is delegated by our Board to be responsible for compliance with relevant code governing board diversity under the CG Code and for ensuring Board diversity. It will review the Board Diversity Policy from time to time to ensure its continued effectiveness, including assessing annually the board’s diversity profile and gender balance, reviewing the list of potential female Board candidates, monitoring progress towards achieving the objectives, and making recommendations on suitable candidates for Board appointments.

Our Board will also conduct an annual review on the implementation and effectiveness of the Board Diversity Policy. We will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

As at the date of this annual report, our Board comprised seven male members and five female members. Taking into account our business model and specific needs as well as the presence of five female Directors out of a total of 12 Board members (representing 42%), we consider that the composition of our Board satisfies our Board Diversity Policy, including the objective to maintain at least 10% female representation.

Furthermore, as at 31 December 2025, approximately 88% of our Group’s employees (including senior management) were female. Consequently, our Company considers that gender diversity has also been achieved within its workforce and our Company currently has no specific gender targets for our workforce.



# Corporate Governance Report

## Continuous Professional Development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. During the year ended 31 December 2025 and prior to the Listing, all Directors have participated in continuous professional development by attending training courses or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board. Relevant reading materials, such as legal and regulatory updates, were also provided to Directors for their information.

The record of continuous professional development received by Directors during the Reporting Period, and prior to the Listing relating to directors' duties and regulatory and business developments, is summarised below:

<b>Name of Directors</b>	<b>Nature of Continuous Professional Development</b>
Executive Directors:	
Mr. Gao Feng ( <i>Chairman</i> )	A/B
Mr. Yuan Yuan	A/B
Mr. Zhang Jiaan	A/B
Mr. Yao Jun	A/B
Ms. Shen Zhigen	A/B
Ms. Nai Jingjing	A/B
Mr. Wang Fei	A/B
Non-executive Director:	
Ms. Wei Yan	A/B
Independent Non-executive Directors:	
Mr. Zheng Manjun	A/B
Mr. Zheng Yu	A/B
Ms. Jia Meng (appointed on 15 January 2026)	A/B
Ms. Zhang Yan (appointed on 15 January 2026)	A/B
Mr. Lam Ka Tak (resigned on 15 January 2026)	A/B
Mr. Zhu Bo (resigned on 15 January 2026)	A/B



# Corporate Governance Report

Notes:

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant materials including legal and regulatory updates, newspapers, journals, magazines and relevant publications

## Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Article 101 of the Articles of Association, the term of office of the Directors shall be 3 years, and they are subject to re-election upon expiry. Directors shall be elected or replaced by the Shareholders' meeting, and may be removed by the general meeting before the expiry of his/her term of office. The term of office of the Directors shall be calculated from the date of their assumption of office to the expiry of the current term of office of the Board. If a Director's term of office expires without timely re-election, the original Director shall still perform the duties of a director in accordance with the laws, administrative regulations, departmental rules and regulations and these Articles of Association until the re-elected Director assumes office. The manager or other senior management personnel may concurrently serve as a Director, provided that the total number of Directors who also hold the position of manager or other senior management personnel and Directors who are employee representatives shall not exceed one-half of the total number of Directors of the Company.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for making recommendations to the Board on the appointment and re-appointment of Directors.

Save as disclosed above, our Company did not sign any relevant unexpired service contract which is not determinable within a year without payment of any compensation, other than statutory compensation.

## Board Meetings and General Meetings

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Board meetings are held at least four times a year and written notices of Board meetings are given to the Directors fourteen (14) days before the convening of the meeting in accordance with Article 119 of the Articles of Association, in order to give all Directors the opportunity to put matters for discussion on the agenda of regular meetings of the Board.

At Board meetings, the senior management of the Company shall provide timely reports on the Company's business activities and development to all Directors on a timely basis. The executive Directors shall also regularly communicate with the non-executive Directors (including independent non-executive Directors) on the Company's latest operations. If any Director or his/her associate (as defined under the Listing Rules) has related relationships with or interests in any proposed resolution to be considered at a Board meeting, such Director shall abstain from voting on such resolution.

# Corporate Governance Report

Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year within six months after the end of the previous accounting year. The convener shall notify all Shareholders in writing or otherwise 21 days before the annual shareholders' meeting and shall notify all Shareholders in writing or otherwise 15 days before the extraordinary shareholders' meeting in accordance with Article 59 of the Articles of Association.

The requirement of the CG Code stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of executive directors present.

During the period from the Listing Date and up to the date of this annual report, the Company held 5 board meetings to, among other things, approve the Company's audited consolidated results for the year ended 31 December 2025, this annual report and the Environmental, Social and Governance Report, and other matters, one annual general meeting and one extraordinary meeting. The attendance records of Directors are set out below:

Name of Directors	Attendance/ No. of Board Meetings held	Attendance/ No. of Annual General Meetings held	Attendance/ No. of Extraordinary Meetings held
Executive Directors:			
Mr. Gao Feng ( <i>Chairman</i> )	5/5	1/1	1/1
Mr. Yuan Yuan	5/5	1/1	1/1
Mr. Zhang Jiaan	5/5	1/1	1/1
Mr. Yao Jun	5/5	1/1	1/1
Ms. Shen Zhigen	5/5	1/1	1/1
Ms. Nai Jingjing	5/5	1/1	1/1
Mr. Wang Fei	5/5	1/1	1/1
Non-executive Director:			
Ms. Wei Yan	5/5	1/1	1/1
Independent Non-executive Directors:			
Mr. Zheng Manjun	5/5	1/1	1/1
Mr. Zheng Yu	5/5	1/1	1/1
Ms. Jia Meng (appointed on 15 January 2026)	1/1	N/A	N/A
Ms. Zhang Yan (appointed on 15 January 2026)	1/1	N/A	N/A
Mr. Lam Ka Tak (resigned on 15 January 2026)	4/4	1/1	1/1
Mr. Zhu Bo (resigned on 15 January 2026)	4/4	1/1	1/1



# Corporate Governance Report

## Corporate Governance Function

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. From the Listing Date and up to the date of this annual report, the Board confirms that it has:

- (a) developed and reviewed the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) reviewed and monitored the training and continuous professional development of the Directors and senior management;
- (c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developed, reviewed and monitored the code of conduct and compliance manual applicable to the Group's employees and directors; and
- (e) reviewed the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

## Board Committees

The Board has established three Board Committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. All Board Committees are established with specific terms of reference which deal clearly with their authority and duties and are in line with the code provisions of the Code. Such terms of reference require them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so. The terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expenses.



# Corporate Governance Report

## Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the CG Code. The Audit Committee comprises five members, including four independent non-executive Directors, Ms. Jia Meng, Mr. Zheng Manjun, Mr. Zheng Yu, Ms. Zhang Yan, and one non-executive Director, Ms. Wei Yan. The Audit Committee is chaired by Ms. Jia Meng.

The primary duties of the Audit Committee include, but not limited to (i) making recommendation to the Board in respect of the appointment or change of external auditors, and monitoring the independence of external auditors and reviewing their performance annually; (ii) examining the financial policies, internal audit systems, internal control systems and risk management systems of the Company and provide opinions and recommendations for improvements; (iii) reviewing the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters; and (iv) reviewing the implementation and effectiveness of internal control; (v) coordinating the communication between the internal audit department and external audit firm; and (vi) dealing with other matters that are authorized by the Board or involved in relevant laws and regulations. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the period from the Listing Date and up to the date of this annual report, the Audit Committee held three meetings to, among others, review the Company's interim and annual financial results and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of the Company, the effectiveness of the Company's internal audit function, financial reporting and the appointment of the Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Audit Committee meeting are set out below:

<b>Name of Directors</b>	<b>Attendance/ No. of Meetings held</b>
Mr. Zheng Manjun	3/3
Mr. Zheng Yu	3/3
Ms. Wei Yan	3/3
Ms. Jia Meng ( <i>Chairman</i> ) (appointed on 15 January 2026)	1/1
Ms. Zhang Yan (appointed on 15 January 2026)	1/1
Mr. Lam Ka Tak (resigned on 15 January 2026)	2/2
Mr. Zhu Bo (resigned on 15 January 2026)	2/2



# Corporate Governance Report

## Nomination Committee

The Nomination Committee was established by our Company with written terms of reference in compliance with the CG Code. The Nomination Committee comprises five members, including four independent non-executive Directors, Ms. Jia Meng, Mr. Zheng Manjun, Mr. Zheng Yu, Ms. Zhang Yan, and one non-executive Director, Ms. Wei Yan. The Nomination Committee is chaired by Mr. Zheng Manjun.

The primary duties of the Nomination Committee include, but are not limited to (i) considering and drawing up the criteria and procedures for selecting directors and senior management, and making recommendations thereon to the Board. Factors to be considered include but are not limited to cultural and educational background and work experience; (ii) identifying candidates suitably qualified to become directors and make nominations to the Board, and reviewing and making recommendations on the appointment or reappointment of directors and succession planning for directors of our Company (in particular the chairman of the Board and the chief executive); (iii) assessing and reviewing the independence of independent non-executive Directors; (iv) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually and make recommendations on any proposed changes to the Board to complement the Company's strategies; and (v) dealing with other matters that are authorized by our Board. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review the Board Diversity Policy (including gender ratio) from time to time as well as the progress of achieving relevant goals to ensure its continued effectiveness. For details of our Board Diversity Policy please refer to the subsection headed "The Board of Directors – Board Diversity Policy and Workforce" in this Corporate Governance Report.

The Company has also adopted specific procedures for nominating and electing Directors. The policy outlines the criteria and procedures for selection and performance evaluation and provides guidance to the Board on the nomination and appointment of Directors. The Board believes that a clear selection process facilitates corporate governance, ensures the continuity and leadership of the Board, and enhances the overall efficiency and diversity of the Board.

The Nomination Committee is responsible for identifying suitably qualified candidates as Directors and making nominations to the Board. In evaluating suitable candidates, the Nomination Committee will consider the established selection criteria which include factors such as cultural or educational background and work experience, and how the candidate complements the Board's structure, size, and composition (including skills, knowledge, and experience). The Nomination Committee shall make its recommendations on Director candidates to the Board for consideration and approval. While the Nomination Committee makes recommendations, the Board holds the responsibility for approving these nominations before they are submitted to the Shareholders' general meeting for election.



# Corporate Governance Report

During a period from the Listing Date and up to the date of this annual report, the Nomination Committee held three meetings, during which the Nomination Committee has, among others, assessed the independence of independent non-executive Directors, reviewed the profile of proposed Director and senior management candidates and examined the structure, composition and diversity of the Board. The Nomination Committee considered that the Board currently maintains an appropriate diversity balance and has not set any measurable objective implementing the Board diversity policy.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Nomination Committee meeting are set out below:

<b>Name of Directors</b>	<b>Attendance/ No. of Meetings held</b>
Mr. Zheng Manjun ( <i>Chairman</i> )	3/3
Mr. Zheng Yu	3/3
Ms. Wei Yan	3/3
Ms. Jia Meng (appointed on 15 January 2026)	1/1
Ms. Zhang Yan (appointed on 15 January 2026)	1/1
Mr. Lam Ka Tak (resigned on 15 January 2026)	2/2
Mr. Zhu Bo (resigned on 15 January 2026)	2/2

## 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 the CG Code. The Remuneration Committee currently comprises five members, including four independent non-executive Directors, Ms. Jia Meng, Mr. Zheng Manjun, Mr. Zheng Yu, Ms. Zhang Yan, and one non-executive Director, Ms. Wei Yan. The Remuneration Committee is chaired by Mr. Zheng Yu.

The primary duties of the Remuneration Committee include, but not limited to (i) formulating the appraisal standards and conducting appraisal for the directors, supervisors and senior management of the Company, and giving comments and suggestions, and responsible for setting up and reviewing the remuneration policy and plans for the same; (ii) examining the performance of duties by the directors and senior management of the Company, conducting annual performance appraisals of them, and formulating annual incentives schemes which shall be submitted to the Board for approval and implement; (iii) supervising the implementation of the remuneration policies of the Company; (iv) making recommendations to the Board on the determination of the remuneration packages of individual executive directors, supervisors and senior management, including benefits in kind, pension rights and compensation amounts (including compensation payable for loss or termination of office or appointment), and making recommendations to the Board on the remuneration of non-executive directors; and (v) dealing with other matters that are authorized by the Board. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

# Corporate Governance Report

During a period from the Listing Date and up to the date of this annual report, the Remuneration Committee held three meetings, during which the Remuneration Committee has, among others, reviewed the Company's remuneration policy and structure, assessed the performance of Directors and the senior management of the Company, and reviewed matters related to the remuneration packages and service contracts of individual executive directors, supervisors and senior management and made recommendations to the Board.

During the period from the Listing Date and up to the date of this annual report, the attendance records for the Remuneration Committee meetings are set out below:

<b>Name of Directors</b>	<b>Attendance/ No. of Meetings held</b>
Mr. Zheng Yu ( <i>Chairman</i> )	3/3
Mr. Zheng Manjun	3/3
Ms. Wei Yan	3/3
Ms. Jia Meng (appointed on 15 January 2026)	1/1
Ms. Zhang Yan (appointed on 15 January 2026)	1/1
Mr. Lam Ka Tak (resigned on 15 January 2026)	2/2
Mr. Zhu Bo (resigned on 15 January 2026)	2/2

## ***Remuneration of Directors, Supervisors and Senior Management***

The remuneration payable to members of senior management by band for the Reporting Period is set out below:

<b>Band of remuneration (RMB)</b>	<b>Number of individuals</b>
Nil to RMB1,000,000	4

Further details of the remuneration of the Directors and the five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules have been set out in Notes 8 and 9 to the consolidated financial statements in this annual report.



# Corporate Governance Report

## Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of its loss and cash flows for the year ended 31 December 2025.

The Directors have prepared the financial statements of the Group on a going concern basis, and have selected appropriate accounting policies, applied them consistently, and included the applicable disclosures required under the Listing Rules and relevant statutory requirements. The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The management provides the Board with the necessary explanations and information to enable the Board to carry out an informed assessment of the Company's financial statements, before they are put to the Board for approval. The Company has also provided all members of the Board with monthly updates on its performance, position and prospects.

The external Auditor's statement about reporting responsibility is set out on pages 120 and 121 of this annual report.

## Supervisors and Supervisory Committee

Starting from 15 January 2026, the Company will no longer set up the Supervisory Committee and the Rules of Procedure for the Supervisory Committee of the Company will be abolished. The supervisory functions conferred by the Company Law and regulatory requirements shall be exercised by the Audit Committee under the Board. The current members of the Company's Supervisory Board shall cease to serve as Supervisors of the Company. Please refer to the announcements of the Company dated 22 December 2025 and 15 January 2026, and the circular of the Company dated 22 December 2025 for further details.

## Internal Control and Risk Management

The Company has always focused on building robust internal rules and an internal control framework. The continuous and effective implementation and improvement of various internal systems provides a solid foundation for the development of the Company. The Company has also established risk management systems consisting of relevant policies and procedures that are appropriate for our business operations, including the sale of our products, administration of daily operations, financial reporting and recording, fund management, procurement, and compliance with applicable laws and regulations on environmental protection, production safety and anti-bribery.



## Corporate Governance Report

The Board acknowledges its responsibility for maintaining an adequate risk management system and reviewing its effectiveness on an ongoing basis and annual basis. Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provide reasonable and not absolute assurance against material mistakes or loss. The Board monitors and reviews the effectiveness of these systems annually, in compliance with paragraph D.2 of the CG Code, to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting. The Board also identifies and manages the major risks which may affect the performance of the Group, and reviews and updates the system annually. Meanwhile, the Audit Committee assists the Board in fulfilling its oversight and corporate governance roles regarding the Group's financial, operational, compliance, risk management and internal controls, and the resourcing of the finance and internal audit functions. Separately, the management and employees of the Company will consult with an external legal counsel concerning legal risks and compliance matters, as appropriate.

The Company's risk management process begins with identifying risks related to our corporate strategy and business operation. We have in place risk management policies to assess the probability and potential impact of our risks, and then actively develop corresponding mitigation strategies and plans. We also provide training to our employees to ensure that all employees are aware of their responsibilities in managing risks.

In addition to the Group's internal reviews of risk management and internal controls, the external Auditor will also assess the adequacy and effectiveness of certain key controls as part of their statutory audits. When appropriate, the external Auditor's recommendations shall be adopted, and enhancements to the risk management and internal control systems will be made.

### Internal Audit

Our Company's internal audit function regularly monitors key controls and procedures to provide assurance to management and the Board that the internal control system is operating effectively. The Audit Committee oversees the internal audit function. Based on an audit plan approved by the Audit Committee, internal audits review the Group's significant operational, financial, compliance, and risk management controls. Through these audits, the internal audit team identifies control deficiencies and weaknesses and proposes recommendations for improvement. Findings and deficiencies are communicated to management, who is responsible for ensuring timely rectification, and reported to the Audit Committee. The internal audit team subsequently performs follow-up reviews to verify that remedial actions have been implemented.



# Corporate Governance Report

## Internal Control System and Review of Effectiveness of Risk Management and the Internal Control System

A summary of the Group's internal control policies, measures and procedures in place is set out below.

- The Board has delegated to the Audit Committee the responsibility for reviewing and supervising the financial reporting process and internal control system of the Company on an ongoing basis, and for reviewing the effectiveness of these systems annually in compliance with paragraph D.2 of the CG Code. The review covers all significant controls, including financial, operational, and compliance controls.
- The Company has adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, disclosable and connected transactions and disclosure of information.
- The Company has adopted various measures regarding conflicts of interest in our operations, enabling us to identify, monitor and review transactions with potential conflicts of interest, and take corresponding actions.
- The Company has provided and will regularly provide anti-corruption and anti-bribery compliance training to our senior management and employees to enhance their knowledge of and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks.
- The Company has engaged Red Solar Capital Limited as its compliance adviser to provide advice to its Directors and management team until the end of the first full financial year after the Listing regarding matters relating to the Listing Rules. The Company's compliance adviser is expected to ensure that the use of proceeds complies with the disclosure in the Prospectus, as well as to provide support and advice regarding the requirements of relevant regulatory authorities in a timely fashion.
- The Company will also consult its legal advisor(s) on a regular basis for advice on relevant laws and regulations to increase compliance awareness and to keep the Company abreast of relevant regulatory developments.



# Corporate Governance Report

## Procedures and Internal Controls for Handling and Releasing Inside Information

The Group is aware of its obligation under relevant sections of the SFO and the Listing Rules. Pursuant to the requirements of applicable laws and regulations, the Listing Rules, the Articles of Association, as well as the practical conditions of our Company, and with approval from the Board, our Company has implemented procedures and internal controls for the handling and dissemination of inside information, which include:

- established its own procedures to preserve the confidentiality of the Group's price-sensitive and/or inside information;
- communicating such procedures to relevant personnel, including all Directors, senior management and employees who are likely to have access to price-sensitive and/or inside information, and regularly remind them of compliance with such procedures;
- maintain strict confidentiality of inside information prior to public disclosure. If the Board believes the necessary degree of confidentiality cannot be maintained or may have been breached, the Company must immediately disclose the Inside Information to the public;
- the Company must, as soon as reasonably practicable after any inside information comes to its knowledge or if a false market may be established, disclose the Inside Information to the public, unless the information falls within any of the safe harbours provided in the SFO;
- inside information will be announced promptly through the websites of the Stock Exchange and the Company.

During the period from the Listing Date to the date of this annual report, our Company has strictly complied with the requirements of applicable laws and regulations, the Listing Rules, the Articles of Association and the policy on information disclosure management of our Company without any false statements, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information fairly, timely and effectively.

## Anti-corruption and Whistleblowing Policy

In compliance with code provision D.2.6 of the CG Code, the Board adopted a formal whistleblowing policy, which provides clear channels and guidance for employees of the Group and relevant third parties (such as customers, suppliers, creditors, and debtors) to raise concerns about possible improprieties, in confidence and without fear of reprisals.



## Corporate Governance Report

The Group strictly adheres to laws and regulations relating to anti-corruption, such as the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). A zero-tolerance approach is maintained towards any form of corruption, bribery, extortion, fraud, and money laundering, irrespective of the area or country of operation. All employees are expected to discharge their duties with integrity and self-discipline, abstaining from any activities that may exploit their positions against the Group's interests. Furthermore, when cooperating with external parties, the Group implements proper internal controls, including tendering processes, to prevent potential corruption threats.

The Audit Committee regularly reviews the Company's anti-corruption and whistleblowing policies, ensuring that proper arrangements are in place for the fair and independent investigation of reported matters and for appropriate follow-up action.

During the Reporting Period, no legal cases regarding corrupt practices were brought against the Group or its employees. There were no suspected enquiries or reported cases involving fraud against the Group. The Group was also not aware of any material non-compliance with the relevant laws and regulations concerning bribery, extortion, fraud, and money laundering. To reinforce understanding, training materials covering the Group's standards on business ethics were distributed to the Board and employees during the year.

The Group remains committed to continuously reviewing and improving its internal controls and corporate governance practices to maintain high standards of ethics and integrity in all business operations.

### **Effectiveness of Risk Management and Internal Control**

For the year ended 31 December 2025 and up to the date of this annual report, the Board reviewed the effectiveness of the Group's risk management and internal control systems. Following discussions with management and evaluation by the Audit Committee, the Board concluded that these systems were effective and adequate, achieving their objectives without any known material defects during the period.

### **Dividend Policy**

The Board may, from time to time, propose the payment of dividends, if conditions warrant, for the Company's shares listed on the Stock Exchange, pursuant to the following Dividend Policy.

The determination of whether to propose or declare dividends, and the amount of any such dividends, rests entirely at the absolute discretion of the Board. In exercising this discretion, the Board will consider various factors, including but not limited to the Company's actual and expected results of operations, its cash flow and financial position, general business conditions and strategies, expected working capital requirements and future expansion plans, any legal, regulatory, and contractual restrictions, and any other factors the Board deems appropriate.



## Corporate Governance Report

Subject to applicable laws and regulations and the Company's Articles of Association, any dividends proposed or declared by the Board may take the form of interim dividends, final dividends, special dividends, or any other distribution of net profits the Board deems appropriate.

Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

### Auditor's Remuneration

The remuneration paid and payable to KPMG, the external auditor of the Company, in respect of audit services and non-audit services (mainly listing services) for the year ended 31 December 2025, amounted to approximately RMB2.0 million and RMB1.9 million, respectively.

### Joint Company Secretaries

Both company secretaries report to the Chairman and/or the Chief Executive and that both are employees of the Company.

Ms. Xu Chunling (徐春玲) has served as the secretary to the Board since May 2024. She is responsible for the overall information disclosure and investor relations of the Company. Please refer to the subsection titled "Joint Company Secretaries – Ms. Xu Chunling" within the "Biographies of Directors, Supervisors and Senior Management" section of this annual report for her biography.

To uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged Mr. Hui Hung Kwan (許鴻群) to assist Ms. Xu Chunling. Mr. Hui is an associate of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) and a fellow of the Association of Chartered Certified Accountants. Mr. Hui is primarily responsible for performing company secretarial matters. Ms. Xu has also been designated as the primary contact person at the Company to work and communicate with Mr. Hui regarding the Company's corporate governance, secretarial, and administrative matters. All Directors have access to the advice and services of Ms. Xu and Mr. Hui to ensure that Board procedures, and all applicable law, rules and regulations, are followed.

Ms. Xu Chunling and Mr. Hui Hung Kwan have confirmed that they each received at least 15 hours of relevant professional training during the year ended 31 December 2025, thereby complying with Rule 3.29 of the Listing Rules.

### Shareholders Communication and Investor Relations

The Company considers effective communication with Shareholders essential for enhancing investor relations and fostering a comprehensive understanding of the Company's business, performance, and strategies. We are committed to the timely and non-selective disclosure of information to enable Shareholders and potential investors to make informed decisions. To support this, the Company adheres to a Shareholders' Communication Policy designed to establish a constructive two-way communication.



# Corporate Governance Report

Various communication channels are in place to keep Shareholders informed. These include the regular publication of interim and annual reports, announcements, and circulars. The annual general meetings, and other general meetings as required, also serve as important forums for direct interaction between Shareholders and the Board of Directors. The Chairman of the Company, along with the chairmen of the Board Committees, will attend the annual general meetings to address Shareholder inquiries. Furthermore, the Company ensures its external auditors are present at the annual general meetings. Meanwhile, up-to-date information regarding the Company's operations, financial results, corporate governance practices, and other relevant developments is maintained on the Company's website, which serves as a key information hub. The effectiveness of these communication channels is regularly reviewed by the Board and management. They confirmed the channels were effective throughout the period from the Listing Date up to the date of this annual report.

## Shareholders' Rights

The Company is committed to safeguarding Shareholders' interests and rights. To ensure transparency and focused decision-making at general meetings, a separate resolution is proposed for each separate issue. In accordance with Listing Rules, all resolutions put to the vote of a meeting shall be decided by way of a poll, and the poll results are published on the websites of the Company and the Stock Exchange promptly after each general meeting.

## Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Pursuant to article 53 of the Articles of Association, Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board in writing to convene an extraordinary shareholders' meeting. The Board shall, in accordance with the laws, administrative regulations, the securities listing rules of the place where the shares of the Company are listed, and these Articles of Association, give a written reply on whether to convene the extraordinary shareholders' meeting or not within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary shareholders' meeting, a notice of such meeting shall be issued within five days after the Board passes the resolution to do so. Any change to the original request made in the notice shall be subject to the consent of the relevant shareholders.

If the Board does not agree to convene an extraordinary shareholders' meeting or does not reply within 10 days upon receipt of the proposal, the shareholders individually or jointly holding more than 10% of the Company's shares shall have the right to propose to the Audit Committee in writing to convene an extraordinary shareholders' meeting. The Audit Committee shall, in accordance with the laws, administrative regulations, the securities listing rules of the place where the shares of the Company are listed, and these Articles of Association, give a written reply on whether it agrees to convene the extraordinary shareholders' meeting within 10 days after receipt of the proposal.



## Corporate Governance Report

Pursuant to Article 58 of the Articles of Association, when the Company convenes a shareholders' meeting, the shareholders individually or jointly holding more than 1% of the Company's shares shall have the right to submit proposals to the Company. Shareholders individually or jointly holding 1% or more of the Company's shares may submit ad hoc proposals in writing to the convener 10 days before a shareholders' meeting is convened. The convener shall issue a supplementary notice of the shareholders' meeting within two days upon receipt of the proposal to announce the contents of the provisional proposal.

The content of the proposals shall fall within the scope of powers of the shareholders' meeting, set out clear issues and specific matters on which resolutions are to be made, and meet the relevant provisions of laws, administrative regulations and the Articles of Association. The proposals should be submitted in writing or served to the Board.

A shareholder may submit and serve the motions directly through [ir@jshxl.cn](mailto:ir@jshxl.cn).

Pursuant to Articles 59 and 60 of the Articles of Association, the convener shall notify all shareholders in writing or otherwise 21 days before the annual shareholders' meeting and shall notify all shareholders in writing or otherwise 15 days before the extraordinary shareholders' meeting. The notice of the shareholders' meeting shall include, among other things, the time, venue, and duration of the meeting, and the matters and proposals to be discussed at the meeting.

### Enquiries to the Board and Contact Details

For enquiries about shareholdings, share registration and related matters, Shareholders shall direct their enquiries to the H Share Registrar and the contact details are set out as follows:

#### **Computershare Hong Kong Investor Services Limited**

Address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

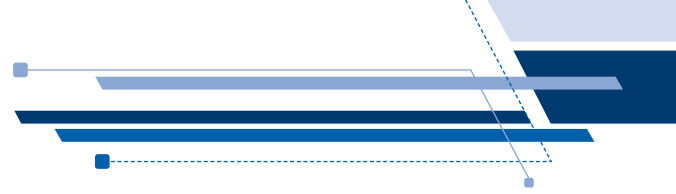
Telephone: (852) 2862 8555

For any other enquiries to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal office in Hong Kong or the registered office or via email, attention to the joint company secretary. The contact details of the Company are set out as follows:

Registered office in the PRC: Shao Bo Town Industrial Park Logistics Park Jiangdu District, Yangzhou City, Jiangsu Province, PRC

Principal place of business in Hong Kong: 28/F, Henley Building, No. 5 Queen's Road Central, Hong Kong

Email: [ir@jshxl.cn](mailto:ir@jshxl.cn)



# Corporate Governance Report

For putting forward any enquiries to the Board, the Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

## Change in Constitutional Documents

The Company has adopted the Articles of Association on 12 March 2025, which has been effective since the Listing Date. Save for the amendments to the Articles of Association effective on 15 January 2026, there was no change in the constitutional documents of the Company up to the date of this annual report.

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



# Environmental, Social and Governance Report

## 1. About this Report

Jiangsu Horizon Chain Supermarket Company Limited (the “Company”), together with its subsidiaries (collectively, the “Group”), is pleased to prepare and publish its second Environmental, Social and Governance (“ESG”) report (the “ESG Report”) to highlight our efforts in promoting sustainable development. The Group will continue to formulate more advanced ESG strategies to drive sustainability, strengthen relationships with stakeholders, and mitigate risks.

### 1.1 Scope of the Report

This ESG Report covers the period from 1 January 2025 to 31 December 2025 (the “Year”). The Group operates an omni-channel sales model that integrates online and offline channels, including physical stores and e-commerce platforms, and engages in both wholesale and retail businesses. Its principal places of operation include chain supermarkets, convenience stores and department stores. This ESG Report outlines the Group’s environmental and social performance and covers its operations in Jiangsu Province of the People’s Republic of China (the “PRC”).

### 1.2 Reporting Standards

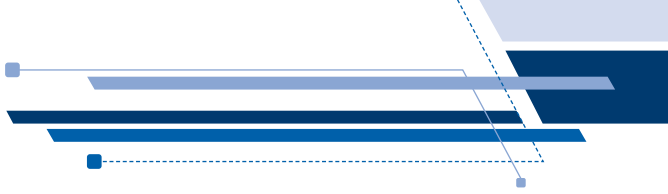
This ESG Report has been prepared in accordance with the “Environmental, Social and Governance Reporting Code” set out in Appendix C2 to the Main Board Listing Rules published by The Stock Exchange of Hong Kong Limited (“HKEx”).

### 1.3 Reporting Principles

This Report has been prepared based on the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”.

#### **Materiality**

This Report identifies key issues relevant to various stakeholders through a systematic materiality assessment process.



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## *Quantitative*

This Report discloses quantitative environmental and social key performance indicators (“KPIs”), with the standards, methodologies, references and conversion factors clearly stated to enable stakeholders to fully understand the ESG performance of the Group.

## *Balance*

The Group has strived to present a fair and transparent account of its sustainability performance across various aspects when preparing this Report.

## *Consistency*

Consistent reporting and calculation methodologies have been adopted wherever possible to allow for year-on-year comparison of ESG performance. KPI intensities are calculated based on RMB million of revenue. Where there are any changes in methodology, such changes will be explained and disclosed in the relevant sections of this Report.

## **2. ESG Governance**

### **2.1 Board Statement**

The Board assumes ultimate responsibility for the supervision and oversight of the Group’s ESG and climate-related risks and opportunities and is responsible for formulating relevant management approaches and strategies. The Group has engaged an independent ESG consultant to conduct ESG and climate-related risk assessments, review existing strategies, targets and policies, and carry out materiality assessments. These assessments cover the ESG and climate fields, identifying and ranking ESG matters with significant impacts on the Group’s business and sustainable development in combination with business operation characteristics and stakeholder expectations. The relevant results have been reviewed and approved by the Board. The Board is responsible for identifying and monitoring short-, medium- and long-term ESG and climate-related risks and opportunities, and integrating such matters into the Group’s business strategies and financial planning. The Board reviews the implementation effectiveness of key ESG targets at least once a year and timely optimises strategies in line with the Group’s business development direction to ensure that sustainable development goals are aligned with core business strategies.

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The Board has authorised the management to formulate and implement ESG policies to ensure that various business activities meet sustainable development requirements. The management communicates such information and progress to the Board through regular Board meetings, investor meetings, monthly meetings, thematic reports and social media platforms. To strengthen the governance structure, the Group has also established an ESG Committee, with members appointed by the Board, responsible for assisting the Board in identifying, assessing and following up on ESG and climate-related risks and opportunities, and reporting the oversight effectiveness to the Board. The Committee comprises three members appointed by the Board, drawn respectively from the logistics, human resources and operations departments. One member from the logistics department shall serve as the chairperson of the Committee. Each member shall serve a three-year term and shall be reappointed by the Board upon expiry of such term. For details of the governance structure, please refer to the section “Response to Climate Change – Governance”.

## 2.2 Stakeholder Engagement

The Group recognises that gaining an in-depth understanding of stakeholders’ opinions and expectations is essential for effective ESG management. Through the establishment of diverse and effective communication channels, the Group actively responds to stakeholders’ expectations and concerns regarding environmental, social and governance risks. The Group formulates strategic policies with clear direction to address stakeholders’ feedback and respond to emerging challenges.

Stakeholders	Expectations and Demands	Communication and Response Methods
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Compliance with national policies and laws</li> <li>• Promotion of local economic development</li> <li>• Contribution to local employment</li> <li>• Timely and full tax payment</li> </ul>	<ul style="list-style-type: none"> <li>• Regular information reporting</li> <li>• Regular communication with regulatory authorities</li> <li>• Thematic reports</li> <li>• Inspections and supervision</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Returns</li> <li>• Compliance operations</li> <li>• Enhancement of corporate value</li> <li>• Transparent information and efficient communication</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Company announcements and circulars</li> <li>• Email, telephone communication and corporate website</li> <li>• Thematic reports</li> <li>• On-site visits</li> </ul>

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Stakeholders	Expectations and Demands	Communication and Response Methods
<b>Business partners</b>	<ul style="list-style-type: none"> <li>• Operation with integrity</li> <li>• Fair competition</li> <li>• Fulfilment of contractual obligations</li> <li>• Mutual benefits and win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Review and evaluation meeting</li> <li>• Business communication</li> <li>• Seminars and discussions</li> <li>• Engagement and cooperation</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Quality products and services</li> <li>• Health and safety</li> <li>• Fulfilment of contractual obligations</li> <li>• Operation with integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Customer service centres and hotlines</li> <li>• Customer satisfaction surveys</li> <li>• Customer communication meetings</li> <li>• Social media platforms</li> </ul>
<b>Environmental Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>• Emission compliance</li> <li>• Energy conservation and emission reduction</li> <li>• Ecological conservation</li> <li>• Rational water usage</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with local environmental authorities</li> <li>• Communication with local communities</li> <li>• Submission of reports</li> <li>• Research and inspections</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>• Formulation of industry standards</li> <li>• Enhancement of industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• Communication with local labour departments</li> <li>• Participation in industry forums</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Protection of rights and interests</li> <li>• Occupational health and safety</li> <li>• Remuneration and Benefits</li> <li>• Career development</li> <li>• Humanity cares</li> </ul>	<ul style="list-style-type: none"> <li>• Employee communication meetings</li> <li>• Internal publications and intranet</li> <li>• Employee mailbox</li> <li>• Training and workshop</li> <li>• Employee activities</li> </ul>

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Stakeholders	Expectations and Demands	Communication and Response Methods
<b>Community and the public</b>	<ul style="list-style-type: none"> <li>Improvement of community environment</li> <li>Participation in public welfare initiatives</li> <li>Transparency in information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Corporate website</li> <li>Company announcements</li> <li>Media interviews</li> </ul>

## 2.3 Materiality Assessment

During the Year, the Group carried out ESG-related assessment work to identify material issues closely related to its operational activities. Such assessments allow the Group to more effectively integrate corporate operational goals with development strategies, thereby better responding to the expectations and needs of stakeholders.

The assessment of material ESG-related issues is a three-step process, including:

- **Step 1. Identification of material issues**

Based on industry research, the judgement of the Group's management and ESG consultants, the materiality maps of Morgan Stanley Capital International ("MSCI") and the Sustainability Accounting Standards Board ("SASB"), and comparative industry analysis, a series of ESG and climate-related issues were identified.

- **Step 2. Ranking of material issues**

The Group designed and distributed questionnaires to conduct a stakeholder survey to understand their expectations regarding the Group's responses to ESG matters and information disclosure.

- **Step 3. Verification and establishment of materiality matrix**

The Group collected and analysed the survey results and assigned priority levels based on their potential impact on the Group.

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Upon taking into account various scores and screening results in combination with the opinions of management and professional consultants, the Group finally identified 40 material ESG issues. Among them, 16 issues are of the highest importance to the Group, as detailed below:

Governance	Environmental	Employment and Labour Practices	Operational Practices	Community Investment
Anti-corruption	Response to Climate Change	Labour Management	Supply Chain Management	Charitable Activities
Operational Compliance	Greenhouse Gas Emissions	Employment Compliance	Privacy and Data Security	
	Waste Management	Occupational Health and Safety	Quality Management	
	Energy Management		Customer Health and Safety	
			Responsible Marketing and Promotion	
			Customer Service Management	

### 3. Environmental Matters

The Group is fully aware of the importance of the efficient use of resources and is committed to enhancing its operational efficiency to optimise resource allocation and achieve energy conservation and consumption reduction. The Group strictly complies with relevant local environmental laws and regulations, including but not limited to the “Environmental Protection Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, the “Law of the People’s Republic of China on Prevention and Control of Water Pollution”, and the “Solid Waste Pollution Prevention and Control Law of the People’s Republic of China”. During the Year, the Group was not aware of any material non-compliance relating to environmental issues and has strictly complied with the relevant laws and regulations.

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## 3.1 Emission Control

As the Group's business operations are located in Jiangsu Province, the PRC, it strictly complies with relevant local laws and regulations, including but not limited to the "Environmental Protection Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", and the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China". The Group continues to closely monitor and assess business activities that may potentially impact the environment in order to fulfil its environmental responsibilities and obligations.

The primary source of the Group's air pollutant emissions is the combustion of fuel and direct emissions from the operation of the vehicle fleet and stationary equipment. The main pollutants include nitrogen oxides, sulphur oxides and suspended particulates. To continuously improve air quality and reduce emission impacts, the Group actively implements various environmental protection measures. The Group encourages the use of video conferencing to replace non-essential overseas business trips and advocates for employees to carpool to reduce vehicle usage. In addition, the Group regularly organises environmental protection training courses for employees to strengthen their environmental awareness and relevant knowledge, jointly promoting low-carbon operations and environmental sustainability.

The following table sets forth the amount of air pollutant emissions during the Year:

Air pollutant emissions (kg)	2024	2025
Nitrogen Oxides (NO <sub>x</sub> )	3,797.63	2,803.15
Sulphur Oxides (SO <sub>x</sub> )	4.40	4.01
Particulate Matter (PM)	297.06	221.76

## 3.2 Energy Management

The Group's energy consumption is mainly classified into two categories: direct consumption and indirect consumption. Direct energy consumption comes from fuel used during the operation of vehicles and stationary equipment, while indirect energy consumption primarily originates from purchased electricity. The Group abides by the relevant provisions of the "Energy Conservation Law of the People's Republic of China" and advances energy conservation and emission reduction through various energy-saving measures. The Group has established policies and procedures related to resource conservation, reducing vehicle energy consumption by regulating electricity management in offices and retail stores and optimising transportation and delivery routes, thereby reducing overall energy consumption and improving the energy management system. The Group also regularly reviews energy consumption data to continuously seek feasible solutions for optimising energy use efficiency. In addition, the Group regularly provides environmental protection training for employees to strengthen the energy-saving and environmental awareness of all staff and strengthen the green corporate culture. The Group has set an energy-saving target to reduce energy intensity of its own operations by 5% by 2028, with 2023 as the base year.

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The following table sets forth the relevant energy consumption data during the Year:

<b>Energy Consumption</b>	2024	2025
<b>Total energy consumption (thousand kWh)</b>	24,559	<b>20,571</b>
Direct energy consumption (thousand kWh) <sup>1</sup>	7,257	<b>6,597</b>
Gaseous fossil fuels (thousand kWh)	/	<b>4,204</b>
Liquid fossil fuels (thousand kWh)	/	<b>2,393</b>
Indirect energy consumption (thousand kWh) <sup>2</sup>	17,302	<b>13,974</b>
<b>Consumption intensity (mWh/RMB million revenue)</b>	16.92	<b>13.27</b>

Notes:

1. To enhance the transparency and comparability of energy consumption information, a breakdown disclosure by fuel type has been added starting from the Year.
2. Indirect energy consumption is derived from purchased electricity consumption.

### 3.3 Waste Management

The Group strictly complies with the "Solid Waste Pollution Prevention and Control Law of the People's Republic of China" to regulate the management of solid waste and is committed to reducing the generation of waste. The Group implements classified management by dividing waste into non-hazardous waste and hazardous waste. The non-hazardous waste mainly includes daily office waste and product packaging materials, which are collected and processed in accordance with regulatory requirements. The Group has set up classified recycling facilities for recycling paper, metal and plastic products, regularly reviews the usage of materials to avoid overstocking, and reduces the use of single-use and non-recyclable products. The hazardous waste mainly includes waste light tubes, toner cartridges, obsolete computers and lubricant, all of which are collected and treated by qualified third-party service providers. The Group cooperates with electronics companies to recycle old computers and other electronic waste and provides designated bins for collecting discarded batteries to mitigate environmental impacts. The Group has set a target to reduce the intensity of waste generation by 10% by 2028, with 2023 as the base year.

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The following table sets forth the waste generation data during the Year:

	2024	2025
<b>Waste Generation</b>		
Hazardous waste generated (tonnes)	0.89	5.23 <sup>1</sup>
Intensity (kg/RMB million of revenue)	0.61	3.37
Non-hazardous waste generated (tonnes)	33.73	13.17 <sup>2</sup>
Intensity (kg/RMB million of revenue)	23.24	8.50
<b>Packaging Materials</b>		
Total packaging material used (tonnes) <sup>3</sup>	/	27.69
Intensity (tonnes/RMB million of revenue)	/	0.02

Notes:

1. The number of light tubes increased compared to last year, leading to a corresponding rise in hazardous waste.
2. The consumption of non-hazardous waste such as glass, waste cartons and metal generally decreased compared to last year.
3. As a non-production-oriented enterprise, the Group did not compile separate statistics for packaging materials in the previous year. For the purpose of optimising the completeness of ESG information disclosure for the Year, statistics for packaging materials have been established and included in the Group's disclosure for the Year.

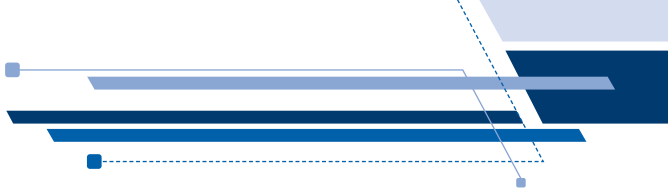
## 3.4 Water Resource Usage

The water resources used by the Group's office premises and physical retail operations are primarily tap water. A small amount of domestic sewage is generated during operations and is treated uniformly through the municipal sewage pipe network. The Group fully understands the preciousness of water resources and attaches importance to water conservation work.

To this end, the Group has formulated a water management system and implemented various water conservation measures, including posting water-saving slogans in washrooms and pantries to strengthen employees' water-saving awareness, adjusting water pressure to a suitable practical range, and regularly checking water meter readings and potential leaks, with repairs arranged immediately upon detection of abnormalities. The Group also monitors sewage discharge on a periodic basis to ensure compliance with relevant regulatory requirements. During the Year, the Group did not encounter any issues in sourcing suitable water for its daily operations.

The following table sets forth the water consumption data during the Year:

<b>Water Consumption</b>	2024	2025
Total Water Consumption (m <sup>3</sup> )	66,239	82,595
Intensity (m <sup>3</sup> /RMB million of revenue)	45.63	52.30



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## 3.5 Response to Climate Change

The Group recognises that global warming presents a diverse array of risks to its business operations. As part of its proactive approach, the Group diligently identifies and monitors climate-related risks and opportunities that may affect its business, strategy, and financial performance. Under its policies and procedures for responding to climate change, the Group has set its goals to support the national “30•60” carbon peak and neutrality targets through measures including reducing greenhouse gas emissions, ensuring operational stability and safeguarding employee safety.

### 3.5.1 Governance

As the highest decision-making and supervisory body under the Group’s ESG framework, the Board is responsible for formulating and promoting sustainable development policies and overall strategies, and assumes the functions of deliberation, decision-making and supervision on related matters. To ensure that ESG and climate-related issues are effectively managed, the Board reviews relevant issues at least once a year in regular meetings, assesses the ESG and climate-related risks and opportunities faced by the Group, and reviews the effectiveness of response measures implemented by management, thereby reducing the potential impact of relevant risks on the business. In addition, the Board oversees the setting of, and monitors the progress towards relevant targets annually and optimises strategies according to actual conditions to ensure consistency with the Group’s overall development direction. When supervising the Group’s overall strategy, material transactions, risk management processes and policy formulation, the Board also comprehensively considers identified ESG and climate-related risks and opportunities and makes appropriate trade-offs.

The Group actively strengthens the professional capabilities of the Board in sustainable development and climate issues to support its effective performance of supervisory functions. By providing professional resources, organising internal training, and arranging participation in relevant courses and training activities of external professional institutions, the Group continuously improves the Board’s ability to identify and manage climate risks and opportunities and keeps abreast of the latest development trends in related fields.

In performing its ESG and climate-related supervisory duties, the Board has delegated various powers and responsibilities of daily governance to the ESG Management Committee. The main responsibilities of the Committee include: closely monitoring emerging market trends in relation to ESG matters that may affect business operations and timely optimising operational models to keep pace with international development directions; regularly reviewing stakeholder communication mechanisms to maintain stable and effective interaction; and supervising the progress of various ESG and climate action plans according to the Group’s overall strategy, and formulating specific response plans for relevant risks and opportunities. The Committee regularly reports work progress and effectiveness to the Board, continuously improving the Group’s overall resilience to climate change.



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In addition, the Group has fully integrated climate-related control requirements and execution processes into the daily operations of various departments, with the ESG Working Group specifically responsible for promoting the concrete execution of the implementation paths for various targets.

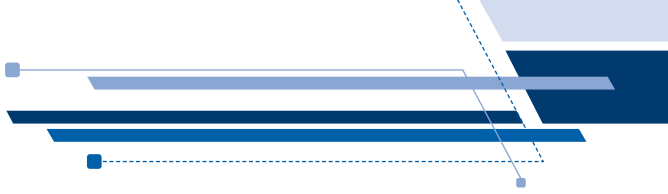
### 3.5.2 Strategy

The Group is committed to strengthening its business adaptation to climate change and continuously optimising its risk assessment mechanism to analyse the potential impact of climate change on the Group's operations and value chain, thereby formulating appropriate response plans. To promote related work and compensate for the deficiencies of past risk assessment processes in identifying long-term climate impacts, the Group conducted a complete climate scenario analysis for the first time in 2025, covering physical risks, transition risks and related opportunities, and carried out detailed screening and assessment for various types of risks and opportunities.

Physical risks: refer to risks related to the physical impacts caused by climate change, including acute risks triggered by extreme events and chronic risks arising from long-term climate fluctuations.

Transition risks: refer to risks related to the transition towards a low-carbon economy, covering changes that may occur at the policy, legal, technological and market levels in response to climate change mitigation and adaptation needs.

To comprehensively identify and analyse potential climate-related risks and opportunities in business operations, the Group comprehensively considers key factors such as global temperature rise trends, climate policy developments and impact timelines. The Group refers to the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and the Phase V Public Report of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) to select appropriate scenario assumptions and relevant parameters. The relevant climate scenarios are not only consistent with the Group's industry characteristics and strategic goals but also align with the national "dual carbon" strategic goals. The Group expects that climate-related risks and opportunities will have significant impacts in the short term (2030), medium term (2040) and long term (2050) respectively. These time periods are defined with reference to the Group's operational budget and business planning cycles.



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This scenario analysis assumes that emission reduction policies and the reporting scope will remain unchanged during the risk impact period. The table below lists the climate scenario models adopted by the Group, including low-emission and high-emission scenarios, to more comprehensively assess the various potential impacts of climate change on the Group.

Scope	Consistent with the reporting scope, covering the core business operations of the Group in Jiangsu Province, PRC.
Scenario Analysis Models Adopted	<p>Physical risk analysis adopts the IPCC scenario framework:</p> <ul style="list-style-type: none"><li>• <b>Shared Socioeconomic Pathway (SSP) 1-2.6 Scenario:</b> The global average temperature rise is controlled within approximately 2.0°C, and the socioeconomic development and clean energy transition of various countries continue historical trends. A strict policy environment will increase the transition risks faced by enterprises, while physical risks remain at a significant level.</li><li>• <b>Shared Socioeconomic Pathway (SSP) 5-8.5 Scenario:</b> The global temperature rise exceeds 4.0°C. Climate actions of various countries are relatively lagging, the promotion of emission reduction and adaptation measures is insufficient, and relevant policy support is incomplete, leading to intensified extreme climate impacts and a corresponding increase in short-term and long-term physical risks faced by enterprises.</li></ul>



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Transition risk analysis adopts the NGFS scenario framework:

- **Net Zero Emissions by 2050 Scenario:** Countries implement strict climate policies early, striving to control global warming within 1.5°C through reducing energy demand and promoting low-carbon technologies, and achieving the global net-zero carbon dioxide emission target by 2050.
- **Current Policies Scenario:** Only currently implemented climate policies are maintained, greenhouse gas emissions continue to increase, and global warming is expected to exceed 3.0°C, leading to higher physical risks.

The Group believes that combining quantitative and qualitative methods can more completely assess climate-related risks and opportunities. However, as operational data is relatively scattered and the industry has not yet established a unified and credible calculation standard, it is currently difficult for the Group to establish stable cross-industry climate assessment indicators under the premise of rationality and cost-effectiveness. In addition, the Group's climate-related actions have been integrated into daily operations, such as continuous tracking of the latest climate-related regulations, in which there are no separately identifiable parts for responding to climate-related risks and opportunities. Therefore, quantitative data on current and expected financial impacts cannot be provided at present.

Nevertheless, the Group has identified the key financial impacts brought by major climate risks and opportunities and made detailed qualitative disclosures in the table below. At the same time, the Group continues to optimise its internal data integration mechanism and scenario analysis modelling capabilities to gradually improve the level of quantitative disclosure of climate-related information. If there are major adjustments to operational strategies in the future, the Group will timely disclose the quantitative impact of relevant matters on financial position, operational performance and cash flows.

Through scenario analysis, the Group has identified five major climate-related risks and opportunities. Please refer to the table below for detailed qualitative assessment results.

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Qualitative description of risk and opportunity assessment results:

Category	Main Affected Scope	Physical Risks Importance Level			Current and Anticipated Impact on Business	Current and Anticipated Impact on Financial Performance
		Short-term	Medium-term	Long-term		
Acute	Extreme weather events	The Group's place of business in Jiangsu Province, PRC			Business Model: <ul style="list-style-type: none"> <li>• Potential physical damage to the Group's physical assets (buildings, warehouses, goods, etc.)</li> <li>• Threat to employee safety and health</li> </ul> Value Chain: <ul style="list-style-type: none"> <li>• Likely to trigger supply chain disruptions and damage to storage facilities, interfering with order delivery processes</li> <li>• Service delays and operational disruptions will weaken customer experience and negatively impact brand reputation</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increased costs:</b> Operational suspensions, post-disaster repairs and emergency response measures will generate additional operating expenses</li> <li>• <b>Revenue loss:</b> Service disruptions directly lead to a decline in turnover and core earnings</li> </ul>
Chronic	Changes in precipitation patterns					

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Risk Category	Main Affected Scope	Transition Risks Importance Level			Current and Anticipated Impact on Business	Current and Anticipated Impact on Financial Performance
		Short-term	Medium-term	Long-term		
Market demand changes	Consumer preferences are gradually shifting towards more sustainable products and consumption patterns, directly affecting purchasing decisions, accompanied by market risks of products being replaced by low-carbon goods	The Group's wholesale and retail businesses in Jiangsu Province, PRC				<p>Business Model:</p> <ul style="list-style-type: none"> <li>• <b>Increased costs:</b> Product structure adjustment, service upgrades and related technology investment will increase overall operating costs</li> </ul> <p>Value Chain:</p> <ul style="list-style-type: none"> <li>• <b>Revenue decline:</b> Customer loss and product replacement will directly affect overall operating revenue</li> <li>• Consumers continue to favour sustainable, low-carbon goods, and the original product structure faces elimination pressure</li> <li>• Supplier product selection mechanisms need adjustment, and pressure to optimise product structure increases</li> <li>• If existing cooperation norms and service processes do not follow green trends, overall competitiveness will be weakened</li> </ul>

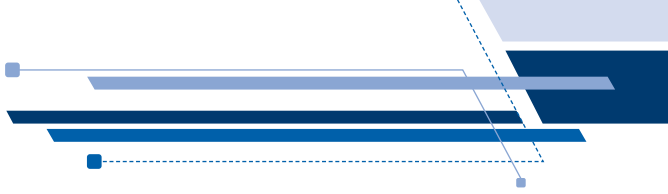
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Risk Category	Main Affected Scope	Transition Risks Importance Level			Current and Anticipated Impact on Business	Current and Anticipated Impact on Financial Performance
		Short-term	Medium-term	Long-term		
Stricter policies and regulations	New market carbon taxes, ESG information disclosure and sustainability-related regulatory requirements	The Group's wholesale and retail businesses in Jiangsu Province, PRC			<p>Business Model:</p> <ul style="list-style-type: none"> <li>We need to comply with new carbon taxes, ESG disclosure and sustainability-related regulatory requirements, and non-compliance may trigger reputational risk and affect customer trust</li> </ul> <p>Value Chain:</p> <ul style="list-style-type: none"> <li>Suppliers may raise supply prices due to increased carbon costs</li> <li>Mandatory carbon emission tracking and disclosure in all operational links increase management difficulty and complexity</li> </ul>	<ul style="list-style-type: none"> <li><b>Compliance fines:</b> Failure to meet information disclosure standards will face penalties, directly increasing operating expenses</li> <li><b>Increased governance costs:</b> Introducing carbon accounting tools, optimising disclosure systems, and replacing sustainable packaging will increase overall governance costs</li> <li><b>Increased operating costs:</b> Transfer of supplier carbon costs pushes up overall procurement costs and squeezes profit margins</li> </ul>

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Opportunity Category	Main Affected Scope	Opportunities Importance Level			Current and Anticipated Impact on Business	Current and Anticipated Impact on Financial Performance
		Short-term	Medium-term	Long-term		
Green product demand	The Group's wholesale and retail businesses in Jiangsu Province, PRC				<p>Business Model:</p> <ul style="list-style-type: none"> <li>We follow green market trends, expand sustainability-oriented businesses and services, and strengthen the enterprise's differentiated advantages in the market</li> </ul> <p>Value Chain:</p> <ul style="list-style-type: none"> <li>We promote comprehensive supply chain optimisation to ensure compliance with green product regulations, thereby increasing customer trust</li> </ul>	<ul style="list-style-type: none"> <li><b>Revenue growth:</b> As market demand for green products and services continues to climb, it effectively drives steady growth in overall operational scale and operating revenue</li> </ul>

Note: Very Light Blue: Handled according to current standard processes; Light Blue: Requiring continuous monitoring and tracking; Blue: Requiring formulation of management strategies and implementation of tracking.



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Mitigation measures for risk and opportunity assessment results:

Risk Category	Mitigation Measures
Extreme weather events	<ul style="list-style-type: none"> <li data-bbox="790 636 1367 743">• We establish crisis and emergency management mechanisms and maintain ongoing property insurance to transfer potential risks</li> </ul>
Changes in precipitation patterns	<ul style="list-style-type: none"> <li data-bbox="790 776 1367 883">• We closely monitor weather forecasts and timely issue response guidelines to employees and relevant personnel during extreme weather</li> <li data-bbox="790 916 1367 1024">• We strengthen employees' awareness of climate-related risks through thematic seminars and training to improve overall response capabilities</li> <li data-bbox="790 1056 1367 1153">• We establish alternative supply sources and formulate robust business continuity and contingency plans to ensure operational stability</li> </ul>
Market demand changes	<ul style="list-style-type: none"> <li data-bbox="790 1185 1367 1261">• We closely monitor consumer preferences and sustainable consumption trends</li> <li data-bbox="790 1293 1367 1390">• We proactively adjust product portfolios and operational strategies to align with market changes and sustainability requirements</li> </ul>
Stricter policies and regulations	<ul style="list-style-type: none"> <li data-bbox="790 1433 1367 1638">• We continuously track international, national and local climate-related policies, regulations and industry norms to grasp the latest developments; regularly identify, assess and manage relevant climate risks and opportunities, and continuously optimise internal systems to ensure compliance</li> <li data-bbox="790 1670 1367 1776">• We prioritise local sourcing and organic food to reduce carbon emissions related to transportation and the supply chain</li> </ul>



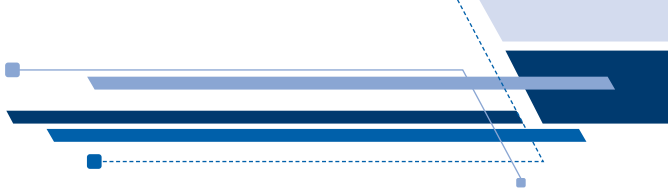
## Environmental, Social and Governance Report

Opportunity Category	Response Measures
Green product demand	<ul style="list-style-type: none"> <li data-bbox="788 577 1355 707">We increase investment in sustainable products and green brands, including organic food, locally sourced food and other environmentally friendly products</li> </ul>

Although the Group has not yet formulated a climate transition plan at this stage, it has invested appropriate manpower and internal resources to promote various climate risk mitigation and response measures. The various measures disclosed in the previous reporting period have been fully implemented at all operating locations. During the Year, the Group completed the identification of major Scope 3 emission categories related to operations and continued to promote decarbonisation actions and strengthen climate resilience work. The Group also did not generate exclusive capital expenditure, financing arrangements or investment projects for responding to climate-related risks and opportunities.

Despite the Group's implementation of various proactive initiatives on climate-related issues, the implementation effect of future climate resilience planning may still be affected by several major uncertainties. These factors include unclear global and regional climate policy directions, fluctuations in market demand for green products, continuous changes in the rhythm and intensity of physical impacts brought by climate change, and uncertainties in the future implementation schedule and regulatory intensity of climate-related regulatory requirements applicable to the Group. Facing various variable factors, the Group possesses robust adaptation capabilities and can flexibly adjust its overall strategy and operational model in response to climate change-related issues in the short, medium and long term. Such adaptation mechanisms have been integrated into the Group's daily strategic planning and operational management processes, ensuring that the Group can timely optimise operational focuses, operational processes and value chain collaboration models in response to changes in climate risks, updates in regulatory policies and shifts in the market environment.

Looking ahead, the Group will continue to monitor climate-related risks and opportunities, assess the implementation effectiveness of various emission reduction measures, and timely adjust corresponding strategies according to operational conditions by regularly monitoring and tracking the progress of various climate actions. The Group will also refer to internal operational performance and external climate development trends to optimise emission reduction and response plans as needed. Relevant work will ensure the orderly advancement of various climate actions and further enhance the Group's adaptability and overall resilience to climate change challenges.



# Environmental, Social and Governance Report

## 3.5.3 Risk Management

To effectively respond to the challenges brought by climate change, the Group has integrated the entire process of identification, assessment, prioritisation and management of climate-related risks and opportunities into its overall risk management framework and implemented it in daily operations. Relevant integration work is consistent with the Group's existing risk management structure, and no major adjustments were made to the existing risk management processes during the Year, remaining the same as processes used compared with the last reporting period.

In the process of climate risk management, the Group comprehensively considers several core factors, covering asset locations, asset types, historical impacts of extreme weather and energy consumption, while using public climate scenario data and internal operational records to carry out analysis and assessment. The specific management processes for the Group's climate-related risks and opportunities are detailed below:

### 1. Identification

The Group conducts climate-related scenario analysis by investigating climate change trends, domestic and foreign industry developments, technological changes, and referring to peer benchmarking and stakeholder opinions, in combination with the Group's operational status and business characteristics. Through various studies and analyses, potential climate risks and opportunities faced by the Group's place of business in Jiangsu Province, PRC are comprehensively identified to ensure that the risk and opportunity list covers all important links in business processes.

### 2. Assessment

The Group carries out an overall assessment of identified climate-related risks and opportunities, analysing their potential impact on business models, value chains and financial performance, and assessing the probability of occurrence and degree of impact of relevant risks and opportunities.



## Environmental, Social and Governance Report

- |                   |   |
|-------------------|---|
| 3. Prioritisation | The Group prioritises the assessment results based on the probability of occurrence and degree of impact of risks and opportunities. The prioritisation process is consistent with the Group's overall risk management framework and business development goals.  |
| 4. Monitoring     | The ESG Management Committee regularly reviews and monitors identified climate-related risks and opportunities and assesses the effectiveness of relevant mitigation and response measures. The Committee also regularly reports the identification, assessment and management of climate risks and opportunities to the Board, strengthening the Board's supervisory function and ensuring the effective implementation of measures to manage such risks and capture such opportunities. |

### **3.5.4 Metrics and Targets**

The Group takes strengthening climate resilience and promoting sustainable operations as its core strategic direction, actively promoting sustainable development goals and action plans, and aligning with international sustainable development standards. The Group prioritises alignment with the national "dual carbon" strategy, which is also an important part of the nation's implementation of its responsibilities under the Paris Agreement.

To complement the above climate governance framework, the Group continuously reviews and assesses ESG performance metrics and formulates specific emission reduction and management targets. These targets are set with reference to national-level climate and sustainability-related requirements. Currently, these targets have not been verified by an independent third party, nor are they formulated according to industry decarbonisation methodologies. The Board monitors the implementation progress and execution effectiveness of the targets annually and assesses whether adjustments are needed. The Board will also continue to optimise target setting, effectiveness assessment and verification mechanisms to improve the transparency and reliability of the Group's decarbonisation actions.

To translate relevant targets into concrete emission reduction results, the Group promotes decarbonisation through improving energy efficiency and optimising operational processes. At this stage, the Group does not plan to use carbon credits for emission offsetting but will continue to monitor the development of the carbon credit market and relevant policy changes. When conditions are suitable, the use of relevant tools will be considered as an auxiliary to support the Group in achieving its long-term carbon neutrality goal.

# Environmental, Social and Governance Report

The Group's carbon reduction targets:

Target Category	Target Description	Comparison between the Year and the base year <sup>1</sup>
Greenhouse Gas Emissions	Using 2023 as the base year, we will reduce greenhouse gas emission intensity by 5% by 2028	Decreased by 27%
Energy Management	Using 2023 as the base year, we will reduce operational energy intensity by 5% by 2028	Decreased by 18%
Waste Management	Using 2023 as the base year, we will reduce waste generation intensity by 10% by 2028	Decreased by 44%

Note:

- Through the Group's investment of various resources and efforts, the relevant targets have been achieved ahead of the target year. The Group will comprehensively consider its business development status and overall operational strategies to propose new targets in the coming year.

In addition, during the Year, the Group commenced the identification, assessment and inventory of greenhouse gases to properly manage the Group's greenhouse gas emissions. Relevant work covers the Group's place of business in Jiangsu Province, PRC, in which Scope 1 and Scope 2 emission calculations have been completed in accordance with the requirements of the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)". The Group also referred to the "Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)" to complete the data sorting of Scope 3 emission sources.

With reference to its core business status, emission scale, data availability and relevant peer studies, the Group has included the following items in the calculation scope of Scope 3 greenhouse gas emissions:

- Category 5: Waste generated in operations
- Category 6: Business travel

The greenhouse gas emissions of the Group for the Year are as follows:

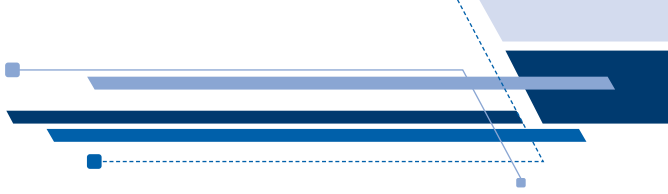
Greenhouse Gas Emissions <sup>1-2</sup>	2024	2025
Total GHG Emissions (tCO <sub>2</sub> e)	13,046	9,359
Scope 1 – Direct emissions <sup>3</sup>	3,333	1,895 <sup>3</sup>
Scope 2 – Indirect emissions <sup>4</sup>	9,634	7,415
Scope 3 – Other indirect emissions <sup>5</sup>	79	49 <sup>5</sup>
GHG Emission Intensity <sup>1-2</sup> (tCO <sub>2</sub> e/RMB million of revenue)	8.99	6.04



# Environmental, Social and Governance Report

## Notes:

1. The Group adopts the operational control approach to calculate greenhouse gas emissions. No changes were made to the measurement approach during the reporting period. This method uses the Group's control over operational policies for various operational activities as the basis for defining the accounting scope, which more truly reflects the actual responsibility the Group should bear in carbon emission management, while facilitating the strengthening of monitoring and management of greenhouse gas emissions to ensure that accounting results are consistent with the Group's sustainable development goals.
2. The calculation method for the Group's greenhouse gas emissions is formulated based on the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)". The emission factors used for calculation refer to "Appendix II: Reporting Guidance on Environmental KPIs" published by the HKEx and the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly published by the Environmental Protection Department and the Electrical and Mechanical Services Department of Hong Kong. The greenhouse gases accounted for by the Group include carbon dioxide, methane and nitrous oxide. To improve data clarity, all emissions are uniformly expressed in tonnes of carbon dioxide equivalent.
3. Scope 1 direct emissions come from the combustion of fuels of company vehicles and stationary equipment as well as the use of refrigerant. The emission factors used for calculation refer to "Appendix II: Reporting Guidance on Environmental KPIs" published by the HKEx. The use of refrigerant during the Year decreased compared to last year, leading to a corresponding decline in Scope 1 greenhouse gas emissions.
4. Scope 2 indirect emissions come from the Group's purchased electricity. The emission factors used for calculation are from the national average grid emission factors published by the Ministry of Ecology and Environment of the People's Republic of China.
5. Scope 3 other indirect emissions cover other indirect emissions generated outside the Group, including "Category 5: Waste generated in operations – domestic waste, office waste and production waste, wastewater treatment" and "Category 6: Business travel – aviation and high-speed rail". Among them, the emission factors used for Category 5 emission calculation refer to China Products Carbon Footprint Factors Database (CPCD), carbon emissions from electricity consumed by government departments in treating fresh water and sewage are calculated according to the "Study on Energy Consumption of Urban Water Supply System in China" published by Tsinghua University and the "Statistical Analysis and Quantitative Identification of the Law of Energy Consumption in Urban Sewage Treatment Plants in China" published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Center, and the Department for Environment, Food & Rural Affairs (Defra), while the emission factors for Category 6 emission calculation refer to the China Typical Business Travel and Accommodation Emission Factors (2024).



## Environmental, Social and Governance Report

Although the Group expanded the scope of calculation for Category 5 and Category 6 for the Year, the relevant emissions decreased compared to last year, mainly because waste paper was classified as general office waste disposal and has been overall accounted for in general office waste emissions; whereas last year, waste paper emissions were calculated separately and not merged into the general waste scope, thus resulting in lower data for the Year.

The Group's strategic focus lies in optimising core business performance and creating long-term value for stakeholders, which is consistent with current risk management methods. At this stage, the Group has not yet integrated internal carbon pricing or climate-related considerations into its remuneration policies and corporate governance framework, mainly because these factors have not yet formed a direct and significant correlation with the Group's industry characteristics, current operational focuses and financial decision-making needs. The Group will continue to pay attention to climate-related metrics, industry best practices and the application development of internal carbon pricing, and will actively assess the feasibility of incorporating relevant factors into the governance framework and remuneration policies when conditions are suitable.

### 4. Social Matters

#### 4.1 Labour Management

Human resources are a vital asset for achieving long-term sustainable development of the Group. The Group firmly believes that a sound human resources management system is crucial to steady business growth. To this end, the Group is committed to building a fair and just workplace environment, providing equal employment opportunities for employees, and safeguarding employees' rights and interests through systems covering recruitment and dismissal, training and development, remuneration and benefits, and occupational health and safety. The Group provides specialised training based on different job requirements and encourages employees to participate in external courses, seminars and experience-sharing activities to continuously enhance professional capabilities and comprehensive quality. In terms of employee development, the Group prioritises internal promotion based on employees' skills and job performance as a way to motivate and recognise employees' efforts and contributions. To strengthen corporate culture and professional development, the Group creates diverse career development paths and clear promotion channels for employees, and attaches importance to recognising and rewarding the performance and achievements of outstanding employees.



# Environmental, Social and Governance Report

## 4.2 Recruitment and Dismissal

The Group strictly complies with employment-related laws and regulations, including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and the Provisions on the Prohibition of Using Child Labour, to safeguard employees' rights and interests, ensure fair and harmonious labour relations, and promote social stability and economic development. The Group is committed to creating a fair, respectful and inclusive workplace environment, providing equal employment and development opportunities for all employees, and continuously enhancing the overall employee experience and satisfaction.

To attract outstanding talent to join the team, the Group has established a standardised external recruitment process. The human resources department formulates the annual recruitment plan based on the Group's overall development strategy and the actual staffing needs of various departments, which is submitted to the vice president in charge for review and approval, ensuring that the quantity and quality of talent recruitment can effectively support business development. The Group ensures the protection of employees' rights and interests at the institutional level, with relevant norms covering recruitment and appointment, remuneration and benefits, promotion and development, contract termination, working hours and leave, anti-discrimination and diversity and inclusion. The Group insists that all personnel-related decisions are based on professional ability and work performance, irrespective of age, gender, race, nationality, physical or mental condition or other non-related factors. When an employee resigns, the competent department will understand the reasons through an interview as a reference for continuous management optimisation.

To abide by compliance requirements, the Group strictly prohibits the employment of child labour and any form of forced labour. The human resources department verifies applicants' identity and age information before hiring to avoid non-compliant employment situations. If any case involving child labour is identified, the Group will immediately terminate the employment relationship. At the same time, to prevent forced labour, the Group clearly formulates work content, location and hours in the labour contract. If employees are required to work overtime due to business needs, overtime compensation will be paid according to law to effectively protect employees' rights and interests.

## Environmental, Social and Governance Report

The employment data of the Group for the Year are as follows:

<b>Employment Indicators</b>	2024	2025
<b>Total Number of Employees</b>	1,554	<b>1,335</b>
<b>By Gender</b>		
Female	1,347	<b>1,177</b>
Male	207	<b>158</b>
<b>By Employment Type</b>		
Full-time	1,503	<b>907</b>
Part-time	51	<b>428</b>
<b>By Age Group</b>		
Below 30	35	<b>32</b>
30–50	1,051	<b>739</b>
Above 50	468	<b>564</b>
<b>By Geographical Region</b>		
Chinese Mainland	1,554	<b>1,335</b>
<b>Employment Turnover Rate</b>	2024	2025
<b>Total</b>	19%	<b>25%</b>
<b>By Gender</b>		
Female	19%	<b>25%</b>
Male	16%	<b>26%</b>
<b>By Age Group</b>		
Below 30	62%	<b>45%</b>
30–50	14%	<b>9%</b>
Above 50	23%	<b>50%</b>
<b>By Geographical Region</b>		
Chinese Mainland	19%	<b>25%</b>
Hong Kong	0%	<b>0%</b>

# Environmental, Social and Governance Report

## 4.3 Development and Training

The Group attaches great importance to the growth and development of employees, believing that this is the core driving force for the long-term development of the enterprise. Therefore, it is committed to establishing a complete training and development plan for employees covering multiple fields. The human resources department is responsible for coordinating the annual training plan, providing various internal training resources such as new employee induction and mentor guidance. Training types cover probation period guidance, promotion training and specialised position professional training. All new employees must participate in the induction training hosted by the human resources department before officially taking up their posts to deeply understand the Group's culture, development history, operational status and organisational structure. At the same time, the Group also encourages employees to participate in external professional courses and seminars to broaden their horizons and strengthen their professional quality. Through a diverse and sound training mechanism, the Group continuously supports employee development, laying a foundation for the steady operation of the overall enterprise. When position vacancies arise, the Group gives priority to internal promotions based on employees' professional skills and job performance, as a way to motivate and recognise the contributions of outstanding employees. Through the provision of rich development resources and clearly defined promotion channels, the Group establishes a culture of professionalism and fully demonstrates its appreciation for employee value and efforts.

The training data of the Group's employees for the Year is as follows:

<b>Average Training Hours per Employee and Percentage of Employees Trained</b>	2024	2025
<b>By Gender</b>		
Female	1 (23%)	<b>1 (24%)</b>
Male	4 (49%)	<b>4 (51%)</b>
<b>By Employee Category</b>		
Senior management	6 (77%)	<b>4 (53%)</b>
Middle management	/	<b>8 (100%)</b>
Technical staff	6 (73%)	<b>5 (59%)</b>
Administrative staff	7 (85%)	<b>3 (41%)</b>
Front-line staff	1 (20%)	<b>1 (20%)<sup>1</sup></b>

Note:

1. The Group expanded the statistical scope and re-completed the employee category classification for the Year, in which the front-line staff category will cover production staff and cashiers.

# Environmental, Social and Governance Report

## 4.4 Remuneration and Benefits

To continuously strengthen operational performance and retain outstanding talent, the Group has constructed a sound employee appraisal and incentive mechanism and refers to internal and external salary survey data to provide employees with market-competitive remuneration and benefit packages. For administrative staff, the Group implements a remuneration system including base salary, performance bonuses and year-end bonuses; for operational front-line personnel, a remuneration model of base salary plus business commission is adopted. The Group strictly complies with relevant laws and regulations such as the “Social Insurance Law of the People’s Republic of China”, the “Labour Law of the People’s Republic of China” and the “Labour Contract Law of the People’s Republic of China”. The Group attaches importance to employee care and motivation, planning diverse benefit measures for all employees, including festival condolences, meal allowances, high-temperature allowances and free health check-ups, and legally protecting employees’ various leave rights, covering statutory holidays, sick leave, annual leave, marriage leave, maternity leave, paternity leave and funeral leave. The Group actively advocates a corporate culture of work-life balance and creates a harmonious and positive working environment. During the Year, the Group also held a series of employee activities to enhance team cohesion and employees’ sense of belonging.





# Environmental, Social and Governance Report

## 4.5 Occupational Health and Safety

The Group places great emphasis on occupational health and safety management and strictly adheres to relevant laws and regulations such as the “Work Safety Law of the People’s Republic of China” and the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”. The Group has formulated internal policies to ensure that the office and operating environments meet relevant regulatory standards. For operational processes with potential risks, the Group formulates safe operating specifications, establishes clear reporting mechanisms for hazards, work injuries and occupational diseases, and investigates and improves various safety hazards. New employees must complete basic safety training, including company safety regulations and emergency response processes, while providing corresponding occupational health protection training according to the characteristics of each post to strengthen employees’ safety awareness and protection capabilities.

The Group has also formulated response plans for emergencies such as fires and explosions, guiding employees to take appropriate actions when accidents occur to reduce the risk of casualties. To improve employees’ response capabilities, the Group formulated the “Firefighting and Emergency Evacuation Drill Plan”, regularly carrying out safety training and drills to familiarise employees with evacuation routes and response procedures. Smoking is strictly prohibited in the workplace to reduce fire risks, and ground spills or debris are immediately cleaned up to avoid slip accidents. In addition, the Group has formulated an Anti-Terrorism Emergency Response Plan to strengthen public safety and asset protection and reduce the impact of unforeseen incidents. During the Year, the Group did not record any material non-compliance incidents or accidents related to occupational health and safety.

# Environmental, Social and Governance Report

The Group's health and safety data for the Year is as follows:

<b>Workplace Health and Safety</b>	2023	2024	2025
Number of work-related fatalities	0	0	0
Number of work-related injuries	11	6	12
Lost working days due to work-related injury	46	90	667

## 5. Operational Compliance

The Group possesses a huge supply chain system and diverse daily consumer goods in the retail industry, and therefore attaches high importance to legal compliance, supply chain management, product quality and safety issues. Risks that may be faced during operations mainly cover food safety, environmental management and other relevant norms. To this end, the Group has constructed a sound food safety management system, strengthened product labelling and information review, and promoted environmental measures such as waste disposal, energy conservation and chemical management to consolidate brand image and market reputation. To ensure stable quality of listed products, the procurement unit performs supplier qualification review operations annually and improves employees' compliance concepts and risk awareness through quality management-related training.

The Group continues to comply with Chinese environmental and social laws, reducing the risk of legal violations in operations, avoiding penalties from competent authorities and negative media reports through improving internal management systems. The Group has constructed a complete quality management system, established tracking and processing mechanisms for customer feedback, and responded immediately to product safety and quality issues. All external marketing and product information are strictly reviewed to ensure that the content is truthful, legal and not misleading. At the same time, advertising and product labelling specifications are formulated to strengthen information transparency and correctness. Through various control measures, the Group effectively reduces operational risks. During the Year, the percentage of products recalled due to safety or health reasons, as a proportion of total products sold and delivered, was 0%.



# Environmental, Social and Governance Report

## 5.1 Anti-Corruption

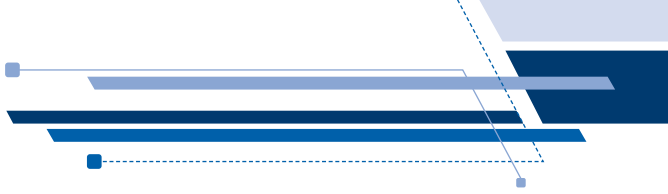
The Group adheres to the principle of integrity in its operations and strictly complies with relevant national anti-corruption and anti-money laundering laws and regulations, such as the “Criminal Law of the People’s Republic of China”, the “Anti-Unfair Competition Law of the People’s Republic of China” and the “Anti-Money Laundering Law of the People’s Republic of China”. The Group has formulated anti-corruption and anti-money laundering policies, clearly defining relevant definitions, preventive measures and control mechanisms. The Group implements a confidential whistleblowing system, establishing multiple reporting channels such as a reporting hotline, email and a dedicated mailbox, encouraging employees and stakeholders to report internal misconduct, violations, fraud and actions that harm the Group’s interests and image. The Group continues to provide anti-corruption and anti-money laundering training to employees to strengthen the integrity awareness and compliance concepts of all personnel. During the Year, the Group had no legal cases involving corruption.

## 5.2 Privacy and Data Security

Given that the Group’s business involves handling brand and customer information, it places a high priority on data security and customer privacy protection. The Group strictly complies with relevant regulations, including the “Cybersecurity Law of the People’s Republic of China”, the “Personal Information Protection Law of the People’s Republic of China”, the “Data Security Law of the People’s Republic of China”, GB/T 22239-2018 “Information Security Technology – Baseline for Classified Protection of Cybersecurity”, GB/T 35273-2020 “Information Security Technology – Personal Information Security Specification” and the “Regulations on the Management of Network Data Security”.

The Group has formulated the “Information System Policy” and the “Employee Information Security Manual” as the basis for compliance in personal information processing and management. These documents clearly stipulate that customer information must be collected and processed in a responsible and non-discriminatory manner, and is limited to the purposes outlined in the contractual agreement between the parties, and shall not be used for other purposes. The Group regularly conducts data and privacy protection training for employees to strengthen personal information protection concepts. Employees are granted access to customer information only within the necessary scope of business, and the Group continues to implement privacy risk monitoring and testing, and strengthens information security protection mechanisms to safeguard customer information.

At the same time, the Group ensures that customer information security and personal privacy rights are fully protected through establishing data classification and grading systems, promoting cybersecurity protection measures and carrying out employee compliance training. During the Year, the Group did not incur any penalties from relevant authorities for violations of laws and regulations relating to information security and privacy protection.



# Environmental, Social and Governance Report

## 5.3 Supply Chain Management

A sound and efficient supply chain operational model is crucial to the Group's overall development in the retail industry. When selecting cooperative suppliers, the Group not only focuses on commercial conditions such as product quality, delivery efficiency and supply capacity, but also lists compliance management at the environmental and social levels as an important assessment standard. The Group prioritises establishing cooperative relationships with suppliers who have obtained international certifications such as ISO 14001 Environmental Management Certification and ISO 50001 Energy Management Certification. To reduce the negative impact of the overall supply chain on the environment, the Group actively promotes green procurement measures, including prioritising local suppliers in nearby areas to reduce transportation mileage and carbon emissions, while prioritising the use of environmentally friendly materials and products with high recycling value, and proactively avoiding excessive packaging.

The procurement department has established a multi-faceted supplier evaluation mechanism, comprehensively reviewing suppliers' performance in environmental protection, labour rights, business ethics, anti-corruption and other items through establishing supplier files, carrying out performance assessments, questionnaire surveys and on-site inspections. Only suppliers that pass strict checks can be included in the qualified cooperation list. The Group performs supplier evaluations annually, with site visits conducted by dedicated personnel, and those who fail to meet standards will be removed to ensure the overall quality of the supply chain. At the same time, the Group also provides professional training for employees responsible for supply chain management to strengthen their auditing and risk identification capabilities. The Group aims to build a transparent, ethical and sustainable supply chain system, continuously strengthening product quality and safety, protecting labour rights, improving operational efficiency, and establishing long-term stable cooperative relationships with excellent suppliers to jointly build a responsible supply chain ecosystem. In 2024 and 2025, the Group had 1,088 and 260 suppliers, respectively.

# Environmental, Social and Governance Report

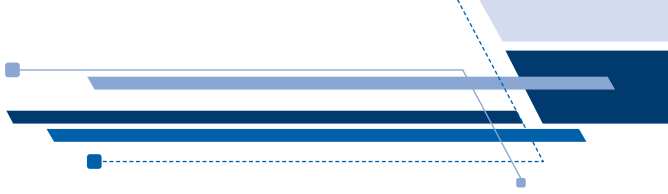
The table below sets out the number of suppliers for the Year:

<b>Number of Suppliers</b>	<b>2024</b>	<b>2025</b>
Total Number of Suppliers	1,088	<b>260<sup>1</sup></b>
Eastern China	1,045	<b>233</b>
Southern China	20	<b>20</b>
Southwest China	2	<b>0</b>
Central China	11	<b>4</b>
Northwest China	3	<b>0</b>
Northern China	5	<b>3</b>
Northeast China	2	<b>0</b>

Note 1: The Group promoted product structure adjustment and supply chain model optimisation for the Year, and the scale of self-operated procurement will increase, thereby leading to a decrease in the number of suppliers.

## 5.4 Complaint Handling Process

The Group has established a comprehensive complaint handling system with multiple appeal channels such as on-site direct complaints, a dedicated hotline and WeCom to timely grasp customer opinions and needs. For every customer feedback matter, the Group will faithfully register the relevant content and immediately transfer it to the responsible unit for processing and reply. Management also regularly reviews the complaint handling process, assesses the effectiveness of solving various problems, and formulates corresponding optimisation plans based on analysis results, continuously promoting improvement operations and tracking implementation status. During the Year, the Group received a total of 42 complaints, all of which were properly resolved in compliance with the "Customer Complaint Handling Procedure".



## Environmental, Social and Governance Report

### 5.5 Intellectual Property Protection

The Group fully acknowledges the importance of intellectual property protection to the steady operation of the enterprise, and takes respecting third-party rights and safeguarding its own intellectual property as basic principles, strictly complying with relevant laws and regulations such as the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China” and the “Copyright Law of the People’s Republic of China”. To effectively implement intellectual property management, the Group has formulated corresponding internal policies and procedures, proactively identifying and handling potential infringement risks through regular review of operational processes, while strengthening employee education and training to deepen the respect and awareness of intellectual property among all personnel. In addition, the Group also continues to carry out monitoring activities to prevent unauthorised use, reproduction or other infringements of its own intellectual property. Through building a compliance-oriented corporate culture and risk awareness, the Group demonstrates its steadfast commitment to maintaining the integrity and legality of intellectual property with practical actions.

## 6. Community Contribution

During the Year, the Group participated in various community welfare activities and public welfare actions, actively responding to the actual needs of local residents, and conveying warmth and social responsibility through supporting grassroots welfare institutions, promoting community co-construction and encouraging employees to invest in volunteer services, jointly building a harmonious, friendly and inclusive living environment with the community.

# Environmental, Social and Governance Report

## Passing the Torch of Love Through the Blood Donation Relay

During the Year, the Group jointly held the “Jiangsu Horizon Employee Voluntary Blood Donation Activity” at the headquarters with the Jiangdu Red Cross Blood Center, and all employees responded enthusiastically. At the activity site, employees completed registration, blood testing and blood donation operations in order. There were both senior employees who had participated for a long time and new forces joining for the first time. Most employees returned to their posts after a short rest after donating blood, demonstrating responsibility and commitment with practical actions. The Group issued an initiative letter in advance and popularised blood donation knowledge to ensure the smooth progress of the activity.



# Environmental, Social and Governance Report

## Caring for Children, Walking with Love

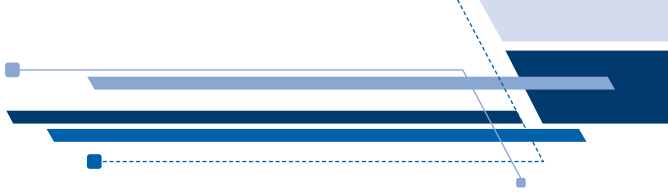
On the eve of the "June 1st" International Children's Day, the Group's trade union chairman led a team to the Jiangdu District Special Education School to hold the "Big Hands Holding Little Hands, Charity for Children in Need" donation ceremony. During the activity, the Group donated RMB10,000 to the special education school and RMB60,000 to the Jiangdu District Charity Federation, to support the rehabilitation and growth of children in need and those with disabilities. Subsequently, the Group and the leaders of the Charity Federation jointly visited the school's "Benevolence Life Festival • Food Carnival" activity, experiencing the campus market jointly planned by teachers, students and parents at close range, and cheering for the children's confident growth. This activity not only brought material assistance and spiritual encouragement to children in need, but also demonstrated corporate warmth and social commitment. In the future, the Group will continue to invest in public welfare to let love and hope continue to be passed on.



# Environmental, Social and Governance Report

## Appendix I: ESG Reporting Code Index

ESG Indicator	Description	Section/Remark
<b>A. Environmental</b>		
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.	3. Environmental Matters 3.1 Emission Control 3.3 Waste Management
KPI A1.1	The types of emissions and respective emissions data.	3.1 Emission Control
KPI A1.2	Deleted on 1 January 2025	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.3 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).	3.3 Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	3.1 Emission Control 3.5.4 Metrics and Targets
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.	3.3 Waste Management 3.5.4 Metrics and Targets



## Environmental, Social and Governance Report

ESG Indicator	Description	Section/Remark
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3. Environmental Matters 3.2 Energy Management 3.3 Waste Management 3.4 Water Resource Usage
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).	3.2 Energy Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.4 Water Resource Usage
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 Energy Management 3.5.4 Metrics and Targets
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.	3.4 Water Resource Usage
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.3 Waste Management

# Environmental, Social and Governance Report

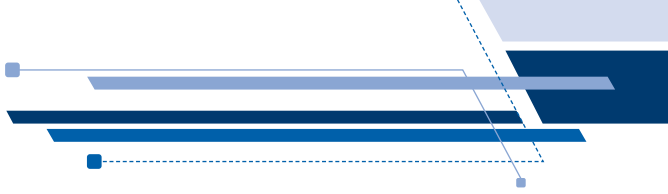
ESG Indicator	Description	Section/Remark
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3. Environmental Matters
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environmental Matters
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3. Environmental Matters
KPI A4.1	Deleted on 1 January 2025	
<b>B. Social</b>		
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	4. Social Matters 4.1 Labour Management 4.2 Recruitment and Dismissal 4.3 Development and Training 4.4 Remuneration and Benefits
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	4.1 Labour Management
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1 Labour Management

# Environmental, Social and Governance Report

ESG Indicator	Description	Section/Remark
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	4.5 Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.5 Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	4.5 Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.5 Occupational Health and Safety
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3 Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3 Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.3 Development and Training
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	4.2 Recruitment and Dismissal
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2 Recruitment and Dismissal
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.2 Recruitment and Dismissal

# Environmental, Social and Governance Report

ESG Indicator	Description	Section/Remark
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.3 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	5.3 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.	5.3 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.	5.3 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.	5.3 Supply Chain Management
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	5. Operational Compliance 5.2 Privacy and Data Security 5.4 Complaint Handling Process 5.5 Intellectual Property Protection
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5. Operational Compliance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	5.4 Complaint Handling Process
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.5 Intellectual Property Protection
KPI B6.4	Description of quality assurance process and recall procedures.	5. Operational Compliance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.2 Privacy and Data Security



## Environmental, Social and Governance Report

ESG Indicator	Description	Section/Remark
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.	5.1 Anti-Corruption
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.	5.1 Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.1 Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.1 Anti-Corruption
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.	6. Community Contribution
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6. Community Contribution
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6. Community Contribution



# Independent Auditor's Report



To the shareholders of

**Jiangsu Horizon Chain Supermarket Company Limited**

*(incorporated in People's Republic of China with limited liability)*

## Opinion

We have audited the consolidated financial statements of 江蘇宏信超市連鎖股份有限公司 Jiangsu Horizon Chain Supermarket Company Limited\* ("the Company") and its subsidiaries ("the Group") set out on pages 122 to 206, 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 statement of cash flows 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 the Hong Kong Companies Ordinance.

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") 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.



# Independent Auditor's Report

## Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Revenue recognition of sales of goods from wholesale and retail operations

Refer to Note 4 to the consolidated financial statements and the accounting policies on pages 146 to 149.

#### The key audit matter

#### How the matter was addressed in our audit

The Group is a wholesaler of grains and oil headquartered in Yangzhou, with retail operations of supermarket and convenience stores focusing on the central region of Jiangsu Province under the brand “宏信龍” (Hongxinlong).

The Group recognized sales of goods from wholesale and retail operations of RMB1,478 million for the year ended 31 December 2025.

Revenue from sales of goods is recognised when control over the product is transferred to the customer, which is at the point in time when the product is accepted by the customer.

Our audit procedures to assess the revenue recognition of sales of goods from wholesale and retail operations included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- for the wholesale business,
  - inspecting sales contracts on a sample basis to understand the terms of the sales transactions including the terms of delivery and acceptance to assess if the Group's revenue recognition accounting policy was in accordance with the requirements of the prevailing accounting standards;
  - inspecting sales contracts, customer acceptance records and invoices on a sample basis for sales transactions recorded during the year to assess whether the related revenue was recognized in accordance with the Group's revenue recognition accounting policy;
  - on a sample basis, confirming the amount of sales transactions recorded during the year directly with customers;



# Independent Auditor's Report

## Key audit matter (Continued)

### Revenue recognition of sales of goods from wholesale and retail operations (Continued)

The key audit matter	How the matter was addressed in our audit
<p>We identified the revenue recognition of sales of goods from wholesale and retail operations as a key audit matter because the amount is significant.</p>	<ul style="list-style-type: none"><li data-bbox="719 728 1369 929">• for the retail business,<ul style="list-style-type: none"><li data-bbox="783 799 1369 929">• analysing revenue by store and by month to identify abnormal fluctuations or transactions, enquiring management of the rationale and inspecting underlying documents, if any;</li><li data-bbox="783 972 1369 1138">• on a sample basis, inspecting bank receipts for sales transactions recorded during the year to assess whether the related revenue was recognized in accordance with the Group's revenue recognition accounting policy;</li></ul></li><li data-bbox="719 1181 1369 1381">• for revenue transactions recorded before and after the year end date, inspecting, on a sample basis, sales contracts, customer acceptance records and invoices for the wholesale business or bank receipts for the retail business to determine whether the related revenue had been recognized in the appropriate financial year; and</li><li data-bbox="719 1425 1369 1586">• inspecting manual adjustments to revenue which met specific risk-based criteria, enquiring of management about the reasons for such adjustments and comparing details of the adjustments with sales contracts, customer acceptance records, invoices and bank receipts.</li></ul>



## Independent Auditor's Report

### 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.

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.



# Independent Auditor's Report

## 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 HKSA's 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 HKSA's, 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.



# Independent Auditor's Report

## 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 Chan Ting Yuen (practising certificate number: P06379).

### **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 Yuan)

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>1,543,962</b>	1,350,925
Cost of sales		<b>(1,254,665)</b>	(1,061,824)
<b>Gross profit</b>		<b>289,297</b>	289,101
Other revenue	5(a)	<b>7,190</b>	7,657
Other net (loss)/gain	5(b)	<b>(1,198)</b>	1,573
Selling and distribution costs		<b>(146,830)</b>	(160,390)
Administrative and other operating expenses		<b>(59,353)</b>	(54,425)
Impairment (loss)/reversal on trade and other receivables	27(a)	<b>(10,513)</b>	942
<b>Profit from operations</b>		<b>78,593</b>	84,458
Finance income	6(a)	<b>2,606</b>	1,917
Finance costs	6(a)	<b>(25,911)</b>	(24,030)
Net finance costs		<b>(23,305)</b>	(22,113)
Share of losses of associate		<b>(1,188)</b>	–
<b>Profit before taxation</b>		<b>54,100</b>	62,345
Income tax	7	<b>(15,862)</b>	(18,370)
<b>Profit for the year</b>		<b>38,238</b>	43,975
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>36,628</b>	42,722
Non-controlling interests		<b>1,610</b>	1,253
<b>Profit for the year</b>		<b>38,238</b>	43,975
<b>Earnings per share</b>			
Basic and diluted (RMB)	10	<b>0.18</b>	0.27

The notes on pages 130 to 206 form part of these financial statements.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>Profit for the year</b>	<b>38,238</b>	43,975
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Item that will not be reclassified to profit or loss:		
Financial assets at fair value through other comprehensive income (FVOCI) – movement in fair value reserves (non-recycling)	(51)	4,792
Related tax	13	(1,198)
<b>Other comprehensive income for the year</b>	<b>(38)</b>	3,594
<b>Total comprehensive income for the year</b>	<b>38,200</b>	47,569
<b>Attributable to:</b>		
Equity shareholders of the Company	36,599	46,161
Non-controlling interests	1,601	1,408
<b>Total comprehensive income for the year</b>	<b>38,200</b>	47,569

The notes on pages 130 to 206 form part of these financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2025

(Expressed in Renminbi Yuan)

		As at 31 December	
Note	2025 RMB'000	2024 RMB'000	
<b>Non-current assets</b>			
Property, plant and equipment	11	322,737	360,127
Interest in an associate	13	16,877	–
Financial assets at FVOCI	14	56,659	31,710
Deferred tax assets	25(b)	10,830	7,271
		<b>407,103</b>	399,108
<b>Current assets</b>			
Inventories	15	413,403	330,062
Trade and bills receivables	16	397,415	190,007
Prepayments, deposits and other receivables	17	350,182	318,053
Financial assets measured at fair value through profit or loss ("FVPL")		20	–
Restricted deposits	18	4,550	1,600
Cash and cash equivalents	19(a)	238,430	216,858
		<b>1,404,000</b>	1,056,580
<b>Current liabilities</b>			
Bank loans and other borrowings	20	543,237	409,688
Lease liabilities	21	22,446	24,720
Trade and bills payables	22	120,440	110,285
Other payables and accruals	23	72,594	88,524
Contract liabilities	24	171,882	120,913
Taxation payable	25(a)	23,745	20,425
		<b>954,344</b>	774,555
<b>Net current assets</b>		<b>449,656</b>	282,025
<b>Total assets less current liabilities</b>		<b>856,759</b>	681,133

# Consolidated Statement of Financial Position

As at 31 December 2025  
(Expressed in Renminbi Yuan)

		As at 31 December	
Note	2025	2024	
	RMB'000	RMB'000	
<b>Non-current liabilities</b>			
Bank loans and other borrowings	20	58,829	
Lease liabilities	21	75,901	
Deferred tax liabilities	25(b)	5,493	
	<b>117,248</b>	140,223	
<b>Net assets</b>			
	<b>739,511</b>	540,910	
<b>Capital and reserves</b>			
Share capital	26	160,685	
Reserves	26	363,104	
<b>Total equity attributable to equity shareholders of the Company</b>			
	<b>720,789</b>	523,789	
<b>Non-controlling interests</b>			
	<b>18,722</b>	17,121	
<b>Total equity</b>			
	<b>739,511</b>	540,910	

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

Gao Feng	)	
	)	
	)	Directors
Yuan Yuan	)	
	)	

The notes on pages 130 to 206 form part of these financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company							Total equity RMB'000
	Share capital RMB'000 (Note 26(c))	Capital reserve RMB'000 (Note 26(d)(i))	PRC statutory reserve RMB'000 (Note 26(d)(ii))	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>Balance at 1 January 2025</b>	160,685	147,996	28,891	20,072	166,145	523,789	17,121	540,910
Changes in equity for 2025:								
Profit for the year	-	-	-	-	36,628	36,628	1,610	38,238
Other comprehensive income	-	-	-	(29)	-	(29)	(9)	(38)
Total comprehensive income for the year	-	-	-	(29)	36,628	36,599	1,601	38,200
Appropriation of reserve	-	-	2,121	-	(2,121)	-	-	-
Shares issued upon the completion of initial public offering	53,562	53,628	-	-	-	107,190	-	107,190
Issue of ordinary shares by placing	21,393	31,818	-	-	-	53,211	-	53,211
<b>Balance at 31 December 2025</b>	235,640	233,442	31,012	20,043	200,652	720,789	18,722	739,511

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025  
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company							Total equity RMB'000
	Share capital RMB'000 (Note 26(c))	Capital reserve RMB'000 (Note 26(d)(i))	PRC statutory reserve RMB'000 (Note 26(d)(ii))	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>Balance at 1 January 2024</b>	160,685	147,996	25,404	16,633	126,910	477,628	15,713	493,341
Changes in equity for 2024:								
Profit for the year	-	-	-	-	42,722	42,722	1,253	43,975
Other comprehensive income	-	-	-	3,439	-	3,439	155	3,594
Total comprehensive income for the year	-	-	-	3,439	42,722	46,161	1,408	47,569
Appropriation of reserve	-	-	3,487	-	(3,487)	-	-	-
<b>Balance at 31 December 2024</b>	160,685	147,996	28,891	20,072	166,145	523,789	17,121	540,910

The notes on pages 130 to 206 form part of these financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(Expressed in Renminbi Yuan)

		Year ended 31 December	
Note	2025	2024	
	RMB'000	RMB'000	
<b>Operating activities</b>			
Cash (used in)/generated from operations	19(b)	(60,709)	155,355
Income tax paid	25(a)	(16,241)	(15,270)
<b>Net cash (used in)/generated from operating activities</b>		<b>(76,950)</b>	140,085
<b>Investing activities</b>			
Payment for the acquisition of property, plant and equipment		(31,399)	(68,761)
Proceeds from disposal of property, plant and equipment		220	535
Payment for purchases of structured deposits and wealth management products		(267,020)	(507,000)
Proceeds from disposal of structured deposits and wealth management products		267,084	507,242
Proceeds from disposal of financial assets at FVOCI		–	1,536
Payment for purchases of financial assets measured at fair value through other comprehensive income		(25,000)	–
Payment for the acquisition of interests in associates		(18,064)	–
Dividends received		176	293
Interest received		2,606	1,917
<b>Net cash used in investing activities</b>		<b>(71,397)</b>	(64,238)
<b>Financing activities</b>			
Capital element of lease rental paid	19(c)	(25,908)	(18,536)
Interest element of lease rental paid	19(c)	(3,488)	(4,281)
Proceeds from bank loans and other borrowings	19(c)	692,082	530,416
Repayment of bank loans and other borrowings	19(c)	(597,490)	(583,567)
Interest paid	19(c)	(54,555)	(19,832)
Proceeds from issue of ordinary shares by initial public offering, net of issuance costs		107,190	–
Proceeds from issue of ordinary shares by placing, net of issuance costs		53,211	–
<b>Net cash generated from/(used in) financing activities</b>		<b>171,042</b>	(95,800)

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025  
(Expressed in Renminbi Yuan)

	Year ended 31 December		
	Note	2025 RMB'000	2024 RMB'000
Net increase/(decrease) in cash and cash equivalents		22,695	(19,953)
Cash and cash equivalents at the beginning of the year		216,858	236,226
Effect of foreign exchange rate changes		(1,123)	585
Cash and cash equivalents at the end of the year		238,430	216,858

The notes on pages 130 to 206 form part of these financial statements.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 1 General information

Jiangsu Horizon Chain Supermarket Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 19 October 2005 as a limited liability company. Upon approval by the Company’s board meeting held on 30 September 2007, the Company was converted from a limited liability company into a joint stock company.

The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Listing”) on 31 March 2025. The Company and its subsidiaries (together, “the Group”) are principally engaged in wholesale of grains and oil with retail operations of supermarket and convenience stores on the central region of Jiangsu Province under the brand “宏信龍” (Hongxinlong).

## 2 Material accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards as issued by the 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 amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 periods reflected in these financial statements.

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

The consolidated financial statements of the Group for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the certain assets and liabilities are stated at their fair value as explained in the accounting policies as set out below.



# Notes to the Financial Statements

*(Expressed in Renminbi Yuan)*

## 2 Material accounting policies (Continued)

### (b) Basis of preparation of the financial statements (Continued)

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 3.

### (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.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (d) Subsidiaries and non-controlling interests

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.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI 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 2(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).



# Notes to the Financial Statements

*(Expressed in Renminbi Yuan)*

## 2 Material accounting policies (Continued)

### (e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see Note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, 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 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 27(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 2(s)(viii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- 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.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (f) Other investments in securities (Continued)

#### (ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(s)(vii)).

### (g) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(i)):

- right-of-use assets arising from leases over freehold or 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 2(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 or valuation 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.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (g) Property, plant and equipment (Continued)

The estimated useful lives for the current and comparative periods are as follows:

	<b>Estimated useful life</b>
Plant and buildings	20–30 years
Machinery and equipment	5–10 years
Office and other equipment	3–10 years
Motor vehicles	5 years
Leasehold improvements	The shorter of the unexpired term of lease and the estimated useful lives
Right-of-use assets	Over the unexpired term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see Note 2(i)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (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.

#### (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 such as laptops and office furniture. 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 recognized 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 2(g) and 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Note 2(f)(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.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (h) Leased assets (Continued)

#### (i) As a lessee (Continued)

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.

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. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

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.

#### (ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(s)(v).



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

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

#### (i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

#### *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 discount rates where the effect of discounting is material:

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



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 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 (including loan commitments issued) 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 and contract assets 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 3 months 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 realizing security (if any is held); or
- the financial asset is 12 months past due.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (i) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments (Continued)

##### *Significant increases in credit risk (Continued)*

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 recognized as an impairment gain or loss in profit or loss. The Group recognizes 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.

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 12 months 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, lease receivable or contract 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (i) Credit losses and impairment of assets (Continued)

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

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets 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 ("CGUs").

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 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.

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.

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.

Cost is calculated using the first-in first-out method 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.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(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 recognized (see Note 2(l)).

### (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 2(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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(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 2(u).



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 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) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

### (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.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 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, associates and joint venture 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

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.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (r) Provisions

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.

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (s) Revenue and other income

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

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

#### (i) Sale of goods

For the sale of goods from general sales, revenue is recognised when control passes to the retail customers, being the point the retail customers purchase and accept the goods at the retail stores and shopping malls. Payment of transaction price is due immediately at the point the retail customers purchase the goods. The payment is usually settled in cash, using bank cards or by means of electronic payment.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (s) Revenue and other income (Continued)

#### (i) Sale of goods (Continued)

Revenue from bulk sales of goods to retail customers is recognised when control of products has transferred, being when the products are delivered and there is no unfulfilled obligation that could affect them to accept the products. The retail customers make payments upon products delivery or according to the agreed credit terms normally for a period of 0–90 days from the invoice date. Collected payments before product delivery is recognised as contract liabilities.

The Group's retail stores and shopping malls operate a customer loyalty program where points can be earned by customers which can be used to reduce the cost of future purchases. The Group allocates a portion of the consideration received to loyalty points based on the estimated relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expired. The deferred revenue is included in contract liabilities.

Revenue from sales of goods to wholesale customers 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. The wholesale customers make payments upon products delivery or according to the agreed credit terms normally for a period of 0–90 days from the invoice date. Collected payments before product delivery is recognised as contract liabilities.

The Group is the principal for the sales of goods to retail stores and wholesale customers and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

#### (ii) Supply and sales of meals

The Group owns a central kitchen to produce meals daily and deliver to customers like canteens in local corporates or schools. Revenue is recognised when control passes to the customers, being the point when the meals have been delivered. The customers make payments upon the meal delivery or according to the agreed credit terms normally for a period of 0–90 days from the invoice date. Collected payments before product delivery is recognised as contract liabilities.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (s) Revenue and other income (Continued)

#### *(iii) Commission income from concessionaire sales*

The Group grants counter suppliers the right to operate business within retail stores and shopping malls under a concession. The Group recognises commission income from concessionaire sales upon sales of goods by counter suppliers. The concessionaires will pay to the Group commission income at the higher of the minimum guaranteed commission and certain percentage of their sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from customers on behalf of the concessionaires and reimburses the sales proceeds to the concessionaires after deducting its share of the commission income.

#### *(iv) Commission income from supply of goods*

The Group charges commission fees to customers from supply of goods, where the Group generally is acting as an agent and does not control the specified products provided before they are transferred to the customers. The Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified products to be provided. The commission income from sale of goods is recognised on a net basis at the point of acceptance of products.

#### *(v) Rental income from operating lease*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

#### *(vi) Service income*

Service income is recognised in profit or loss when the services are delivered.

#### *(vii) Dividends*

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (s) Revenue and other income (Continued)

#### (viii) Interest income

Interest income is recognised as it accrues using the effective interest method using 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. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

#### (ix) 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 presented in the consolidated statements of financial position by setting up the grant as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

### (t) Translation of foreign currencies

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.

### (u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 Material accounting policies (Continued)

### (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 a joint venture of the other entity (or an associate or a 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.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 2 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.

## 3 Accounting judgements and estimates

### Sources of estimation uncertainty

Note 27(e) contain information about the assumptions and their risk factors relating to the fair value of financial assets. Other significant sources of estimation uncertainty are as follows:

#### (a) *Net realizable value of inventories*

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually. Management measures these estimates at each statement of financial position date.

#### (b) *Loss allowance for expected credit losses*

The Group estimates the amount of loss allowance for ECLs on trade and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 4 Revenue and segment reporting

### (a) Revenue

The Group is a wholesaler of grains and oil headquartered in Yangzhou, with retail operations of supermarket and convenience stores focusing on the central region of Jiangsu Province under the brand “宏信龍” (Hongxinlong).

#### (i) Disaggregation of revenue

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sales of goods		
– retail operations		
• general sales	554,022	505,761
• bulk sales	45,382	49,669
– wholesale	878,751	729,813
Subtotal	1,478,155	1,285,243
Commission income		
– concessionaire sales	21,744	29,046
– supply of goods	8,909	5,899
Subtotal	30,653	34,945
Supply and sales of meals	23,311	16,877
	1,532,119	1,337,065
<b>Revenue from other sources</b>		
Rental income from operating lease	11,843	13,860
	1,543,962	1,350,925



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 4 Revenue and segment reporting (Continued)

### (a) Revenue (Continued)

#### (i) *Disaggregation of revenue (Continued)*

The Group's revenue from contracts with customers were recognised at point in time for the year ended 31 December 2025 and 2024.

There is no customer with whom transactions has exceed 10% of the Group's revenues for the year ended 31 December 2025 (2024: one). Details of concentrations of credit risk arising from the customers are set out in Note 27(a).

#### (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

Except for the disclosures in Note 24, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an expected duration of one year or less.

### (b) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

IFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the PRC and primarily all of its non-current operating assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 5 Other revenue and other net (loss)/gain

### (a) Other revenue

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Service income	5,807	6,323
Government grants	1,207	1,041
Dividends income	176	293
	<b>7,190</b>	<b>7,657</b>

The Group received unconditional government grants of RMB1,207,000 and RMB1,041,000 for the year ended 31 December 2025 and 2024 mainly as rewards of the Group's contribution to secure employment for regional employees and special funds for industrial development.

### (b) Other net (loss)/gain

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net realised gain on structured deposits and wealth management products	84	242
Net foreign exchange (loss)/gain	(1,692)	1,767
Net loss on disposal of property, plant and equipment	(302)	(505)
Others	712	69
	<b>(1,198)</b>	<b>1,573</b>

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

### (a) Net finance costs

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	(2,606)	(1,917)
Finance income	(2,606)	(1,917)
Interest expenses on bank loans and other borrowings	22,423	19,749
Interest expenses on lease liabilities	3,488	4,281
Finance costs	25,911	24,030
Net finance costs	23,305	22,113

### (b) Staff costs

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	82,333	91,850
Contribution to defined retirement plans (Note)	8,545	9,204
	90,878	101,054

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 6 Profit before taxation (Continued)

### (b) Staff costs (Continued)

Note: The employees of the subsidiaries of the Group established in the PRC participate in a defined contribution scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement scheme at their normal retirement age.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

### (c) Other items

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of inventories recognised as expenses	1,238,803	1,049,646
Depreciation charge		
– owned property, plant and equipment	43,157	42,568
– right-of-use assets	28,611	28,316
Impairment loss/(reversal) on trade and other receivables	10,513	(942)
Listing expense	12,552	7,276
Auditors' remuneration		
– audit services	2,000	1,600
– other services (Note)	1,855	1,575

Note: Other services include RMB1,155,000 (2024: RMB1,575,000) which is also included in the listing expenses disclosed separately above.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 7 Income tax

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current tax		
– Provision for the year	19,561	20,668
Deferred tax		
– Origination and reversal of temporary differences (Note 25(b))	(3,699)	(2,298)
	<b>15,862</b>	<b>18,370</b>

Note: Pursuant to the income tax rules and regulations of Hong Kong, the subsidiary in Hong Kong were liable to the Hong Kong Profits Tax at a rate of 16.5% during the years ended 31 December 2025 and 2024.

The PRC subsidiaries of the Group are subject to PRC Corporate Income Tax ("CIT") at a statutory rate of 25%, except for the following specified subsidiaries:

According to Announcement [2022] No. 13, "The Announcement of Further Implementation of Income Tax Incentives for Small-scaled Minimal Profit Enterprise" issued by Ministry of Finance of the PRC and National Tax Bureau on 14 March 2022, the small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20% for the years from 2022 to 2025.

Certain subsidiaries in the Group meet the conditions as small-scaled minimal profit enterprise were qualified for the entitlement of such preferential tax treatment during the year ended 31 December 2025 (2024: nil).

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 7 Income tax (Continued)

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Profit before taxation	54,100	62,345
Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25%	13,525	15,586
Effect of different tax rates	(819)	–
Tax effect of non-deductible expenses	3,891	1,934
Tax effect of non-taxable income	(44)	(73)
Tax losses utilised from previous periods	(680)	–
Tax effect of tax losses not recognised	83	939
Tax effect of temporary differences not recognised	(94)	(16)
Actual tax expense	15,862	18,370

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 8 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2025	Salaries, housing and other allowances and benefits		Discretionary bonuses	Retirement scheme contributions	Total
	Fees RMB'000	in kind RMB'000			
<b>Executive directors</b>					
Gao Feng	–	185	700	–	885
Yuan Yuan	–	152	350	–	502
Zhang Jiaan	–	139	150	19	308
Yao Jun	–	82	100	10	192
Shen Zhigen	–	76	90	–	166
Li Xi	–	–	–	–	–
Wang Fei	–	–	–	–	–
Nai Jingjing	–	–	–	–	–
<b>Non-Executive director</b>					
Wei Yan	73	–	–	–	73
<b>Independent non-executive directors</b>					
Zhu Bo	73	–	–	–	73
Lam Ka Tak	73	–	–	–	73
Zheng Manjun	73	–	–	–	73
Zheng Yu	73	–	–	–	73
<b>Supervisors</b>					
Zhan Mingyu	–	74	–	–	74
Xia Zhonglin	–	47	–	–	47
Zhu Aizhen	–	46	–	–	46
Total	365	801	1,390	29	2,585

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 8 Directors' emoluments (Continued)

For the year ended 31 December 2024	Fees RMB'000	Salaries, housing and other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
<b>Executive directors</b>					
Gao Feng	–	185	800	–	985
Yuan Yuan	–	152	350	–	502
Zhang Jiaan	–	139	200	19	358
Yao Jun	–	83	90	9	182
Shen Zhigen	–	77	90	–	167
Li Xi	–	–	–	–	–
Wang Fei	–	–	–	–	–
Nai Jingjing (appointed in May 2024)	–	–	–	–	–
<b>Non-Executive director</b>					
Wei Yan (appointed in May 2024)	–	–	–	–	–
<b>Independent non-executive directors</b>					
Zhu Bo (appointed in May 2024)	–	–	–	–	–
Lam Ka Tak (appointed in May 2024)	–	–	–	–	–
Zheng Manjun (appointed in May 2024)	–	–	–	–	–
Zheng Yu (appointed in May 2024)	–	–	–	–	–
<b>Supervisors</b>					
Zhan Mingyu	–	74	90	–	164
Xia Zhonglin	–	47	5	–	52
Zhu Aizhen	–	76	4	9	89
<b>Total</b>	–	833	1,629	37	2,499

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 8 Directors' emoluments (Continued)

In May 2024, Lam Ka Tak, Zheng Manjun, Zheng Yu and Zhu Bo were appointed as independent non-executive directors which have been effective upon the date of Listing.

During the years ended 31 December 2025 and 2024, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive 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.

## 9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (2024: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other two (2024: two) individuals are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, housing and other allowance and benefits in kind	260	259
Discretionary bonuses	520	530
Retirement scheme contributions	–	–
	<b>780</b>	<b>789</b>

The emoluments of the two (2024: two) individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December	
	2025 Number of individuals	2024 Number of individuals
HK\$ Nil – 1,000,000	2	2

During the years ended 31 December 2025 and 2024, no amounts were paid or payable by the Group to the above non-director highest paid individuals 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.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 10 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 of RMB36,628,000 (2024: RMB42,722,000) and the weighted average number of ordinary shares of 202,798,142 shares (2024: 160,684,910 shares) in issue during the year, calculated as follows:

Weighted-average number of ordinary shares:

	2025	2024
Issued ordinary shares at 1 January	160,684,910	160,684,910
Effect of shares issued by initial public offering and placing (note 26(c))	42,113,232	–
Weighted average number of ordinary shares at 31 December	202,798,142	160,684,910

### (b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2025 and 2024, therefore diluted earnings per share were the same as the basic earnings per share.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 11 Property, plant and equipment

### (a) Reconciliation of carrying amount

	Plant and buildings	Machinery and equipment	Office and other equipment	Motor vehicles	Leasehold improvements	Construction in progress	Right-of-use assets – land use rights	Right-of-use assets – other properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost:</b>									
At 1 January 2024	243,860	30,373	59,383	15,807	185,688	–	44,650	215,301	795,062
Additions	2,151	47	634	25	47,684	18,220	–	19,063	87,824
Disposals	–	(16)	(296)	(33)	(541)	–	–	(2,854)	(3,740)
At 31 December 2024 and 1 January 2025	246,011	30,404	59,721	15,799	232,831	18,220	44,650	231,510	879,146
Additions	10,430	343	9,078	150	27,046	2,572	–	8,485	58,104
Transfers	–	–	–	–	–	(18,220)	–	–	(18,220)
Disposals	–	(7)	(68)	–	(7,738)	–	–	(16,868)	(24,681)
At 31 December 2025	256,441	30,740	68,731	15,949	252,139	2,572	44,650	223,127	894,349
<b>Accumulated depreciation:</b>									
At 1 January 2024	(135,259)	(20,327)	(44,589)	(12,506)	(109,033)	–	(15,325)	(110,392)	(447,431)
Charge for the year	(8,241)	(2,591)	(4,881)	(1,228)	(25,627)	–	(1,127)	(27,189)	(70,884)
Written back on disposals	–	7	226	34	35	–	–	2,398	2,700
At 31 December 2024 and 1 January 2025	(143,500)	(22,911)	(49,244)	(13,700)	(134,625)	–	(16,452)	(135,183)	(515,615)
Charge for the year	(8,508)	(2,132)	(3,575)	(864)	(28,078)	–	(1,127)	(27,484)	(71,768)
Written back on disposals	–	7	65	–	7,437	–	–	11,666	19,175
At 31 December 2025	(152,008)	(25,036)	(52,754)	(14,564)	(155,266)	–	(17,579)	(151,001)	(568,208)
<b>Accumulated impairment:</b>									
At 1 January 2024, 31 December 2024 and 31 December 2025	–	–	–	–	(552)	–	–	(2,852)	(3,404)
<b>Net book value:</b>									
At 31 December 2025	104,433	5,704	15,977	1,385	96,321	2,572	27,071	69,274	322,737
At 31 December 2024	102,511	7,493	10,477	2,099	97,654	18,220	28,198	93,475	360,127

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 11 Property, plant and equipment (Continued)

### (a) Reconciliation of carrying amount (Continued)

Notes:

- (i) As at 31 December 2025, property certificates of certain properties and leasehold land with an aggregate net book value of RMB64,673,000 (2024: RMB72,069,000), is yet to be obtained.
- (ii) As at 31 December 2025 and 2024, certain property, plant and equipment were pledged as security for banking facilities (see Note 20).

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

The Group has obtained the right to use certain retail stores and warehouse properties through tenancy agreements during the reporting period. The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Land use rights carried at depreciated cost	(i)	27,071	28,198
Other properties leased for own use, carried at depreciated cost	(ii)	69,274	93,475
		<b>96,345</b>	121,673

Notes:

- (i) Land use rights

All lands in the PRC are state-owned or collectively owned and no individual ownership right exists. The Group acquired the rights to use certain lands. The consideration paid for such rights are treated as right-of-use assets and depreciated over the period of lease term using straight-line method.

The Group has been in the process of applying for registration of the ownership certificates for certain land use rights. The aggregate carrying value of such land use rights of the Group as at 31 December 2025 is RMB2,376,000 (2024: RMB2,450,000).

- (ii) Other properties leased

The Group leases the certain retail stores under leases expiring from 5 to 10 years.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 11 Property, plant and equipment (Continued)

### (b) Right-of-use assets (Continued)

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

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Land use rights carried at depreciated cost	1,127	1,127
Other properties leased for own use, carried at depreciated cost	27,484	27,189
Interest on lease liabilities (Note 6(a))	3,488	4,281

During the year ended 31 December 2025, additions to right-of-use assets were RMB8,485,000, (2024: RMB19,063,000), primarily related to the capitalized lease payments under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 19(d) and 21, respectively.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 12 Investments in subsidiaries

As at 31 December 2025, the Company has direct or indirect interests in the following principal subsidiaries, all of which are private companies:

Name of company	Place and date of incorporation/ establishment and place of operation	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
Jiangsu Hongxin Trade Co., Ltd. (江蘇宏信商貿股份有限公司) (note)	26 June 1994 The PRC	RMB33,000,000	96%	–	Shopping mall business
Jiangsu Hongxinlong Agricultural Products Production and Marketing Co., Ltd. (江蘇宏信龍農產品產銷有限公司) (note)	5 July 2013 The PRC	RMB5,000,000	100%	–	Wholesaling
Yancheng Runbaijia Trading Co., Ltd. (鹽城潤佰佳商貿有限公司) (note)	12 December 2019 The PRC	RMB2,000,000	100%	–	Wholesaling
Yangzhou Hongxin Pharmacy Co., Ltd. (揚州宏信大藥房有限公司) (note)	14 May 2014 The PRC	RMB2,000,000	100%	–	Retailing
Yangzhou Xintongyuan Trading Co., Ltd. (揚州新通源商貿有限公司) (note)	30 January 2007 The PRC	RMB500,000	100%	–	Wholesaling
Yangzhou Muyuan Modern Supply Chain Co., Ltd. (揚州沐源現代供應鏈有限公司) (note)	26 August 2019 The PRC	RMB35,000,000	72%	–	Supply and sales of meals
Jiangsu Hongxin (HK) Co., Ltd. (江蘇宏信(香港)有限公司) (note)	31 March 2011 Hong Kong	HK\$1,000,000	–	96%	No business operations

Note: These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of the Company names is for identification purpose only.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 12 Investments in subsidiaries (Continued)

The following table lists out the information relating to Yangzhou Muyuan Modern Supply Chain Co., Ltd., the only subsidiary of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
NCI percentage	28%	28%
Current assets	35,618	41,569
Non-current assets	42,338	44,972
Current liabilities	21,681	38,103
Net assets	42,563	38,426
Carrying amount of NCI	11,918	10,759
Revenue	78,234	24,236
Profit for the year	4,137	3,845
Total comprehensive income	4,137	2,827
Profit allocated to NCI	1,158	792

## 13 Interests in an associate

Name of associate	Form of business structure	Place of establishment and business	Particulars of issued and paid-up capital	2025	Principal activities
<b>Indirectly held by the Company</b>					
Hon Wang Holdings Limited ("Hon Wang Holdings") 漢宏控股有限公司 (Note)	Limited liability	Hong Kong	HKD50,000,000	40.00%	Investment holding

Note: Hon Wang Holdings is an investment holding company, which is a limited liability company established in Hong Kong on 20 May 2025. Out of HKD50,000,000 registered capital, HKD21,394,000 is paid up. It is accounted for using the equity method in the consolidated financial statements.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 13 Interests in an associate (Continued)

Summarized financial information of the associate, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	<b>Hon Wang Holdings 2025 RMB'000</b>
<b>Gross amounts of the associates</b>	
Current assets	42,191
Non-current assets	–
Current liabilities	–
Non-current liabilities	–
Equity	42,191
Revenue	–
Loss and total comprehensive income for the year	(2,970)
<b>Reconciled to the Group's interests in the associates</b>	
Gross amounts of net assets of the associates	42,191
Group's effective interest	40.00%
Group's share of net assets of the associates	16,877
Carrying amount of in the consolidated financial statements	16,877

## 14 Financial assets at fair value through other comprehensive income

	<b>As at 31 December</b>	
	<b>2025 RMB'000</b>	2024 RMB'000
<b>Financial assets measured at FVOCI – non-current</b>		
– Unlisted equity securities	56,659	31,710

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 14 Financial assets at fair value through other comprehensive income (Continued)

Note: The unlisted equity securities at FVOCI (non-recycling) represent investment in unlisted equity interest of two private companies incorporated in the PRC. One is principally engaged in offering banking services to individuals or enterprises. And another company is principally engaged in digital technology services.

The Group designated these investments at FVOCI (non-recycling), as the investment is held for strategic purposes. During the year ended 31 December 2025, the Group received cash dividends of RMB176,000 (2024: RMB293,000), from the investment in listed and unlisted equity security.

The analysis on the fair value measurement of the above financial asset is disclosed in Note 27(e).

## 15 Inventories

- (a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade merchandise	413,403	330,062

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	1,238,481	1,048,684
Provision for write-down of inventories	322	962
	1,238,803	1,049,646

All inventories are expected to be recovered within one year.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 16 Trade and bills receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables		
– third parties	<b>247,415</b>	173,007
Bills receivables	<b>150,000</b>	17,000
	<b>397,415</b>	190,007

All of the trade receivables are expected to be recovered within one year.

The Group endorsed certain bank acceptance bills to suppliers for settling trade and other payables of the same amount on a full recourse basis. The Group has derecognised these bills receivable and payables to suppliers in their entirety. These derecognised bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations, should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of these bills are of good credit quality and non-settlement of these bills by the issuing banks on maturity is not probable. As at 31 December 2025, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to nil (2024: RMB107,608,000).

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 16 Trade and bills receivables (Continued)

### Ageing analysis

As of the end of the reporting period, the ageing analysis of the Group's trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	122,321	122,506
Over 3 months but within 6 months	70,618	44,062
Over 6 months but within 9 months	38,336	3,293
Over 9 months but within 12 months	15,990	3,021
Over 12 months	150	125
	<b>247,415</b>	173,007

Trade receivables are due within 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 27(a).

## 17 Prepayments, deposits and other receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Prepayments	319,783	295,909
Value added tax recoverable	504	488
Other deposits and receivables	32,063	23,824
	<b>352,350</b>	320,221
Less: loss allowance	(2,168)	(2,168)
	<b>350,182</b>	318,053

All prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 18 Restricted deposits

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Restricted deposits		
– pledged for bills payables and letter of credit	4,550	1,600

## 19 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at bank	237,582	215,959
Cash in hand	848	899
	238,430	216,858

As at 31 December 2025, the Group's cash included cash at bank and on hand of RMB185,722,000 (2024: RMB216,858,000) held in the PRC. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 19 Cash and cash equivalents (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Profit before taxation		54,100	62,345
Adjustments for:			
Depreciation of owned property, plant and equipment	6(c)	43,157	42,568
Depreciation of right-of-use assets	6(c)	28,611	28,316
Net realised gain on structured deposits and wealth management products	5(b)	(84)	(242)
Finance costs	6(a)	25,911	24,030
Finance income	6(a)	(2,606)	(1,917)
Provision/(reversal) of loss allowance on trade receivables and other receivables	6(c)	10,412	(942)
Dividends income	5(a)	(176)	(293)
Share of losses of associates		1,188	–
Net loss on disposal of property, plant and equipment	5(b)	302	505
Foreign exchange loss/(gain)		1,122	(899)
		<b>161,937</b>	153,471
<b>Operating profit before changes in working capital</b>			
Increase in restricted deposits		(2,950)	(1,600)
Increase in inventories		(83,341)	(63,795)
(Increase)/decrease in trade and other receivables		(249,949)	19,753
Increase in trade and other payables		62,625	38,733
Increase in contract liabilities		50,969	8,793
<b>Cash (used in)/generated from operations</b>		<b>(60,709)</b>	155,355

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 19 Cash and cash equivalents (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 statements as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 21)	Total RMB'000
<b>At 1 January 2025</b>	468,517	100,621	569,138
<b>Changes from financing cash flows:</b>			
Proceeds from new bank loans and other borrowings	692,082	–	692,082
Repayment of bank loans and other borrowings	(597,490)	–	(597,490)
Capital element of lease rentals paid	–	(25,908)	(25,908)
Interest element of lease rentals paid	–	(3,488)	(3,488)
Interest paid	(54,555)	–	(54,555)
<b>Total changes from financing cash flows</b>	<b>40,037</b>	<b>(29,396)</b>	<b>10,641</b>
<b>Other changes:</b>			
Bank loans arising from supplier finance arrangements (Note 20(iii))	68,400	–	68,400
Increase in lease liabilities from entering into new leases during the year	–	8,485	8,485
Decrease in lease liabilities from ceasing leases contract during the period	–	(4,984)	(4,984)
Interest expenses (Note 6(a))	22,423	3,488	25,911
<b>At 31 December 2025</b>	<b>599,377</b>	<b>78,214</b>	<b>677,591</b>

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 19 Cash and cash equivalents (Continued)

### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and other borrowings RMB'000 (Note 20)	Lease liabilities RMB'000 (Note 21)	Total RMB'000
<b>At 1 January 2024</b>	475,351	100,094	575,445
<b>Changes from financing cash flows:</b>			
Proceeds from new bank loans and other borrowings	530,416	–	530,416
Repayment of bank loans and other borrowings	(583,567)	–	(583,567)
Capital element of lease rentals paid	–	(18,536)	(18,536)
Interest element of lease rentals paid	–	(4,281)	(4,281)
Interest paid	(19,832)	–	(19,832)
Total changes from financing cash flows	(72,983)	(22,817)	(95,800)
<b>Other changes:</b>			
Bank loans arising from supplier finance arrangements (Note 20(iii))	46,400	–	46,400
Increase in lease liabilities from entering into new leases during the year	–	19,063	19,063
Interest expenses (Note 6(a))	19,749	4,281	24,030
<b>At 31 December 2024</b>	468,517	100,621	569,138

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 19 Cash and cash equivalents (Continued)

### (d) Total cash flow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Within financing cash flows	29,396	22,817

These amounts relate to the following:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Lease rentals paid	29,396	22,817

## 20 Bank loans and other borrowings

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Short-term bank loans and other borrowings	542,568	409,265
Accrued interest	669	423
Bank loans and other borrowing – current	543,237	409,688
Long-term bank loans and other borrowings	56,128	58,775
Accrued interest	12	54
Bank loans and other borrowing – non-current	56,140	58,829
Total	599,377	468,517

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 20 Bank loans and other borrowings (Continued)

The maturity profile for the interest-bearing bank loans and other borrowing of the Group at the end of each reporting period is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	543,237	409,688
After 1 year but within 2 years	51,884	48,787
After 2 years but within 5 years	4,256	10,042
<b>Total</b>	<b>599,377</b>	<b>468,517</b>

At the end of each reporting period, the Group's bank and other borrowings were secured as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Secured bank loans and other borrowings		
– supplier finance arrangement (Note (iii))	64,400	46,200
Other bank loans and other borrowings		
– Secured (Note (i))	514,977	412,317
– Unsecured	20,000	10,000
<b>Total</b>	<b>599,377</b>	<b>468,517</b>

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 20 Bank loans and other borrowings (Continued)

Notes:

- (i) The bank loans and other borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Land use rights	27,764	28,199
Plants and buildings	27,331	30,347
Machinery and equipment, office and other equipment, and motor vehicles	1,821	5,654
	<b>56,916</b>	64,200

- (ii) Certain facilities granted to the Group were guaranteed by Mr. Gao Feng, the ultimate controlling shareholder of the Group, and his spouse Ms. Leng Yuemei, Mr. Zhang Jiaan, the controlling shareholder, and Ms. Yin Qin, the key management personnel.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Guarantees for granting bank loans	365,406	327,040

- (iii) The Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers.

Under these arrangements, the banks pay suppliers the amounts owed by the Group on the original due dates. The Group then settles with the banks within one year after the original due dates with the suppliers, with fixed interest rates.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as "bank loans and other borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables to suppliers.

As at 31 December 2025, the carrying amount of financial liabilities under these arrangements amounted to RMB64,400,000 (2024: RMB46,200,000), RMB68,400,000 of which suppliers have received payments from the banks. (2024: RMB46,400,000).

In the consolidated statement of cash flows, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks amounting to RMB68,400,000 during the year ended 31 December 2025 are non-cash transactions. (2024: RMB46,400,000).

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 21 Lease liabilities

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	22,446	24,720
After 1 year but within 2 years	13,951	22,608
After 2 years but within 5 years	32,605	38,892
After 5 years	9,212	14,401
	55,768	75,901
	78,214	100,621

## 22 Trade and bills payables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables	111,190	110,285
Bills payables	9,250	–
	120,440	110,285

All of the trade and bills payables are expected to be settled within one year or repayable on demand.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 22 Trade and bills payables (Continued)

As of the end of each reporting period, the ageing analysis of the Group's trade payables and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	90,069	89,894
3 to 12 months	21,478	12,856
Over 12 months	8,893	7,535
	<b>120,440</b>	110,285

## 23 Other payables and accruals

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Payable for staff related costs	13,396	15,878
Deposits received	14,691	12,423
Other taxes payable	36,445	12,169
Others	8,062	48,054
	<b>72,594</b>	88,524

All of the other payables and accruals are expected to be settled within one year or repayable on demand.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 24 Contract liabilities

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Advance receipts from customers (Note (i))	115,182	59,058
Advance receipts from operating lease	2,196	2,269
Prepaid cards (Note (ii))	53,794	58,787
Customer loyalty program points liability (Note (iii))	710	799
	<b>171,882</b>	120,913

Notes:

- (i) The amounts of consideration received in advance as prepayments by customers are short-term as the respective revenue is expected to be recognised within a few days when the goods are delivered to customers.
- (ii) Revenue is recognised when customers accept the products so revenue from prepaid cards is recognised when the prepaid cards are redeemed by customers. Based on recent trends in redemption by customers of the prepaid cards, it is expected that most of the prepaid cards will be redeemed within one year from purchase.
- (iii) The Group operates a customer loyalty programme for sales to retail customers where points can be earned by customers and to be used to reduce the cost of future purchases. The contract liability in respect of unredeemed retail customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following year based on the expiry terms of the loyalty points.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 24 Contract liabilities (Continued)

### Movements in contract liabilities

	Advance receipts from customers RMB'000	Advance receipts from operating lease RMB'000	Prepaid cards RMB'000	Customer loyalty program points liability RMB'000	Total RMB'000
At 1 January 2024	47,273	1,742	62,042	1,063	112,120
Increase in contract liabilities excluding amounts recognised as revenue during the year	59,058	2,269	17,577	799	79,703
Transferred to other payables and accruals	(20,979)	–	–	–	(20,979)
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the year	(26,294)	(1,742)	(20,832)	(1,063)	(49,931)
At 31 December 2024 and 1 January 2025	59,058	2,269	58,787	799	120,913
Increase in contract liabilities excluding amounts recognised as revenue during the year	115,182	2,196	9,910	710	127,998
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the year	(59,058)	(2,269)	(14,903)	(799)	(77,029)
At 31 December 2025	115,182	2,196	53,794	710	171,882

Except for the disclosures above related to redemptions of prepaid cards, advance receipts from customers and customer loyalty program points, the Group applies the practical expedient in paragraph 121 of IFRS 15 for other sales contracts and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 25 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	20,425	15,027
Provision for income tax	19,561	20,668
Tax paid	(16,241)	(15,270)
At the end of the year	23,745	20,425
Represented by:		
Taxation payable	23,745	20,425

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 25 Income tax in the consolidated statements 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 statements of financial position and the movement during each year are as follows:

	Credit loss allowance RMB'000	Inventory provision RMB'000	Impairment on property, plant and equipment RMB'000	Fair value change of financial assets RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Total RMB'000
Deferred tax arising from:							
At 1 January 2024	4,265	2,245	138	(5,794)	25,024	(25,514)	364
Recognised in profit or loss	(215)	236	-	-	132	2,145	2,298
Recognised in other comprehensive income	-	-	-	(884)	-	-	(884)
At 31 December 2024 and 1 January 2025	4,050	2,481	138	(6,678)	25,156	(23,369)	1,778
Recognised in profit or loss	2,623	627	-	-	(5,602)	6,051	3,699
Recognised in other comprehensive income	-	-	-	13	-	13	13
At 31 December 2025	6,673	3,108	138	(6,665)	19,554	(17,318)	5,490

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 25 Income tax in the consolidated statements of financial position (Continued)

### (b) (Continued)

#### (ii) Reconciliation to the consolidated statements of financial position

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred tax assets	10,830	7,271
Deferred tax liabilities	(5,340)	(5,493)
	5,490	1,778

### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group did not recognize deferred tax assets of RMB1,523,000 (2024: RMB2,117,000), in respect of cumulative tax losses RMB6,092,000 (2024: RMB8,471,000) as at 31 December 2025. The Group did not recognize deferred tax assets of RMB350,000 (2024: RMB420,000), in respect of cumulative time differences RMB1,403,000 (2024: RMB1,680,000) as at 31 December 2025. It was not probable that future taxable profits against which the losses and time differences can be utilized will be available in the relevant tax jurisdiction and entities.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 26 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 statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each year are set out below:

	Share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total equity RMB'000
<b>Balance at 1 January 2024</b>	160,685	170,505	8,129	–	73,112	412,431
<b>Changes in equity for 2024:</b>						
Total comprehensive income for the year	–	–	–	–	30,622	30,622
Appropriation of reserve	–	–	3,063	–	(3,063)	–
<b>Balance at 31 December 2024 and 1 January 2025</b>	160,685	170,505	11,192	–	100,671	443,053
<b>Changes in equity for the year:</b>						
Profit for the year	–	–	–	–	17,070	17,070
Other comprehensive income	–	–	–	180	–	180
Total comprehensive income for the year	–	–	–	180	17,070	17,250
Appropriation of reserve	–	–	1,707	–	(1,707)	–
Shares issued upon the completion of initial public offering	53,562	53,628	–	–	–	107,190
Issue of ordinary shares by placing	21,393	31,818	–	–	–	53,211
<b>Balance at 31 December 2025</b>	235,640	255,951	12,899	180	116,034	620,704

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 26 Capital, reserves and dividends (Continued)

### (b) Dividends

The directors of the Company did not propose the payment of any dividend as at 31 December 2025 (2024: Nil).

### (c) Share capital

	No. of shares	Share capital RMB'000	Capital reserve RMB'000	Total RMB'000
<b>Issued and fully paid</b>				
At 1 December 2024 and 31 December 2024	160,684,910	160,685	147,996	308,681
Issuance of H Shares through initial public offering (Note (i))	53,562,000	53,562	53,628	107,190
Issue of ordinary shares by placing (Note (ii))	21,392,655	21,393	31,818	53,211
At 31 December 2025	235,639,565	235,640	233,442	469,082

Notes:

- (i) On 31 March 2025, the Company issued 53,562,000 new H shares of RMB1.0 each at a price of HK\$2.5 per share by way of the Hong Kong public offering and international placement (the "Offering"). Consequently, RMB53,562,000 was recorded in share capital. The amount of total proceeds raised from the Offering was HK\$133,905,000 (equivalent to approximately RMB123,568,000). The share capital increased by RMB53,562,000 and corresponding premium of RMB53,628,000 (after deduction of listing expense) was recognized in capital reserve.
- (ii) On 2 December 2025, the Company issued a total of 21,392,655 Placing Shares of RMB1.0 each at a price HK\$2.90 per H Share placed to not less than six Placees. Consequently, RMB21,393,000 was recorded in share capital. The amount of total proceeds raised from the Offering was HK\$62,039,000 (equivalent to approximately RMB56,381,000). The share capital increased by RMB21,393,000 and corresponding premium of RMB31,818,000 (after deduction of issuance costs) was recognized in capital reserve.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 26 Capital, reserves and dividends (Continued)

### (d) Nature and purpose of reserves

#### (i) Capital Reserve

The capital reserve represents:

- the difference between consideration received for ordinary shares subscription net of any transaction costs directly attributable to the subscription and the par value of the ordinary shares subscribed; and
- the difference between the carrying value of the net assets acquired and the consideration paid for the acquisition of the subsidiaries under common control and non-controlling interests.

#### (ii) PRC Statutory reserve

Statutory reserve is established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC.

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

### (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 maintaining a balance between the higher shareholders 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.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 26 Capital, reserves and dividends (Continued)

### (e) Capital management (Continued)

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 interest-bearing loans and borrowings and lease liabilities) plus unaccrued dividends less cash and cash equivalents and restricted cash. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

The Group's adjusted net debt to capital ratio are as follows:

		As at 31 December	
Note	2025 RMB'000	2024 RMB'000	
Current liabilities:			
– Bank loans and other borrowings	20	543,237	409,688
– Lease liabilities	21	22,446	24,720
Non-current liabilities:			
– Bank loans and other borrowings	20	56,140	58,829
– Lease liabilities	21	55,768	75,901
Total debt		677,591	569,138
Less: Cash and cash equivalents	19(a)	(238,430)	(216,858)
Restricted deposits	18	(4,550)	(1,600)
<b>Adjusted net debt</b>		<b>434,611</b>	350,680
Total equity		739,511	540,910
<b>Adjusted capital</b>		<b>739,511</b>	540,910
<b>Adjusted net debt-to-capital ratio</b>		<b>59%</b>	65%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 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 exposures to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (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 receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and pledged deposits is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

#### *Trade receivables*

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 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

As at 31 December 2025, 28% of the total trade receivables were due from the Group's largest customer during the year (2024: 22%) and 57% of the total trade receivables were due from the Group's five largest customers during the year (2024: 49%).

The Group measures loss allowances for 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 customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (a) Credit risk (Continued)

#### *Trade receivables (Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current (not past due)	1.80%	124,566	2,245
Less than 3 months past due	6.35%	75,406	4,788
More than 3 months but less than 6 months past due	7.85%	41,600	3,264
More than 6 months but less than 9 months past due	23.19%	20,818	4,828
More than 9 months but less than 12 months past due	94.39%	2,674	2,524
More than 12 months past due	100.00%	7,190	7,190
		<b>272,254</b>	<b>24,839</b>

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (a) Credit risk (Continued)

#### Trade receivables (Continued)

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.49%	124,365	1,859
Less than 3 months past due	5.91%	46,830	2,768
More than 3 months but less than 6 months past due	28.38%	4,598	1,305
More than 6 months but less than 9 months past due	59.66%	7,489	4,468
More than 9 months but less than 12 months past due	86.98%	960	835
More than 12 months past due	100.00%	3,191	3,191
		<u>187,433</u>	<u>14,426</u>

Expected loss rates are based on provision matrix approach and historical actual credit loss experience over the past years. These rates are adjusted based on the Group's historical credit loss experience, adjusted for factors including customer mix, general market risk and specific conditions to debtors, if any, at the reporting date.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (a) Credit risk (Continued)

#### *Other receivables*

For other receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The management has assessed that during the year, other receivables did not have a significant increase in credit risk since initial recognition. Thus, a 12-month ECL approach that results from possible default event within 12 months of each reporting date is adopted by management. As at 31 December 2025, the loss allowance of other receivables were RMB2,168,000 as at 31 December 2024: RMB2,168,000).

Movement in the loss allowance account in respect of the trade receivables and other receivables during the year is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	16,594	17,536
Loss allowance recognised/(reversed) during the year	10,513	(942)
At the end of the year	27,107	16,594

### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. 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.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 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 reporting date) and the earliest date the Group can be required to pay:

	As at 31 December 2025					Carrying amount at 31 December 2025
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	557,994	41,189	4,507	–	603,690	599,377
Lease liabilities	24,830	15,714	35,181	9,594	85,319	78,214
Trade and bills payables	120,440	–	–	–	120,440	120,440
Other payables and accruals	72,594	–	–	–	72,594	72,594
	<b>775,858</b>	<b>56,903</b>	<b>39,688</b>	<b>9,594</b>	<b>882,043</b>	<b>870,625</b>

	As at 31 December 2024					Carrying amount at 31 December 2024
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings	420,088	51,331	10,130	–	481,549	468,517
Lease liabilities	27,965	24,902	41,855	14,829	109,551	100,621
Trade and bills payables	110,285	–	–	–	110,285	110,285
Other payables and accruals	88,524	–	–	–	88,524	88,524
	<b>646,862</b>	<b>76,233</b>	<b>51,985</b>	<b>14,829</b>	<b>789,909</b>	<b>767,947</b>

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 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 bank loans. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The cash flow interest risk arising from the change of market interest rate on these balances is not considered significant.

The Group's interest rate profile as monitored by management is set out below.

	As at 31 December			
	2025		2024	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
<b>Net fixed rate instruments:</b>				
Bank loans and other borrowings	3.0%–9.4%	526,377	3.2%–8.3%	369,517
Lease Liabilities	4.0%	78,214	4.0%	100,621
Less: Restricted cash	0.95%–1.15%	(4,550)	1.0%	(1,600)
Cash and cash equivalents	0.1%–4.4%	(238,430)	0.1%–4.4%	(216,858)
Total		361,611		251,680
<b>Net variable rate instruments:</b>				
Bank loans and other borrowings	1 Year LPR +0.01%–1 Year LPR +0.60%	73,000	1 Year LPR +0.05%–1 Year LPR +0.6%	99,000



# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (c) Interest rate risk (Continued)

#### *Sensitivity analysis*

As the Group accounts for the above fixed rate financial instruments at amortised cost, change in interest rates would have no impact on the Group's consolidated financial statements information. For the variable rate instruments, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB55,000 as at 31 December 2025 (2024: RMB74,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity 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) and other components of consolidated equity is estimated as an annualized impact on interest expense or income of such a change in interest rates.

### (d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD, HKD and AUD.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (d) Currency risk (Continued)

#### (i) Exposure to currency risk

The following table details the Group's exposure as at 31 December 2025 to currency risk arising from the recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB translated using the spot rate of the end of each reporting period. Differences resulting from the translation of the financial statements of the Group's subsidiaries with functional currency other than RMB into the Group's presentation currency are excluded.

	Exposure to foreign currency (expressed in Renminbi) Year ended 31 December	
	2025 USD RMB'000	2024 USD RMB'000
Trade and other receivables	76	101
Cash and cash equivalents	54,950	43,716
Trade and other payables	(3,672)	(3,755)
Overall net exposure	51,354	40,062

	Exposure to foreign currency (expressed in Renminbi) Year ended 31 December	
	2025 HKD RMB'000	2024 HKD RMB'000
Cash and cash equivalents	59,386	43,716
Overall net exposure	59,386	43,716

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (d) Currency risk (Continued)

#### (i) Exposure to currency risk (Continued)

	Exposure to foreign currency (expressed in Renminbi) Year ended 31 December	
	2025 AUD RMB'000	2024 AUD RMB'000
Cash and cash equivalents	80	118
Overall net exposure	80	118

#### (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 each reporting period had changed at that date, assuming all other risk variables remained constant.

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, translated into RMB at the exchange rate ruling at the end of each reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of entities whose functional currency is not RMB. The analysis is performed on the same basis for 2024.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (d) Currency risk (Continued)

#### (ii) Sensitivity analysis (Continued)

	Year ended 31 December					
	2025			2024		
	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates %	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
USD	5%	2,561	2,561	5%	2,000	2,000
	-5%	(2,561)	(2,561)	-5%	(2,000)	(2,000)
HKD	5%	2,243	2,243	5%	4	4
	-5%	(2,243)	(2,243)	-5%	(4)	(4)
AUD	5%	4	4	5%	7	7
	-5%	(4)	(4)	-5%	(7)	(7)

### (e) Fair value measurement

#### (i) Financial assets 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 each 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.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (e) Fair value measurement (Continued)

#### (i) Financial assets measured at fair value (Continued)

##### Fair value hierarchy (Continued)

Analysis on fair value measurement of financial instruments as at 31 December 2025 are as follows:

Recurring fair value measurement	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into		
	RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets:				
<b>Financial assets at FVOCI:</b>				
– Unlisted equity securities	56,659	–	–	56,659
Recurring fair value measurement				
	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
	RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets:				
<b>Financial assets at FVOCI:</b>				
– Unlisted equity securities	31,710	–	–	31,710

During the year ended 31 December 2025, there were no transfers, or transfers into or out of Level 3 (2024: nil). 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.

Any gain or loss arising from the remeasurement of the Group's unlisted equity security held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity security, the amount accumulated in other comprehensive income is transferred directly to accumulated losses.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 27 Financial risk management and fair values of financial instruments (Continued)

### (e) Fair value measurement (Continued)

#### (i) Financial assets measured at fair value (Continued)

##### Fair value hierarchy (Continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted equity security	Valuation multiples (Note (i))	Medium market multiples of comparable companies

Note:

- (i) The fair value of certain unlisted investments is determined using valuation multiples adjusted for medium market multiples of comparable companies. The fair value measurement is positively correlated to the medium market multiples of comparable companies. It is estimated that with all other variables held constant, an increase/decrease in change of medium market multiples of comparable companies by 5% would have increased/decreased the Group's comprehensive income for the year by RMB2,125,000 as at 31 December 2025 (2024: RMB1,189,000).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	Financial assets at FVOCI RMB'000
As at 1 January 2024	27,329
Net unrealised gain recognised in other comprehensive income	4,381
As at 31 December 2024 and 1 January 2025	31,710
Payment for purchase	25,000
Net unrealised gain recognised in other comprehensive income	(51)
As at 31 December 2025	56,659

All financial instruments carried at cost or amortised cost are at amounts not materially different from their values as at 31 December 2025 and 2024.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 28 Commitments

Capital commitments outstanding at not provided in the financial statements were as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Authorised and contracted for	11,261	1,453

## 29 Material related party transactions

### (a) Names and relationships of the related parties that had material transactions with the Group

Name of related parties	Relationship
Mr. Gao Feng	Ultimate controlling party of the Group
Ms. Leng Yuemei	Spouse of Mr. Gao Feng
Mr. Zhang Jiaan	Director of the Group

### (b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	3,080	3,157
Contribution to defined retirement plans	49	55
	3,129	3,212

Total remuneration is included in staff costs (see Note 6(b)).

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 29 Material related party transactions (Continued)

### (c) Guarantees issued by related parties

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Guarantees for granting bank loans and other borrowings	365,406	327,040

As at 31 December 2025 and 2024, certain facilities granted to the Group were guaranteed by Mr. Gao Feng, the controlling shareholder, and his spouse Ms. Leng Yuemei, Mr. Zhang Jiaan, the controlling shareholder, and Ms. Yin Qin, the key management personnel.

### (d) Leasing arrangement

In October 2022, the Group entered into a six-year lease in respect of one leasehold property from Mr. Zhang Jiaan for retail store operation. The amount of rent payable by the Group under the lease is RMB100,000 per year, which was determined with reference to amounts charged by Mr. Zhang Jiaan to third parties. At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of RMB570,000.

### (e) Significant related party balances:

The Group had following trade in nature balances with related parties:

#### Trade in nature

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<b>Lease liabilities</b>		
Zhang Jiaan	210	309

### (f) Applicability of the Listing Rules relating to connected transactions

The related party transactions above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 30 Company-level statement of financial position

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	240,753	274,841
Investments in subsidiaries	93,317	93,317
Financial assets at FVOCI	25,239	–
Deferred tax assets	10,662	7,250
	<b>369,971</b>	375,408
<b>Current assets</b>		
Inventories	345,787	255,017
Trade and bills receivables	396,234	189,062
Prepayments, deposits and other receivables	218,720	287,309
Restricted deposits	4,500	1,600
Cash and cash equivalents	130,259	72,251
	<b>1,095,500</b>	805,239
<b>Current liabilities</b>		
Bank loans and other borrowings	377,124	259,037
Lease liabilities	22,446	24,720
Trade and bills payables	138,431	100,865
Other payables and accruals	67,289	145,080
Contract liabilities	126,664	67,858
Taxation payable	18,320	15,316
	<b>750,274</b>	612,876
<b>Net current assets</b>	<b>345,226</b>	192,363
<b>Total assets less current liabilities</b>	<b>715,197</b>	567,771

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 30 Company-level statement of financial position (Continued)

	As at 31 December	
	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>		
Bank loans and other borrowings	38,725	48,817
Lease liabilities	55,768	75,901
	<b>94,493</b>	124,718
<b>Net assets</b>	<b>620,704</b>	443,053
<b>Capital and reserves</b>		
Share capital	235,640	160,685
Reserves	385,064	282,368
<b>Total equity</b>	<b>620,704</b>	443,053

## 31 Immediate and ultimate controlling party

At 31 December 2025, the directors consider the immediate controlling party of the Group to be Mr. Gao Feng, Jiangsu Ruichuanda Investment Co., Ltd., Mr. Yuan Yuan and Mr. Zhang Jiaan. At 31 December 2024, the directors consider the ultimate controlling party of the Group to be Mr. Gao Feng, Mr. Yuan Yuan and Mr. Zhang Jiaan.

# Notes to the Financial Statements

(Expressed in Renminbi Yuan)

## 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 the 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 the 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, <i>Financial instruments</i> and IFRS 7: <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

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.

### 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.