

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**碧生源控股有限公司**

**BESUNYEN HOLDINGS COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 926)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

The revenue of the Group for 2025 was RMB494.3 million, representing an increase of 2.1% as compared with the revenue of RMB484.3 million for 2024.

The gross profit of the Group for 2025 was RMB346.6 million, representing an increase of 6.4% as compared with the gross profit of RMB325.8 million for 2024. The gross profit margin of the Group for 2025 was 70.1%, representing an increase of 2.8 percentage points as compared with the gross profit margin of 67.3% for 2024.

The total operating expenses (including selling and marketing expenses, administrative expenses and research and development costs) of the Group for 2025 were RMB314.7 million, representing a decrease of 1.1% as compared with the total operating expenses of RMB318.2 million for 2024.

The total comprehensive income of the Group for 2025 was RMB20.4 million (for 2024: the total comprehensive income was RMB16.8 million).

The total comprehensive income attributable to owners of the Company for 2025 was RMB20.4 million (for 2024: the total comprehensive income attributable to owners of the Company was RMB16.8 million). The basic and diluted earnings per share attributable to owners of the Company for 2025 were both RMB0.17 (for 2024: the basic and diluted earnings per share attributable to owners of the Company were both RMB0.12).

#### **FINAL DIVIDEND**

The Board has resolved not to recommend for declaration and payment of a final dividend for the year ended 31 December 2025.

The board (the “**Board**”) of directors (the “**Directors**”) of Besunyen Holdings Company Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>Year ended 31 December</b>	
		<b>2025</b>	2024
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>494,322</b>	484,301
Cost of sales		<u><b>(147,740)</b></u>	<u>(158,459)</u>
<b>Gross profit</b>		<u><b>346,582</b></u>	<u>325,842</u>
Selling and marketing expenses		<b>(238,583)</b>	(199,377)
Administrative expenses		<b>(66,626)</b>	(89,512)
Research and development costs		<b>(9,497)</b>	(29,359)
Impairment losses under expected credit loss model, net		<b>(3,780)</b>	(1,699)
Other income		<b>3,921</b>	11,835
Other expenses		<b>(1,775)</b>	(517)
Other (losses) gains, net	4	<b>(2,746)</b>	4,664
Losses on disposal of subsidiaries	11	<u>—</u>	<u>(326)</u>
<b>Operating profit</b>		<u><b>27,496</b></u>	<u>21,551</u>
Finance income		<b>374</b>	1,121
Finance costs		<u><b>(370)</b></u>	<u>(228)</u>
Finance income, net		<u><b>4</b></u>	<u>893</u>
Share of profit of joint ventures		<u><b>4,650</b></u>	<u>5,077</u>
<b>Profit before income tax</b>		<u><b>32,150</b></u>	<u>27,521</u>
Income tax expense	6	<u><b>(11,707)</b></u>	<u>(12,717)</u>
<b>Profit for the year attributable to owners of the Company</b>		<u><b>20,443</b></u>	<u>14,804</u>

		<b>Year ended 31 December</b>	
		<b>2025</b>	2024
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Other comprehensive income</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>—</u>	<u>2,028</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>20,443</b></u>	<u>16,832</u>
<b>Earnings per share attributable to owners of the Company for the year (RMB):</b>			
Basic and diluted	7	<u><b>0.17</b></u>	<u>0.12</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December 2025	As at 31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		99,394	108,087
Right-of-use assets		20,669	21,752
Intangible assets		1,720	1,774
Interests in joint ventures		8,129	10,689
Financial assets measured at fair value through profit or loss	8	140,960	79,434
Loan receivable	9	—	69,793
Deferred income tax assets		24,515	33,802
<b>Total non-current assets</b>		<b>295,387</b>	<b>325,331</b>
<b>Current assets</b>			
Inventories		29,098	26,411
Trade receivables	10	28,281	20,592
Deposits, prepayments and other receivables		32,612	40,547
Restricted bank deposits		—	13,657
Cash and cash equivalents		177,926	134,155
<b>Total current assets</b>		<b>267,917</b>	<b>235,362</b>
<b>Total assets</b>		<b>563,304</b>	<b>560,693</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	288	288
Share premium		911,622	939,484
Other reserves		348,285	347,973
Accumulated losses		(791,926)	(812,369)
<b>Total equity</b>		<b>468,269</b>	<b>475,376</b>

		As at 31 December 2025	As at 31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred government grants		1,915	2,051
Lease liabilities		1,780	2,474
Deferred income tax liabilities		1,396	1,407
		<u>5,091</u>	<u>5,932</u>
<b>Total non-current liabilities</b>			
<b>Current liabilities</b>			
Trade payables	12	3,191	3,156
Other payables and accrued expenses		77,535	66,156
Contract liabilities		6,056	6,487
Lease liabilities		3,159	3,207
Current income tax liabilities		3	379
		<u>89,944</u>	<u>79,385</u>
<b>Total current liabilities</b>			
		<u>95,035</u>	<u>85,317</u>
<b>Total liabilities</b>			
		<u>563,304</u>	<u>560,693</u>
<b>Total equity and liabilities</b>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

## 1 GENERAL INFORMATION

Besunyen Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Its immediate holding company is Foreshore Holding Group Limited, which is incorporated in the British Virgin Islands. Its ultimate holding company is Green River Fiduciary Services, LLC which is incorporated in the United States of America. Its ultimate controlling parties are Zhao Yihong, who is the Chairman of the board of directors (the “**Board**”) and Chief Strategy Officer of the Company, and Gao Yan, who is the Vice Chairlady of the Board. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are manufacturing and sales of therapeutic tea products, including Detox tea, Slimming tea, Fit tea, Relief tea and other tea products, and sales of weight-loss and other medicines.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). IFRS Accounting Standards comprise the following authoritative literature:

- International Financial Reporting Standards (“**IFRSs**”),
- International Accounting Standards, and
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee.

### (a) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which were measured at fair value through profit or loss (“**FVTPL**”).

### (b) New and amended IFRS Accounting Standards adopted by the Group

The Group has applied the following amendment to an IFRS Accounting Standards for the first time for its annual reporting period commencing 1 January 2025:

- Lack of Exchangeability — Amendments to IAS 21

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(c) **New and amended standards not yet adopted**

Certain new and amended IFRS Accounting Standards have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027

Except for the new and amended IFRS Accounting standards mentioned below, the directors of the Company (the “**Directors**”) anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

***Impact of IFRS 18***

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

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following item might potentially impact operating profit:
  - Foreign exchange differences currently aggregated in the line item "Other gains, net" in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
  - management-defined performance measures;
  - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss — this break-down is only required for certain nature expenses; and
  - for the first annual period of application of IFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

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

### 3 REVENUE AND SEGMENT INFORMATION

The executive directors of the Company, identified as the chief operating decision makers (“CODM”), review the Group’s internal reporting in order to assess performance and allocate resources.

The CODM had identified the manufacturing and sales of tea products (including Detox tea, Slimming tea, Fit tea, Relief tea and others) and sales of weight-loss and other medicines as separate reportable segments, namely the tea products segment and the weight-loss and other medicines segment.

The CODM evaluates the performance of the reportable segments based on their revenue, gross profit and operating results which derived from gross profit deducting selling and marketing expenses and research and development costs. The CODM does not assess the assets and liabilities of the operating segments to allocate resources.

#### (a) Revenue

The revenue segment information reported to CODM for the years ended 31 December 2025 and 2024 is as follows:

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Tea products segment		
— Detox tea	49,804	79,911
— Slimming tea	106,182	98,935
— Fit tea	86,196	71,219
— Relief tea	5,413	6,571
— Others	49,611	69,547
	<u>297,206</u>	<u>326,183</u>
Weight-loss and other medicines segment		
— Weight-loss medicines	184,866	147,999
— Other medicines	12,250	10,119
	<u>197,116</u>	<u>158,118</u>
	<u>494,322</u>	<u>484,301</u>

#### *Information about major customers*

Revenue from customer contributing over 10% of the total revenue of the Group for the respective years is as follow:

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Customer A	<u>115,153</u>	N/A <i>(Note (a))</i>

*Note:*

(a) No customer contribute over 10% of the total revenue of the Group in 2024.

(b) **Segment information**

The segment results for the year ended 31 December 2025 are as follows:

	Tea products segment <i>RMB'000</i>	Weight-loss and other medicines segment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Total revenue</b>	<u>297,206</u>	<u>197,116</u>	<u>494,322</u>
Revenue from external customers	297,206	197,116	494,322
Timing of revenue recognition			
At a point in time	297,206	197,116	494,322
Cost of sales	<u>(62,900)</u>	<u>(84,840)</u>	<u>(147,740)</u>
Gross profit	234,306	112,276	346,582
Selling and marketing expenses	(136,066)	(102,517)	(238,583)
Research and development costs	<u>(5,407)</u>	<u>(4,090)</u>	<u>(9,497)</u>
<b>Segment results</b>	<u>92,833</u>	<u>5,669</u>	<u>98,502</u>
Administrative expenses			(66,626)
Impairment losses under expected credit losses model, net			(3,780)
Other income			3,921
Other expenses			(1,775)
Other losses, net			<u>(2,746)</u>
Operating profit			<u>27,496</u>
Finance income			374
Finance costs			<u>(370)</u>
Finance income, net			<u>4</u>
Share of profit of joint ventures			<u>4,650</u>
Profit before income tax			32,150
Income tax expense			<u>(11,707)</u>
Profit for the year			<u><u>20,443</u></u>
Other segment information:			
Depreciation	(18,490)	(1,062)	(19,552)
Amortisation	<u>(356)</u>	<u>(17)</u>	<u>(373)</u>

The segment results for the year ended 31 December 2024 are as follows:

	<b>Tea products segment RMB'000</b>	<b>Weight-loss and other medicines segment RMB'000</b>	<b>Total RMB'000</b>
<b>Total revenue</b>	326,183	158,118	484,301
Revenue from external customers	326,183	158,118	484,301
Timing of revenue recognition			
At a point in time	326,183	158,118	484,301
Cost of sales	(77,749)	(80,710)	(158,459)
Gross profit	248,434	77,408	325,842
Selling and marketing expenses	(114,191)	(85,186)	(199,377)
Research and development costs	(8,045)	(21,314)	(29,359)
<b>Segment results</b>	126,198	(29,092)	97,106
Administrative expenses			(89,512)
Impairment losses under expected credit losses model, net			(1,699)
Other income			11,835
Other expenses			(517)
Other gains, net			4,664
Losses on disposal of subsidiaries			(326)
Operating profit			21,551
Finance income			1,121
Finance costs			(228)
Finance income, net			893
Share of profit of joint ventures			5,077
Profit before income tax			27,521
Income tax expense			(12,717)
Profit for the year			14,804
Other segment information:			
Depreciation	(16,446)	(1,130)	(17,576)
Amortisation	(310)	(66)	(376)

As at 31 December 2025, non-current assets of the Group except for those amounting to RMB2,965,000 (31 December 2024: RMB2,888,000) are all located in the PRC.

Non-current assets excluded financial assets measured at fair value through profit or loss, loan receivable, deferred income tax assets and interests in joint ventures.

#### 4 OTHER (LOSSES) GAINS, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net fair value gains on wealth management products and structured deposits measured at FVTPL ( <i>Note 8(a)</i> )	1,773	1,992
Net fair value gains on debt securities measured at FVTPL ( <i>Note 8(b)</i> )	—	415
Net fair value losses on financial assets measured at FVTPL ( <i>Note 8</i> )	(9,045)	(1,435)
Donation	(230)	(790)
Net gains/(losses) on disposals of property, plant and equipment and land use rights assets	452	(39)
Net foreign exchange losses	(760)	(1,694)
Others	5,064	6,215
	<u>(2,746)</u>	<u>4,664</u>

#### 5 INVESTMENT IN A SEGREGATED PORTFOLIO OF FUND (THE “FUND”)

On 5 October 2023, the Group subscribed the 100% participating shares of Central China Dragon Global Opportunity Fund SPC (“**SPC Fund**”) at HK\$100 million (equivalent to approximately RMB91,747,000) in respect of Central China Dragon Global Opportunity Fund SP6「中州龍騰環球機會六號基金」, which is a segregated portfolio of the SPC Fund (“**GOSP6**”), in accordance with the subscription application form signed with the SPC Fund and a third party asset management company, Central China Asset Management Company Limited (the “**Fund Manager**”) for the purpose of wealth management. As the Company is the only equity holder of GOSP6, and the fee paid to the Fund Manager is comparable to its service provided as an agent, the Group controls GOSP6. As a result, the directors of the Company considered that it is appropriate to consolidate the GOSP6, since the establishment of the investment.

On 26 March 2025, the Group submitted a redemption notice to the Fund Manager to redeem the Group’s investments in the Fund according to the Private Placement Memorandum. However, the Fund Manager had only returned HK\$10 million in August 2025, which approximates 10% of the Group’s investments in the Fund. Up to the date of this announcement, Management was unable to obtain the requested information about the Fund and the return of the remaining balance of the Group’s investments in the Fund. In December 2025, the Group’s legal representative issued two legal letters to the Fund Manager demanding the provision of the following information:

- (i) the 2024 audited financial statements of the Fund;
- (ii) the Net Asset Value Report for the third quarter of 2025 of the Fund;
- (iii) valuation statement of the Preferred Share Investment;
- (iv) details of the Fund’s investments, methodology adopted in determining fair values of the investments, and a report on the development of the Fund’s investments;
- (v) Minutes and decision of the board of directors or investment committee on the Group’s redemption request; and
- (vi) Plan and timetable for the return of the Group’s investment.

Management reassessed the Group's power over the Fund and concluded that the Group is unable to direct the Fund Manager or remove them. Therefore, the Group already has no control over the Fund. Consequently, the Fund was deconsolidated in 2025, and the carrying amounts of the underlying assets and liabilities, held by the Fund, were combined and reclassified as a single financial asset as an investment in financial asset measured at fair value through profit or loss. The reclassification was recorded at their aggregate carrying amount on the date of reclassification.

In circumstance of the aforesaid, the Group has initiated, with the support of independent legal advice, a number of measures including the demand of information, instruction to redeem the investment. Up to the date of this announcement, a specific redemption plan has not yet been provided by the Fund Manager.

At 31 December 2024, the composition of the underlying major investments in the Fund included (i) restricted bank deposits of approximately RMB13,548,000; (ii) amount of approximately RMB12,947,000 represented an investment of 3,318,470 preferred shares in a private pharmaceutical company amounting to USD1,800,000, which was acquired in November 2023 (“**Preferred Share Investment**”) (Note 8); and (iii) amount of approximately RMB69,793,000 (including principal of approximately RMB64,823,000 and accrued interest of approximately RMB4,970,000) of a three-year private loan to a third-party (the “**Loan Receivable**”), a company incorporated in BVI (the “**Borrower**”) (Note 9). According to a term sheet of the loan provided by the Fund Manager, the loan principal amounted to HK\$70,000,000 and the loan is secured by the Borrower's indirect equity interests in a private company incorporated in the PRC and guaranteed by an individual who is a 100% shareholder of the Borrower. The interest rate of the private loan is fixed at 8% per annum. During the year ended 31 December 2024, the Group accrued related interest amounting to HK\$5,367,000 (equivalent to approximately RMB4,899,000). The private loan is measured at amortised cost net of impairment charge. Based on a net asset value statement provided by the Fund Manager, the Company considers the recoverable amount of the private loan approximates its carrying value, accordingly no provision for impairment charge was made for the loan.

At 31 December 2025, the investments in the Fund is recognised as a single financial asset in financial assets measured at fair value through profit or loss amounting to approximately RMB86,505,000 (Note 8). The composition of the underlying major investments in the Fund at 31 December 2025 included (i) restricted bank deposits of approximately RMB4,288,000, (ii) amount of approximately RMB12,947,000 represented the Preferred Share investment; and (iii) amount of approximately RMB69,793,000 (including principal of approximately RMB64,823,000 and accrued interest of approximately RMB4,970,000) represented the Loan Receivable.

## 6 INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax	2,431	4,273
Deferred income tax	9,276	8,444
<b>Income tax expense</b>	<b>11,707</b>	<b>12,717</b>

The Company was incorporated in the Cayman Islands and Besunyen Investment (BVI) Co. Ltd. was incorporated in the BVI and they are tax exempted under the tax laws of the Cayman Islands and the BVI respectively.

Certain subsidiaries of the Group are Hong Kong tax residents and subject to Hong Kong profits tax.

Hong Kong profits tax is subject to the two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits in the first HK\$2 million and 16.5% for any assessable profits in excess.

Tibet Besunyen Trading Co., Ltd. and Beijing Qianruiwanfu Technology Co., Ltd. (formerly known as Tibet Qianruiwanfu Venture Investment Co., Ltd) (“**Qianruiwanfu**”) established by the Group in February 2017, are entitled to the preferential policy of Encouraged Industries in the West Regions in Tibet from the date of establishment to 31 December 2024, for which the applicable income tax rate is 15%.

In October 2023, Beijing Outsell Health Product Development Co., Ltd. (“**Beijing Outsell**”) obtained the High and New Technology Enterprise (“**HNTE**”) qualification for three years from 2023 to 2026, for which the applicable income tax rate is 15% (2024: 15%).

Hangzhou Aoteshuer E-Commerce Co., Ltd is entitled to the preferential policy of Small and Micro-sized enterprises from the date of establishment to 31 December 2025, for which the applicable income tax rate is 5%.

All other PRC subsidiaries of the Group are subject to the statutory corporate income tax rate of 25% (2024: 25%).

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year.

	2025	2024
Profit attributable to owners of the Company ( <i>RMB'000</i> )	<u>20,443</u>	<u>14,804</u>
Weighted-average number of ordinary shares in issue ( <i>thousands</i> )	<u>122,266</u>	<u>122,266</u>
Basic earnings per share ( <i>RMB</i> )	<u>0.17</u>	<u>0.12</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted earnings per share).

The computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options granted in 2025 and 2024 as the exercise prices of the share options were higher than the average market price of the Company's shares at the period when the share options were outstanding.

## 8 FINANCIAL ASSETS MEASURED AT FVTPL

Financial assets mandatorily measured at FVTPL include the following:

	As at 31 December 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
<b>Non-current assets</b>		
Investments in GOSP6 / Investments held by GOSP6 ( <i>note c and Note 5</i> )	86,505	12,947
Equity investment in private companies ( <i>note d</i> )	1,673	18,471
Investments in funds ( <i>note e</i> )	<u>52,782</u>	<u>48,016</u>
	<u>140,960</u>	<u>79,434</u>

During the year, the following were recognised in profit or loss:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Realised fair value gains recognised in “Other gains, net”</b>		
Wealth management products and structured deposits <i>(note a and Note 4)</i>	1,773	1,992
Investments in debt securities <i>(note b and Note 4)</i>	—	415
Investments in funds <i>(note e and Note 4)</i>	585	314
	<u>2,358</u>	<u>2,721</u>
<b>Unrealised fair value (losses)/gains</b>		
Investments in GOSP6/Investments held by GOSP6 <i>(note c, Note 4 and Note 5)</i>	(207)	(68)
Equity investment in private companies <i>(note d and Note 4)</i>	(16,798)	(1,409)
Investments in funds <i>(note e and Note 4)</i>	7,375	(272)
	<u>(9,630)</u>	<u>(1,749)</u>
	<u>(7,272)</u>	<u>972</u>

*Note:*

- a. The Group’s wealth management products and structured deposits purchased from commercial financial institutes are denominated in RMB, with expected rates of return ranging from 1.40% to 2.45% per annum for the year ended 31 December 2025 (2024: 2.14% to 2.90%). The returns of these wealth management products and structured deposits are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at FVTPL, and the fair values are based on discounted cash flow using the expected return based on management estimation and are within level 3 of the fair value hierarchy. There are no balance amounts as at 31 December 2025 and 2024.
- b. The investments in debt securities are fixed-rate corporate bonds denominated in US\$, and are mainly issued by corporates and banks and the fair value of such debt securities was determined based on quoted price on bond market. As at 31 December 2024, the abovementioned investments have been fully redeemed.
- c. As at 31 December 2025, the fair values of the investments in GOSP6 are determined by the management based on the readily available information provided by the Fund Manager. As at 31 December 2024, the fair values of Preferred Share Investment held by GOSP6 are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.
- d. The fair values of equity investment in private companies are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.
- e. The fair values of investments in funds are measured using a valuation technique with unobservable inputs and hence classified as level 3 of the fair value hierarchy.

In August 2024, Beijing Outsell, a subsidiary of the Group, invested RMB13.4 million in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) (“Yuanxing”) to acquire 16.067% equity interest of Yuanxing. Considering that the Group can neither control nor exercise significant influence on Yuanxing, the management recognised this investment as financial assets measured at FVTPL.

## 9 LOAN RECEIVABLE

	As at 31 December 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Loan receivable ( <i>Note 5</i> )	—	69,793

This represented a private loan advanced to a third party. The details of the loan receivable are disclosed in Note 5.

## 10 TRADE RECEIVABLES

	As at 31 December 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Trade receivables	28,373	20,633
Less: Loss allowance	(92)	(41)
	<u>28,281</u>	<u>20,592</u>

The Group allows a credit period of 30–90 days to its customers. The following is an aging analysis of trade receivables (net of loss allowance) based on the dates of deliveries of the related goods to the customers, which are approximate to their invoice date:

	As at 31 December 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
0–90 days	27,583	20,398
91–180 days	589	57
181–365 days	33	86
Over 365 days	76	51
	<u>28,281</u>	<u>20,592</u>

## 11 DISPOSALS OF SUBSIDIARIES

### (a) Disposals of Zhuhai Kangbaina Pharmaceutical Co., Ltd. (“Kangbaina”)

Pursuant to an equity transfer agreement entered into by Qianruiwanfu and an independent third party, Zhuhai Hengqin Duomei Medical Technology Co., Ltd. (“**Hengqin Duomei**”) dated on 20 November 2023, Qianruiwanfu has agreed to dispose of 100% equity interests in Kangbaina, which is a wholly-owned subsidiary of Qianruiwanfu, to Hengqin Duomei, at a cash consideration of RMB3,000,000. On 10 April 2024, the disposal of Kangbaina was completed and resulted in a net loss of approximately RMB326,000.

(i) Details of net loss on the disposal were as below:

	<b>2024</b> <b>RMB’000</b>
Total cash consideration ( <i>note</i> )	3,000
Carrying amount of net assets of Kangbaina at the date of disposal	<u>(3,326)</u>
<b>Net loss on the disposal of Kangbaina</b>	<b><u>(326)</u></b>

*note:*

The consideration of RMB3,000,000 was prepaid by Hengqin Duomei on 29 December 2023 as deposits for the transaction.

(ii) The carrying amounts of net assets of Kangbaina as at the date of disposal was as below:

	<b>As at</b> <b>10 April 2024</b> <b>RMB’000</b>
Property, plant and equipment	93
Intangible assets	649
Inventories	101
Trade receivables	2,629
Deposits, prepayments and other receivables	348
Cash and cash equivalents	<u>339</u>
<b>Total assets</b>	<b><u>4,159</u></b>
Deferred income tax liabilities	(162)
Trade and bills payables	(80)
Other payables and accrued expenses	(438)
Contract liabilities	<u>(153)</u>
<b>Total liabilities</b>	<b><u>(833)</u></b>
<b>Carrying amount of net assets of Kangbaina at the date of disposal</b>	<b><u>3,326</u></b>

(iii) The cash flows from the disposal of Kangbaina were as below:

	<b>2024</b> <b>RMB'000</b>
Cash received	—
Cash and cash equivalents disposed	<u>(339)</u>
<b>Cash outflow from disposal of Kangbaina, net</b>	<b><u><u>(339)</u></u></b>

## 12 TRADE PAYABLES

The aging analysis of the trade payables based on their respective invoice and issue dates are as follows:

	As at 31 December 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
0–90 days	3,178	3,087
Over 180 days	<u>13</u>	<u>69</u>
	<b><u><u>3,191</u></u></b>	<b><u><u>3,156</u></u></b>

## 13 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of ordinary shares	Nominal value of ordinary shares <i>US\$</i>	Equivalent nominal value of ordinary share <i>RMB'000</i>
<i>Authorised:</i>			
Ordinary shares of US\$0.0003333332 each			
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>150,000,000</u>	<u>50,000</u>	<u>341</u>
<i>Issued and fully paid:</i>			
At 1 January 2024, 31 December 2024 and 31 December 2025	<u>122,265,585</u>	<u>40,755</u>	<u>288</u>

## 14 DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 Interim — HK\$0.15 (2024: 2024 interim dividend HK\$0.9) per ordinary share	16,725	99,624
2024 Final — HK\$0.10 (2024: 2023 final dividend: nil) per ordinary share	<u>11,137</u>	<u>—</u>
	<u><b>27,862</b></u>	<u><b>99,624</b></u>

On 25 August 2025, the Board has declared a dividend of HK\$0.15 per share, amounting to a total dividend of HK\$18,340,000 (equivalent to approximately RMB16,725,000).

The Board has resolved not to declare and pay any final dividend in respect of the year ended 31 December 2025 (2024: final dividend in respect of the year ended 31 December 2024 of HK\$0.10).

## **EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT**

The auditor has issued a qualified opinion in the independent auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2025. The details of which are extracted as follows:

### **Our qualified opinion**

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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 QUALIFIED OPINION**

#### **Limitation of scope — valuation of investments in a segregated portfolio of a fund**

As disclosed in Note 12(c) to the consolidated financial statements, the Group invested in a segregated portfolio of a fund (the “**Fund**”) managed by a third-party asset management company (the “**Fund Manager**”). The carrying value of the investments in the Fund was RMB86,505,000 at 31 December 2025. As disclosed in Note 12(c) to the consolidated financial statements, the Fund was consolidated in the Group’s consolidated financial statements since its establishment in October 2023 due to management believing the Group had control over the Fund and the Fund Manager. During 2025, as described in Note 12(c), management has reassessed and considered the Group already has no control over the Fund. Consequently, the Fund was deconsolidated in 2025, and the carrying amounts of the underlying assets and liabilities, held by the Fund, were combined and reclassified as a single financial asset as an investment in a financial asset measured at fair value through profit or loss. The reclassification was recorded at their aggregate carrying amount on the date of reclassification.

The carrying value of the Fund as at 31 December 2025 is determined by the management based on the information provided by the Fund Manager. The basis for determining the fair value of the Fund as at 31 December 2025, including the methodology and assumptions adopted in the valuation were not available. Also as disclosed in Note 12(c), management was unable to obtain information of the investments of the Fund including but not limited to the details of the Fund's investments, methodology adopted in determining fair value of the investments, and a report on the development of the Fund's investments.

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed a qualified opinion due to limitation of audit scope in relation to the investments in a segregated portfolio of the Fund as to the limitation of scope in obtaining sufficient and appropriate evidence to support: 1) the existence, classification, measurement, impairment and related disclosures of the Loan Receivable (including principal and accrued interest) of RMB69,793,000; and 2) the fair value and the disclosures on the fair value assessment of the Preferred Share Investment amounting to HK\$13,981,000 (equivalent to approximately RMB12,947,000).

As a result of the matters described above, we were not able to obtain sufficient and appropriate evidence and there were no alternative audit procedures that we could perform to satisfy ourselves as to (1) whether the fair value of the Fund as at 31 December 2025 and the related fair value change recognised in profit or loss account and whether disclosures on the fair value assessment of the Fund in the consolidated financial statements for the year ended 31 December 2025 were sufficient and appropriate, (2) whether the effects of the transactions related to the Fund, including the related cashflows, have been properly accounted for and disclosed in the consolidated financial statements for the year ended 31 December 2025 and (3) whether the existence, classification, measurement, impairment, fair value and related disclosures in relation to the investments in a segregated portfolio of the Fund in the consolidated financial statements for the year ended 31 December 2024 were sufficient and appropriate. Furthermore, any adjustments to the figures as described above in relation to the Fund as at 31 December 2024 might have a consequential effect on the financial position of the Group as at 31 December 2024 presented as comparative figures in these consolidated financial statements and hence affect the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) as issued by the International Auditing and Assurance Standards Board. 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 qualified opinion.

## **SCOPE OF WORK OF RONGCHENG (HK) CPA LIMITED**

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2025 in this preliminary announcement as set out above have been agreed by the Group’s auditor, Rongcheng (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Rongcheng (HK) CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Rongcheng (HK) CPA Limited on the preliminary announcement.

## **BUSINESS REVIEW AND PROSPECTS**

### **OVERVIEW**

During the Reporting Period, the Group achieved revenue of RMB494.3 million and net profit attributable to the parent company of RMB20.4 million. These results were accomplished amid a complex backdrop of macroeconomic headwinds, profound shifts in consumer demand and increasingly stringent industry regulations. They reflect the Company’s commitment to deepening reforms and pursuing bold innovation. Since the launch of the business partnership system reform in September 2023, and following more than two years of continuous refinement and enhancement, the benefits of this reform have become increasingly evident this year, laying a solid foundation for the Group’s high-quality development.

### **I. Core Operational Highlights for 2025**

1. System reform for efficiency improvement: In July 2025, the Group further deepened the partnership system reform for the OTC segment by consolidating four regional companies into a single unified entity. This initiative addressed issues such as cross-region goods diversion and low-price/disordered pricing, thereby enhancing channel collaboration. Meanwhile, the e-commerce segment shifted its focus toward profit-driven growth, with new business on Douyin and Kuaishou achieving rapid growth. The segment was recognized as the “Douyin E-commerce Pharmaceutical Annual Breakthrough Brand”, establishing itself as a core engine for performance growth.
2. Brand marketing upgrade: A rejuvenated brand communication matrix was established. The Group launched an emotionally resonant short video that garnered over 12 million views, successfully reshaping mindshare among younger demographics. Its full-chain AI content production significantly reduced costs and improved efficiency, establishing core competitiveness in content marketing.

3. Technological research and development empowerment: The Group submitted 4 invention patent applications and secured authorization for 2 patents. Its industry-academia-research achievements with Beijing Technology and Business University were published in a core SCI journal. Moreover, it completed technical variations and new approval applications for 3 health food products, prepared for centralized certificate renewal, and strengthened compliance bottom line.
4. International strategic breakthroughs: The Group obtained NSF certification, demonstrating that its quality management aligns with international standards. In the Middle East market, it partnered with Hibobi, with two core products receiving preliminary certification from the local food and drug administration, paving the way for market entry in 2026.
5. Optimization of production management: The Group upgraded equipment in the granulation workshop to achieve automated production. With domestic production licenses and relevant quality system certifications, its subsidiary has been awarded an AAA corporate credit rating that solidified its reputation for quality.
6. Fulfillment of social responsibility: The Group managed special charitable funds and conducted paired assistance programs in Hebei and Inner Mongolia to support rural development and help disadvantaged children. It also promoted low-carbon development, and a harmonious balance between operations and environmental protection was achieved through technological upgrades and green packaging initiatives.

## **II. Future Outlook**

In 2026, the health food industry is expected to benefit from policy incentives and opportunities arising from consumption upgrades. By prioritizing consumer health demands and upholding the concept of “herbal, healthy, and quality functional tea”, the Group will develop its two core health sectors, strengthen its multi-category synergistic portfolio, and capitalize on the advantages of traditional Chinese medicine in disease prevention. To achieve these objectives, the Group will focus on advancing the following seven strategies: deepening omni-channel integration; strengthening partner self-governance; seizing new marketing high ground; deepening content marketing; expanding into international markets including Europe, the United States and the Middle East; emphasizing technological innovation and research and development; and advancing digital lean management.

The Group will remain steadfast in its founding mission of “striving for the healthy life of the Chinese people”. With innovation, quality and compliance as the cornerstones of its development, the Group is poised to forge new paths amid industry shifts and contribute to the development of the big health industry.

## **OVERVIEW OF THE GROUP'S OPERATING ENVIRONMENT**

### **I. Overview of the industry where the Group operated**

The Group's core business was the production of health food products, alongside its presence in the food and medicine sales sectors.

In China, health product is a colloquial term for health food. According to China Healthcare Association and the Interpretations of the Food Safety Law of the People's Republic of China, health food is defined as food that has specific health functions or supplement vitamins and minerals intake, which is suitable for consumption by specific groups of people and regulates human body functions, but is not used for the purpose of treating diseases, and should not pose any acute, sub-acute or chronic hazard to the human body.

### **II. Policies of the health food industry**

During the "12th Five-Year" period (2011–2015), the "nutrition and health food manufacturing industry" was included in the national development plan for the first time. In June 2017, the State Council issued the National Nutrition Plan (2017–2030), which explicitly advocated for the robust development of new nutrition and health foods such as health foods, nutrient-fortified foods and double protein foods. The "14th Five-Year" Plan for the Development of Traditional Chinese Medicine was issued in 2022, which identified the development of the Chinese medicine health products sector as a key national priority.

In April 2020, seven ministries and commissions including the State Administration for Market Regulation jointly issued the Special Action Plan for the Clean-up and Rectification of the Health Food Industry (2020–2021), marking a new phase of standardized rectification within the industry.

The year 2023 marked a period of rigorous enforcement of regulatory policies within the health food industry. The Implementation Rules for the Technical Evaluation of New Functions and Products of Health Foods (Trial), the Non-nutrient Supplements in the Catalog of Healthcare Functions that Health Foods Are Permitted to Claim to Possess (2023 Edition) and several other policies were issued successively. These regulations established industry development standards, making brand reputation and product quality the core determinants of market competitiveness.

On 1 November 2024, the State Administration for Market Regulation issued the Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale, stating a five-year transition period for renewal application that establishes a clear pathway for the compliance of legacy products.

Industry regulatory standards were further strengthened in 2025. In September, the National Food Safety Standard: Good Manufacturing Practice for Health Food (GB 17405–2025) was issued to replace the previous 1998 edition. This new standard introduces requirements for food safety management, product recall, and traceability. In October, the Dosage Forms and Technical Requirements for Filings of Health Food Products (2024 Edition) (Draft for Comments) were released, proposing diversification of the dosage forms for health food filings and establishing upper limits on sugar content. In December, the Catalogue of Health Functions Claimed by Authorized Health Food — Aid in Maintaining Joint Health was added and took effect on 1 January 2026. This is the first new function incorporated into the catalogue since the release of the rules for new function evaluation in 2023, marking a significant advancement in China’s market access for health foods with new functions.

The introduction of the aforementioned policies highlights the trend toward increasingly stringent regulatory oversight within the health food industry. By establishing a comprehensive regulatory framework that includes production standards, management of functional claims, product filing procedures, and rectification of legacy products, these policies are steering the industry toward a more standardized development.

### **III. Development of the health product industry**

Driven by the sustained momentum of the “Healthy China” strategy, China’s big health industry occupies a prominent position on the global stage and exhibits substantial growth potential. The health food sector is undergoing a significant transition from scale expansion to high-quality development, solidifying its role as a key growth driver within the big health industry.

#### ***(I) Policy benefits keep rolling out as industry regulations evolve with increasing precision***

In October 2022, the 20th National Congress Report of the CPC explicitly emphasized the need to advance the Healthy China initiative, give strategic priority to ensuring the people’s health and uplift the “Healthy China” initiative to a national strategy. Regulatory authorities have continuously optimized institutional frameworks, establishing a dual mechanism of “innovation-led guidance + standardized management”. This approach has comprehensively strengthened production management and quality control requirements, marking

a significant milestone in market access for new product functions. The ongoing refinement of the policy framework has established a robust institutional foundation to support the high-quality development of the industry.

***(II) Market continues to expand, fueled by robust growth momentum***

From a market size perspective, the health food industry is on a consistent upward climb. According to Euromonitor, the global health food market is projected to exceed USD140.0 billion in 2025, representing a year-on-year increase of 4.62%, while the Chinese market is expected to reach RMB240.0 billion, reflecting an increase of 4.30% year-on-year. Data from iiMedia Research indicates that China's health product market reached RMB355.4 billion in 2024, representing a year-on-year increase of 8.29%, and further climbed to RMB377.5 billion in 2025. It is anticipated that the market will exceed RMB400.0 billion in 2026. Between 2013 and 2025, China's health product market recorded an average annual growth rate of 11.77%, demonstrating strong internal growth momentum.

***(III) Consumer demand is undergoing a profound shift, with functional segmentation becoming the new norm***

The growing awareness of consumer health is driving demand for more refined and functional products. According to recent research by McKinsey, 94% of consumers in China prioritize health as a top daily concern, significantly higher than the 84% observed in the United States. Gen Z and Millennials have emerged as the core demographics for health-related consumption, accounting for over 40% of health-related expenditures in the United States, with 55% of this group identifying fitness as a fundamental aspect of their self-identity. Despite softening consumer sentiment, 51% of consumers have indicated their intention to maintain or increase their spending on health-related products, highlighting the inelastic nature of health consumption.

***(IV) Online market share continues to climb steadily amid a profound transformation in channel structure***

The development of the digital economy has catalyzed a structural shift in sales channels for health foods, with online channels becoming the core sales platform. Online sales of health foods are projected to reach 63.3% in 2025, significantly surpassing traditional offline sales channels. The convenience and broad product variety offered by online channels have become the core factors of consumer engagement. The rapid expansion of cross-border e-commerce has enabled international brands to enter the domestic market without "blue hat" certification, thereby broadening the consumer choices. China's dual-track

system of registration and filing for health foods has effectively lowered barriers to entry, injecting new vitality into the market and promoting diversification across sales channels and product supply.

***(V) Industry concentration remains low, with innovation-driven development emerging as a collective belief***

China's health food industry currently exhibits a structure of "small brands in a large market", with low market concentration among leading players. The industry's CR3 is hovering at around 21%, indicating significant potential for industry consolidation and upgrading. On the demand side, China's aging population continues to grow. By 2024, the number of individuals aged 65 and above surpassed 220 million, providing a strong demographic basis for the health food demand. As industry regulations tighten and consumer demands evolve, there is a growing trend toward enhanced efficacy in health foods. Technological innovation has become the core consensus for industry development, accelerating an industry-wide transformation driven by value creation.

Looking ahead, China's health product industry has entered a new phase of development characterized by simultaneous scale expansion and structural optimization. Fueled by the tripartite forces of demand, regulatory oversight and innovation, the industry is poised to evolve further toward greater standardization, technological advancement and brand consolidation. Brands with strong research and development capabilities and a foundation of consumer trust will secure a more advantageous position in market competition, contributing significant industrial strength to the implementation of the Healthy China strategy.

**IV. Position of the Group's principal activities in the industry**

The Group has cultivated in the area of therapeutic teas, focusing on its research and development, production, sale and promotion for 25 years. Long-term experience accumulation in the industry gives the Company significant competitive advantages in product development and market insight. The Group always adheres to the product strategy of "One Focus and Two Dimensions" with a focus on developing its core products, forming a product matrix with the "Four Health Teas of Besunyen", namely, Besunyen Detox Tea, Slimming Tea, Fit Tea, and Relief Tea as its core. At the same time, it actively expands the market of innovative products such as Orlistat capsules. Through continuous optimization of product structure, upgrade of products and services, and launch of products that meet diversified health needs, the Group has gained recognition and trust from a broad consumer base. According to the statistics of Tmall and JD.com platforms, brand products of Besunyen ranked among the top sellers in health food and weight-loss and slimming categories.

In terms of product quality and production capacity, the Group currently owns 24 approvals for health food (12 for teas, 8 for granules and 4 for capsules) with therapeutic functions covering areas of weight loss, laxative relief, physical fatigue relief, sleep improvement, reduction of skin age spots, immunity enhancement, assistance in lowering blood sugar level and so on. As the largest therapeutic tea enterprise in China, the Group has 12 health tea production lines equipped with the state-of-the-art IMA-C24 fully automatic tea bag machine from Italy, possessing industry-leading production capacity. All the products of the Group have passed the certifications of ISO9001 for quality management, ISO22000 for food safety management and HACCP for critical control point, providing substantial protection to product quality.

In terms of the agency sales business, the Group's agency business developed steadily and healthily. Through continuously optimizing the structure and variety of agent products, the Group significantly streamlined the variety and specification of the agent products, resulting in remarkable improvement in operational quality, with agent products such as Orlistat weight-loss medicine, B420 coffee and collagen ranking among the top sellers within their respective categories.

## **BUSINESS OPERATION AND MANAGEMENT REVIEW**

In September 2023, the Group initiated the reform of the business partnership system and went through continuous improvement and optimization in over two years. In July 2025, the second restructuring was carried out in OTC segment, integrating four original companies operated by subregion into one entity with centralized management to achieve the strategic layout of “nationwide coordination” and foster stronger synergies that would drive the development of offline business through unified goals, direction, and actions. This restructuring has effectively resolved persistent industry issues such as cross-region goods diversion and low-price/disordered pricing under the sub-regional operational model, creating a healthy and orderly market business environment, laying a solid foundation for the sound operation of the OTC segment, and yielding preliminary positive results in the second half of 2025. Facing the industry trends of shrinking retail chains and the digitalization of offline stores, OTC business partners have taken the initiative to strengthen in-depth cooperation with terminal stores, chain headquarters, and agents to optimize business cooperation relationships and achieve mutual benefits and win-win outcomes.

In terms of the e-commerce business sector, after becoming business partners, the employees shifted their business philosophy from merely pursuing scale to focusing on profitability, actively expanding new retail areas in e-commerce, exploring a second growth curve, and achieving rapid growth in new business lines such as Douyin and Kuaishou. By optimizing the product structure, innovative operating model, and marketing strategies, the Group has established a flexible supply chain system, achieving the best operational results since the inception of its e-commerce business. The marketing department strengthened streamlined management in price and channel, providing systematic protection for the quality operation of its business. The IT and logistics departments proactively advanced application of new technologies, comprehensively enhanced operational efficiency and service quality, fully supporting the business development.

During the Reporting Period, the Group carried out its operation and management work centering on five core segments, namely OTC business, e-commerce business, new media operations, international business, and quality management, achieving synergistic development and breakthrough upgrades across various businesses.

**I. OTC Business: Integrating synergies to promote deep cultivation and optimizing structure to seek long-term development**

The offline OTC business is grounded in the reform of the business partnership system, continuously promoting organizational optimization, model innovation, and refined management. In 2025, centering on the strategic objective of “nationwide coordination”, the Group comprehensively enhanced the operational efficiency of offline channels through a series of measures such as the adjustment of the product pricing system, integration of business organizations, construction of O2O systems, and structural deep cultivation of sales regions, thereby consolidating the offline foundation for the sustainable development of the brand.

***(I) Adapting to market changes and scientifically adjusting the product pricing system***

In order to adapt to changes in the market environment and to safeguard product quality and the long-term sustainable development of the brand, the Group has made scientific adjustments to the supply prices of the “Two Teas” 40-bag packaged products sold through offline channels. This price adjustment comprehensively considers cost structure, competitive market landscape, and brand development needs, aiming to further consolidate product market competitiveness, maintain reasonable profit margins across all channel segments, provide stable business expectations for agents and terminal stores, and promote the healthy development of the channel ecosystem.

***(II) Integrating offline business organizations to achieve the “Nationwide Coordination” strategic layout***

Following two years of pilot operations across four branch companies, in order to further strengthen synergistic effectiveness and enhance overall operational efficiency, the Group has decided to integrate the original offline business units into a unified operational system, formally achieving the strategic layout of “nationwide coordination”. The integrated business organization, through unified management, achieves centralized resource allocation and optimization of management processes, enabling the provision of superior and consistent service experiences for customers and partners, and consolidating the synergy for offline business development.

***(III) Innovating marketing models and deepening cooperation with chain channels***

In terms of marketing model innovation, the Group fully explored the value of membership resources of chain pharmacies to conduct joint activities for members with chain terminals. The Company leveraged its core advantages in the e-commerce live streaming sector to assist customers in developing live streaming businesses, and reaching strategic collaborations with various chain terminals and obtaining prime resources. In terms of the new retail business, the Group deepened cooperation with terminal business entities and enhanced interaction and synergy with chains and agents. Fully utilizing O2O, live streaming and other new sales models, it conducted consumer education by utilizing customers’ own platforms and membership resources, and enriched offline customer experience through online and offline interactive communication, so as to attract customers to terminal stores and effectively achieve the increase in market channels.

***(IV) Promoting the construction of OTC models and O2O systems, and bridging the online and offline service chains***

To adapt to the trend of market digitalization, the Group has integrated the O2O instant retail network mapping system into its OTC model construction, focusing on creating an integrated online-to-offline service chain to further enhance terminal response efficiency and provide consumers with a more convenient and high-quality consumption experience. Empowered by the O2O system, offline terminals can better capture online traffic and achieve precise traffic conversion; meanwhile, digital tool support is provided to pharmacy chains to comprehensively enhance their overall operational efficiency and promote the digital upgrade of offline channels.

***(V) Strengthening structural deep cultivation of sales regions and improving the quality of market penetration***

The Group has explicitly set forth structural deep cultivation requirements for each sales region, carrying out systematic construction around multiple dimensions to comprehensively enhance the quality of market penetration:

1. Network layout optimization: terminal coverage structure is optimized, market penetration density is enhanced, full coverage of core areas and deep coverage of key areas are ensured, and the offline sales network is improved;
2. Refined management of inventory structure: refined inventory management capabilities are strengthened, a dynamic inventory monitoring mechanism is established, the balance between market supply and demand is ensured, and inventory turnover costs are reduced;
3. Breakthroughs in core product regions: the implementation and breakthroughs of core products and new products in regional markets are promoted, differentiated promotion strategies based on regional consumption characteristics are formulated, and regional adaptability of products is enhanced;
4. Deepening of KA cooperation model: strategic cooperation with key KA customers is deepened, a sustainable value co-creation cooperation model is established, and the transformation of cooperative relationships from simple supply and sale relationships to value co-creation relationships are promoted.

In 2025, the OTC business took organizational integration as the precursor, price adjustment as the lever, O2O system construction as the breakthrough point, and regional structural cultivation as the focus, to comprehensively promote the quality and efficiency enhancement of offline channels. Under the strategic guidance of “nationwide coordination”, offline business and online e-commerce have formed synergistic resonance, jointly constructing a solid foundation for Besunyen’s omni-channel marketing. Looking ahead, the OTC business will continue to deepen refined operations and strengthen channel empowerment, contributing greater value to the long-term development of the brand.

## **II. E-commerce business: Building a foundation through refined operations, achieving long-term success through multi-dimensional innovation**

Against the industry backdrop of the deep integration of the digital economy and health consumption, the Group's e-commerce business has consistently adhered to being user-centric and innovation-driven, comprehensively promoting the upgrade of operating models and the optimization of channel structures. In 2025, the Group achieved systematic breakthroughs in areas such as pharmaceutical line restructuring, new retail exploration, branding transformation, and content ecosystem construction, establishing a solid digital foundation for the long-term growth of the brand.

### ***(I) Pharmaceutical line: Comprehensive platform governance and omni-channel efficiency upgrade***

Platform adaptation and infrastructure optimization: In response to the upgrade of mainstream platform operating systems, the Group completed the reconstruction of single-product links in the first quarter, activating the new standardized operating system for pharmacy stores. By implementing an intelligent price adjustment model, the "precise allocation" and "reasonable reduction" of promotion expenses were achieved, strengthening the competitiveness of the promotion infrastructure.

Channel focus and structural upgrade: The Group implemented precise channel strategies by withdrawing and merging inefficient platforms while further penetrating high-potential channels such as DingXiang Doctor, Vipshop, and Meituan. Among which, the Meituan channel was upgraded from a single store to a "flagship store + pharmacy" dual-track model, locking in a high-value matrix and completing the strategic reorganization of the small platform business.

Resource efficiency and strategic innovation: Focusing on the mining of organic platform traffic and optimizing allocation logic based on the characteristics of pharmaceutical retail, scaled incremental growth in organic traffic was achieved. Through the dynamic tilting of promotion strategies, the return on investment (ROI) was effectively enhanced, and the annual target for improved expense efficiency was successfully achieved.

### ***(II) Non-pharmaceutical line: Dual leap in full-domain layout and channel efficiency***

During the Reporting Period, the Group's non-pharmaceutical business achieved a dual leap in scale and efficiency through deep channel cultivation and brand reshaping.

1. Second upgrade of channel strategy: The Group's cooperation with JD.com's self-operated business has undergone a strategic upgrade, with core tea beverage categories fully entering warehouses and rapidly reaching the top

of the best-seller lists for sub-categories, strengthening its leadership position in the mainstream market. Meanwhile, the “channel-specific strategy” was deepened: AliHealth transitioned to a direct-shipping model to enhance flexibility; Tmall Supermarket achieved ultimate fulfillment with “half-day delivery” by leveraging 26 warehouses nationwide; and Dewu precisely reached young audiences through scenario-based content, driving synergistic growth in both profitability and brand presence.

2. Operational efficiency improvement and forward-looking layout: The Group has constructed a full-domain traffic matrix represented by virtual digital human live streaming, resulting in a significant improvement in resource efficiency. The “instant hit upon launch” of the new probiotic products has fully validated the Group’s keen market insight and rapid commercialization capabilities. In addition, the Group’s initial participation in Taobao Flash Sale marks its official entry into the instant retail track, laying a first-mover advantage for future service upgrades.

### ***(III) New business lines: Interest-based e-commerce ecosystem and full-domain digital and intelligent operations***

The Group closely follows the evolution of the internet retail paradigm and is deeply rooted in the short video and live streaming ecosystem centered on Douyin and Kuaishou. During the Reporting Period, by virtue of its outstanding operational performance, the Group was officially awarded by Douyin the honor of “2025 Douyin E-commerce Pharmaceutical Annual Breakthrough Brand”, establishing its leading position in the interest-based e-commerce track.

1. Industrialized content middle-office and data-driven core capabilities: The Group has constructed an integrated industrialized content middle-office covering “directing — filming — editing — distribution”, forming a large-scale library of viral materials. Through the digital and intelligent cycle of “content testing — data feedback — dynamic optimization”, user interests are precisely matched, shifting the approach from “people seeking goods” to “goods seeking people”, achieving synergistic growth in both traffic conversion and brand awareness.
2. Model innovation through full-domain reach and KOC ecosystem synergy: Relying on the platform’s decentralized algorithm, the Group has successfully validated a content-driven KOC live streaming model. By integrating “Oriental tea culture” into immersive live streaming scenarios, user stickiness was enhanced; meanwhile, the complementarity between self-operated short videos and the influencer matrix effectively optimized customer acquisition costs and strengthened the brand’s profit resilience under a complex ecosystem.

3. Strategic outlook for instant retail and omni-channel layout: Based on the platform-based O2O trend, the Group has completed its strategic positioning in the new track in a forward-looking manner. This strategic layout is designed to capitalize on future policy opportunities such as pharmaceutical e-commerce by creating a closed-loop experience of “online consultation, instant ordering, and ultra-fast delivery”, and building a long-term moat for brand services.

### **III. New media operations: Digital and intelligent transformation and brand equity reshaping**

In 2025, the Group firmly executed the dual-track strategy of “digital and intelligence empowerment + refined operations”. Through the deep integration of AI (Artificial Intelligence) workflows, the Group has achieved a reconstruction of the underlying logic from traditional marketing to the industrialization of content production. Meanwhile, the Group has shifted from pure scale expansion to asset-based operations centered on “deeply seeded target audiences”, aiming to build a long-term moat for the brand in the health consumption sector and enhance the core competitiveness of the enterprise through the dual drivers of technological efficiency improvement and emotional resonance.

#### ***(I) Technological innovation ushering in the “industrialization era” of content production***

The Group has officially established the Sora2 project team to construct an intelligent creation system based on AI workflows, covering the entire chain from creative generation to video production. In the production of benchmark works such as “Winter Solstice” launched by the Group, AI technology has successfully replaced traditional live-action filming models, significantly reducing the production cost of individual creative short films and substantially optimizing overall human resource efficiency. It represents not only an optimization in cost structure, but also a generational leap in productivity. The practical application of AI technology has ensured that the brand possesses extremely high content response speed and large-scale output capabilities in the era of fragmented communication, significantly enhancing the Group’s operational efficiency and market agility.

#### ***(II) Brand upgrading from functional narrative to value resonance***

The Group achieved a phenomenal reach of 12 million views through the “#Losing weight is actually not that hard” and “Slow is Fast” anti-fraud public welfare videos. The 25th anniversary new brand promotional video deeply integrates Chinese aesthetics with automated factories, fully demonstrating the transparent process of the entire industry chain from herbal essence to technological production. The brand has successfully moved beyond traditional “didactic” marketing and reshaped its brand sovereignty as “young, professional,

and altruistic”. By adhering to the concept of scientific weight loss and fulfilling its social responsibilities, the Group has further consolidated its social credibility as an industry leader, and enhanced its brand premium capability and user loyalty.

### ***(III) Brand operations for precise assetization of public domain traffic***

The Group focused on the accumulation of “deeply seeded” populations, and in conjunction with cross-year integrated marketing such as the “Annual Summary of Health Expenditures”, achieved the leap from “vague exposure” to “data closed-loop”. Through deep user profile insights and precise audience segment construction, the Group successfully established a content marketing system centered on the customer journey in late 2025. The transformation marks a shift in marketing logic from “traffic consumption” to “asset appreciation”. By converting public domain traffic into clear brand digital assets, the Group has effectively reduced long-term customer acquisition costs, laying a solid data foundation for subsequent refined repeat purchase operations and long-term investment value growth.

## **IV. International business: Consolidating the foundation and achieving breakthroughs in market access**

In 2025, the Group’s international business achieved a key leap from fragmented exploration to systematic layout in its “going global” strategy. The team deeply recognizes that product expansion overseas is not merely simple commodity trade, but rather a comprehensive output of brand, standards, and culture; to this end, it has established a core development strategy of “compliance first, certification as the foundation, and precise entry”, systematically advancing its globalized layout and achieving milestone progress in key markets such as the United States and the Middle East. Over the past year, the international business team focused on core tasks and successfully established compliance and market access capabilities for global markets, clearing key obstacles for the brand’s overseas expansion.

### ***(I) Comprehensive strengthening of the compliance foundation***

Compliance is the “first gate” for products entering the international market. In early 2025, the Company initiated a comprehensive compliance review for the US market, and engaged a professional institution, Antion Consulting, to conduct a special audit on the export products of “Slimming Tea”. The Company quickly completed precise adjustments to the products, effectively avoiding customs clearance failures and legal risks due to failure to meet entry standards, thereby paving the way for the smooth entry of the products into the North American market.

## ***(II) Strategic launch of high-end certification***

In order to enter the high-end markets in Latin America and North America, which have extremely stringent requirements for product quality, the Company officially launched the NSF-related certification project with NSF, an international authoritative certification body, in October 2025. The NSF certification certificate has currently been obtained. This certification is not only the acquisition of a “passport” to international markets, but also a comprehensive upgrade of the Company’s entire production management system, marking the formal benchmarking of the Company’s quality management standards against the highest international levels.

## ***(III) Historic breakthroughs achieved in key markets***

In the Middle East market, the Company has established a deep strategic partnership with Hibobi, a leading local e-commerce platform. Based on detailed market research and consumer insights, both parties have jointly selected “Slimming Tea” and “Relief Tea” as the first batch of products to be launched. After half year of unremitting efforts, two products have been successfully submitted and have obtained preliminary certification from the Saudi Food and Drug Authority (SFDA), securing the key “entry ticket” to enter the potential market in the Middle East and laying a solid foundation for the official sale of products and brand establishment in 2026.

## **V. Establishing and improving the quality system to achieve quality objectives**

The CPC Central Committee attaches great importance to food safety work. It clearly states the “four strictest” requirements in food safety to be adhered to, namely “the strictest standards, the strictest supervision, the strictest penalties and the strictest accountability”, to firmly ensure the “food safety” of the general public. The Group always places quality management work at a core position, strives to establish and improve the quality management system, continuously improves quality management methods, and actively addresses quality risks to promote high-quality development with high-quality management.

In 2025, the Group continued to strengthen the education and training of quality management staff. By regularly organizing and participating in quality training organized by regulators and sharing the latest quality information of the industry, all our staff enhanced their quality awareness and were equipped with professional skills and knowledge to ensure the effective implementation and continuous improvement of the quality system. In strict adherence to the project improvement plan, the Company constantly identified issues in quality management, formulated specific improvement measures and tracked implementation effects to achieve continuous optimization of the quality system. In addition, through conducting regular internal

reviews and external certification reviews, it promptly identified and corrected deficiencies in the running system to gain the trust and recognition of customers and third party institutions.

The Group has established a complete and compliant production quality management system in strict accordance with the laws and regulations including the Food Safety Law, the National Food Safety Standards — Good Manufacturing Practices for Health Food (GB17405), the Rules for the Examination of Production Permits for Health Food, the National Food Safety Standards — Health Food (GB16740), the Regulations on the Labeling of Health Food (Wei Jian Fa [1996] No. 38), and the Guidelines for Warning Words on the Labeling of Health Food. On this basis, the Group smoothly passed the ISO9001 quality management system, ISO22000 food safety management system and HACCP key control point system certification, providing a strong systematic guarantee for the Group's product quality, and laying a solid foundation for products to gain full trust from consumers and enhance market competitiveness.

## **ANALYSIS OF COMPETITIVENESS DURING THE REPORTING PERIOD**

In 2025, the Group remained steadfast in executing its four strategic pillars: compliance, branding, digital intelligence, and ecosystem development. By maintaining a sustained strategic focus on core operational areas including brand promotion, product research and development, production management, and organizational efficiency, the Group has systematically strengthened its core competitiveness. These initiatives have established a solid foundation, enabling the Group to seize opportunities and achieve high-quality development within an intensely competitive industry landscape.

### **I. Building a brand communication matrix, innovating content generating methods, and achieving a leap in brand influence**

In 2025, the Group made every effort to establish a multi-dimensional, omni-channel brand communication matrix. By precisely identifying the needs of the younger generation of consumers, it innovated communication content and methods, expanded communication platform, and conducted scenario-based marketing. As a result, the Company achieved significant enhancements in brand influence and customer loyalty.

#### ***(1) Creative communication to reshape a youthful brand image***

During the year, the brand building transitioned away from traditional, didactic advertising models. By leveraging trending social issues, it developed a series of short films featuring strong emotional resonance and engaging plot twists. Under the core theme “Losing weight is actually not that hard”, product value propositions were naturally integrated into real-life conflict scenarios. This campaign achieved viral success across social media platforms, garnering over 12 million views. Throughout the year, the Group produced 40 creative TVCs; by utilizing fast-paced short-video narrative techniques and plot twists, it

successfully reshaped brand perception among younger demographics, effectively evolving the brand identity into that of a youthful, attitude-driven health partner.

***(II) Profound empowerment through AI technology to usher in the “industrialized era” of content production***

In 2025, the Group comprehensively promoted the use of AI technology in practical content production processes. Sora2 project team was established to build a full-chain AI workflow covering creative ideation, visual design and video production. This AI workflow has enabled exponential growth in content production capacity, while significantly optimizing production and labor costs for individual TVCs. Its AI-generated short film, Winter Solstice, successfully superseded traditional filming methods and garnered widespread industry recognition, establishing itself as a benchmark case for AI-driven content production.

***(III) Precise monetization of public-domain traffic and establishment of a closed-loop data verification system***

Having moved beyond the traditional mindset of “exposure = effectiveness”, it has pivoted the operational focus toward the accumulation and management of A3 (interest-based) audiences, transforming ambiguous public domain traffic into tangible brand equity. Through in-depth user profiling and the establishment of high-precision customer segments, it has achieved a shift from “broad-spectrum exposure” to “precise recommendation”, establishing a full-chain closed-loop data verification system. During the period from September to December, the Group successfully implemented a content marketing framework centered on the customer journey, ensuring that its brand communications were both more empathetic and altruistic, thereby enhancing user receptivity and brand affinity.

***(IV) Deep integration of brand TVCs with sales content to reinforce brand mindshare***

In conjunction with the “Double 11” e-commerce festival, the Group launched the brand TVC “Slow is Fast” utilizing an anti-fraud narrative format to communicate its core philosophy: “healthy weight loss is not an overnight process; choose a professional brand”. This video garnered over 10,000 likes within the month, generating deep resonance of users. Capitalizing on the 25th anniversary of Besunyen, it released a new brand promotional video. This video utilized traditional Chinese aesthetics to showcase the natural power of herbal essences, while integrating footage of automated packaging facilities to demonstrate the empowerment of modern industrial technology, which precisely communicated its brand mission of “striving for the health of the Chinese people” and reinforced its core brand mindshare.

***(V) A cross-year marketing campaign themed “annual review of health spending” to achieve the integration of quality and effectiveness***

From December 2025 to January 2026, the Group launched a cross-year marketing campaign themed “annual review of health spending”. By encouraging users to share their health spending and collaborating with professional nutritionists to amplify relevant topics, the campaign achieved an integrated operational model covering customer acquisition, user activation, and pipeline development. Through the aggregation of user feedback and inviting experts to provide professional insights, it paved the way for deep engagement during the “new year shopping festival”. This campaign accomplished an integrated marketing effect that maximized returns from a single resource, achieving a dual enhancement in brand influence and product sales.

***(VI) Expanding influence on Xiaohongshu through the dedicated operational team***

In early 2025, the Group established a dedicated operational department for Xiaohongshu, set up a “7+1” organizational framework, clearly defined objectives and performance indicators, and conducted systematic professional training for new staff. The team established a clear timeline and phased objectives with work progress recorded in real-time. Direction of content creation was clarified with emphasis on the value provided and emotional resonance evoked by notes, providing consumers with compelling reasons to choose our brand. This Xiaohongshu platform operation has yielded significant phased results and laid a solid foundation for the brand’s long-term growth on the platform.

***(VII) Continuously carrying out the theme activity of “Detox and Control, Faster Weight Loss” offline***

In order to better promote Besunyen products in the national OTC market and convey the concept of keeping fit scientifically and healthily, the Group has carried out extensive publicity on various media platforms, and also conducted on-site training programmes at retail outlets, equipping shop assistants with comprehensive knowledge of product advantages and proper usage methods. Throughout the year, nearly a thousand training sessions were conducted across the country. This initiative has not only effectively amplified the brand’s offline presence, but also established a healthy and professional brand image among shop assistants and consumers.

## **II. Strengthening the internal driving force of innovation, research and development and accelerating the transformation of scientific and technological achievements**

Research, development and innovation serve as the core driver of the Group's growth. In 2025, the Company continued to strengthen its internal research and development capabilities, deepening its intellectual property portfolio, advancing industry-academia-research collaborations, and accelerating the transformation of scientific and technological achievements, thereby providing essential support for product upgrades and market competition.

### ***(I) Continuously deepening the intellectual property portfolio to cultivate core technological assets***

In 2025, the Group placed its intellectual property strategy at the core of its annual work, systematically advancing the development, refinement, and institutionalization of intellectual property. During the year, the Group filed 4 applications for invention patents, covering key processes and frontier technologies related to its core products; and filed 2 applications for utility model patents, targeting innovative improvements in specific product or equipment structures. In terms of intellectual property rights granted, the Group successfully obtained national authorization for 2 invention patents during the year, namely “an impurity removal and conveying device and a conveying method for health tea processing” and “a method for preparing xylitol and L-arabinose from liquid xylitol”. By refining its intellectual property system and securing high-quality patents, the Group has established a robust foundation to ensure market exclusivity and sustain core competitiveness for its future product offerings.

### ***(II) Achieving phased progress in industry-academia-research projects and publishing a quality academic paper***

In 2024, the Group initiated an in-depth industry-academia-research partnership with Beijing Technology and Business University to jointly spearhead a research and development project focusing on the novel health functions of “Two Teas”. Throughout 2025, the joint research team concluded multiple studies, including animal trials on the uric acid-lowering effects of Detox Tea and the mitigation of alcohol-induced liver damage in mice by Slimming Tea, alongside metagenomic analysis and mechanism-of-action of gut microbiota. The related findings were published in a quality academic paper in the core SCI journal *Foods*, and served as the technical basis for two new invention patent applications. The trial results demonstrated that the core “Two Teas” products of the Group exhibit unexpectedly significant efficacy in mitigating risk factors associated with specific health conditions, while also effectively alleviating gut damage caused by related diseases. This provides robust theoretical and experimental evidence for subsequent applications for new health food functional claims.

***(III) Successfully completing the technical variations regarding the approvals of products with no expiry date and no product technical requirements, ensuring compliant product upgrades***

As the State Administration for Market Regulation continued to refine the regulatory framework for health foods, ensuring the ongoing compliance of product registrations and enhancing the technical substance of products remain critical to sustaining their market competitiveness. During the year, the Group systematically advanced the maintenance and optimization of existing health food approvals. It successfully concluded technical variations for three products, namely Besunyen Meian Capsules, Besunyen Meian Granules (renamed as Besunyen Suanzaoren Ginseng Granules) and Besunyen Ganoderma Capsules (renamed as Besunyen Ganoderma Ginseng Capsules), and successfully secured updated health food approvals. This process of technical variation encompassed not only the optimization of production processes, but also the enhancement of technical specifications and the comprehensive revision of product manual to ensure more scientific and standardized descriptions. These initiatives provided a solid technical foundation for long-term stable production, compliant market operation and future value unlocking of products.

***(IV) Accelerating new product development and preparing for centralized certificate renewal***

Focusing on the “One Focus and Two Dimensions” product development strategy, the Group deepened technical innovation and resource integration to accelerate the development process of new health products. It has initiated multiple development projects of new health products and completed safety evaluation studies and registration inspections for several new health products. In response to the announcement issued by the State Administration for Market Regulation regarding the Key Points for the Centralized Renewal Review of Health Food Products with No Expiry Date and No Product Technical Requirements in Production and Sale in November 2024, the Group has fully completed all preparations for the centralized certificate renewal. It is now steadily advancing the renewal process for these “double-no” health food products in production and sale, so as to ensure a smooth transition in the renewal process and a comprehensive enhancement of product compliance.

### **III. Advancing modernized production management and ensuring product quality from the outset**

The Group consistently adhered to a production management philosophy of innovation and excellence, and was committed to delivering high-quality products to consumers. It actively advanced the modernization of production management, continuously learning and adopting internationally advanced production management concepts and tools. By implementing precise control across the entire production process and continuously optimizing production and quality management procedures, it ensured that product quality was safeguarded from the outset.

#### ***(I) Upgrade of master mixing equipment in granulation workshop to enhance automation level***

The original mixing equipment in the granulation workshop was aging and featured low levels of automation, which no longer met the Company's requirements for large-scale mass production. From October to December 2025, the Group completed a comprehensive upgrade of the master mixing equipment in the granulation workshop. The original mixing equipment was replaced with square-cone mixers, complemented by the addition of dust-free feeders, vacuum loading machines, and vacuum discharging machines, thereby achieving automation in material feeding, discharging and weighing. The new equipment is fitted with infrared sensors to effectively safeguard personnel safety during production operations; the addition of automated cleaning machines enables self-cleaning of the equipment tanks, enhancing both cleaning efficiency and standardization. The new equipment has successfully passed production validation. The substantial improvement in automation has not only reduced labor costs, but has also significantly increased production efficiency, fully meeting the Group's demand for large-scale production.

#### ***(II) Deployment of integrated fire safety monitoring platform to enhance safety management standards***

In January 2025, the Group completed the deployment of the platform named "Beijing Integrated Fire Safety Monitoring and Service System", which officially commenced operations on 1 March. Through the platform and its mobile APP, random online inspections of fire control personnel's on-duty status can be conducted. The system supports 24-hour real-time check-ins, requiring on-duty personnel to respond and upload on-duty videos within 10 minutes of notification from the municipal bureau. The platform transmits real-time data, including operational status, the condition of fire safety facilities, personnel duty logs, inspection records, and fire safety archives, to the municipal fire department's big data platform, thereby establishing an intelligent, networked management system for fire safety. Through this initiative, the Group has significantly enhanced its standards of fire safety management.

***(III) Implementation of the transparent regulation initiative by adopting intelligent monitoring in production processes***

According to the requirements of the Beijing Municipal Administration for Market Regulation, the Group completed the installation of video surveillance equipment across its health supplement and food production workshops in two phases between October and November 2025. Specifically, the first phase involved installing 11 monitoring nodes in the health supplement production workshop, while the second phase added 5 monitoring nodes in the food production workshop. By 30 November, all surveillance equipment had been successfully connected to the municipal bureau's management system. Utilizing internet + AI surveillance technology, market regulatory authorities can conduct remote, real-time monitoring of production processes. The system features automated logging and instant alert capabilities for non-compliant operations, along with real-time transmission of production data, thereby establishing an intelligent network management framework for corporate production oversight. This initiative has advanced the Company's production process and environmental supervision into a new era of intelligent, information-driven, and diversified management. It effectively standardized all operational procedures within production workflows, fostering the enterprise's healthy and sustainable development.

***(IV) Attainment of AAA corporate credit rating certificate, showcasing comprehensive strength***

On 10 October 2025, Beijing Outsell Health Product Development Co., Ltd., a subsidiary of the Group, was awarded the AAA corporate credit rating certificate by the China Industrial Cooperation Association. As the highest tier of corporate credit rating, the AAA rating served as an authoritative validation of the Group's operational compliance, contractual fulfillment capabilities, track record of integrity, and comprehensive development strength. This recognition has enhanced the Group's competitiveness in market collaboration, policy advocacy and brand building, further elevating the Group's brand image and commercial value within the industry.

#### **IV. Continuous advancement in data analysis capabilities and wider application of AI systems**

Following the rapid growth of business operations, business data has experienced explosive growth. To fully leverage the value of such data, the Group has carried out comprehensive function optimization and performance upgrade of the BI (business intelligence) system to further strengthen data security and ensure that data analysis tools can better cope with the increasing volume of data and provide more accurate real-time analysis results to support business decisions. At the same time, continuous update and iteration of various business analysis reports help achieve comprehensive and in-depth insights into business data, which provided robust data support for the efficient development of all business operations of the Group.

The Group has actively embraced the wave of artificial intelligence (AI) development, deeply integrating AI technology across all operational management functions to achieve systematic enhancements in operational efficiency:

1. **Digitalized financial and tax management:** An automated electronic invoice processing system was established successfully, enabling full-process intelligent handling from receipt and verification to archiving of invoice. This initiative has significantly improved documentation efficiency and storage management while reducing labor costs associated with financial and tax management;
2. **Intelligent legal risk control:** By introducing an AI-powered contract review system featuring intelligent clause identification and risk alerts, the Company has effectively enhanced the efficiency and comprehensiveness of contract review processes. This strengthened compliance management capabilities and mitigated legal risks;
3. **Innovative marketing:** The marketing department has fully applied AI technologies to drive creative production, spanning core scenarios such as product packaging design, promotional content generation, event planning, video production, and copywriting optimization; meanwhile, the live-streaming business has pioneered the use of “virtual human” technology, delivering differentiated interactive experience that enhances user’s live-streaming experience.

In 2025, a systematic AI-driven workflow efficiency framework was established, officially ushering in the “industrialized era” of content production. This provided robust technical support and production capacity assurance for brand communication and product promotion. The said measures not only achieved cost reduction and efficiency gains, but also continuously drove the standardization upgrade of the Company’s work quality, laying a solid foundation for the Group’s digital transformation.

Throughout 2025, the Group achieved systematic breakthroughs across core competitive aspects, including product research and development, production, brand marketing, and organizational efficiency. Looking ahead, the Company will remain steadfast in its founding mission of “striving for the healthy life of the Chinese people”. It will continue to drive growth through innovation and earn trust through quality. It is committed to navigating industry shifts to forge new paths and ensuring steady, sustainable development through pragmatic execution.

## **FULFILMENT OF SOCIAL RESPONSIBILITIES DURING THE REPORTING PERIOD**

Since its establishment, the Group has been firmly fulfilling its corporate social responsibilities while steadily advancing production and operation and driving corporate progress. Upholding a development philosophy centered on the mutual creation of economic benefits and social benefits, it actively carried out special public welfare activities in environmental protection, poverty alleviation, education, youth entrepreneurship and other aspects, demonstrating its social commitment through tangible efforts.

### **I. Social welfare activities**

In 2014, the Group partnered with Beijing Charity Association to establish the “Besunyen Special Charity Fund”. Such fund was closely aligned with the platform of the Beijing Municipal Government and actively carried out social assistance activities to provide diversified supporting services to the underprivileged. In 2022, the “Besunyen Special Charity Fund” was mainly applied in carrying out social assistance activities, providing various types of charity assistance to the underprivileged, and further optimizing the path for the Group to participate in public welfare activities. It became an important and effective platform for the Group to participate in public welfare and charity undertakings.

Since 2017, the Group has established long-term partnerships with environmental protection and public welfare organizations such as China Green Carbon Foundation and Beijing Green Sunshine Environmental Protection Public Welfare Foundation, and has donated an aggregate of over RMB3.5 million to initiate the establishment of the “Special Fund for Combating Illegal Trade in Endangered Wildlife”. Through a combination of public awareness campaigns and tangible efforts, the Group has raised public awareness of and participation in the protection of wildlife, thereby contributing to ecological and environmental protection.

In 2023, the Group teamed up with Shanghai Charity Foundation to establish a special public welfare fund. With the objectives of “caring for the elderly and children and helping students and the needy”, it actively developed public welfare and charity undertakings and contributed to social civilization and advancement. Since the establishment of the special fund, it has repeatedly contributed to charity activities such as target aids, caring for the elderly and children, and helping students and the needy. Meanwhile, the Group has also participated in the “Zhengtong Xieli Love Special Fund” (政通協力愛心專項基金) set up by the Fangshan District Committee of the Chinese People’s Political Consultative Conference and other entities. The fund is dedicated to effectively addressing the practical problems of people in need in the Beijing-Hebei region and contributing to improving regional livelihoods.

In 2024, the Group participated in the pairing assistance organized by Fangshan District, Beijing, to support towns and villages in regions such as Hebei and Inner Mongolia, aiding local industrial development by way of industrial assistance and effectively addressing economic development and community difficulties in these regions. The Group places great importance on the protection of Chinese traditional cultural relics and art, funding the restoration, reconstruction, and protection work of Jixiang Temple in Pingyao County, Shanxi Province to contribute to the inheritance of Chinese traditional culture. Moreover, it also sponsored public welfare initiatives focusing on emergency rescue training, aimed at equipping the public with first aid knowledge and enhancing their emergency rescue capabilities.

In 2025, the Group remained steadfast in its commitment to public welfare activities such as environmental protection and health promotion. Through diverse online and offline channels, the Group advocated a scientific and healthy lifestyle and elevated public health awareness. The Group deepened its rural assistance efforts continuously by investing assistance funds in Hongguang Village for three consecutive years. It donated RMB100,000 annually from 2023 to 2025, which precisely addressed local development needs, helped to improve rural production and living conditions and strengthened the foundation for rural development. The Group donated RMB100,000 to the People’s Government of Dongdu’erji Town, Tuquan County, which was fully allocated to the “Sunflower Project” public welfare initiative. This initiative focused on the welfare of vulnerable children, and prioritized helping de facto orphans and vulnerable children in western China to overcome life challenges, rebuild their aspirations, and enhance their self-confidence and character. Through these tangible efforts, the initiative safeguarded the healthy development of children facing adversity.

## **II. Contributing to rural revitalization and participating in poverty alleviation and agricultural assistance**

In alignment with the national strategy of rural revitalization, the Group has actively participated in the “Ten Thousand Enterprises Revitalize Ten Thousand Villages“, “Ten Thousand Enterprises Help Ten Thousand Villages” and other special poverty alleviation public welfare activities for consecutive years. It supported rural development with the diversified public welfare model of “project entry into villages, product sales assistance and targeted education assistance”. The Group has successively supported the construction of farmers’ breeding bases in Budaxiaheleke Village (布達夏合勒克村) and Kule’airike Village (庫勒艾日克村) in Karakax County, Xinjiang, thereby fostering the development of local specialty husbandry industry; provided assistance for low-income people in Yangchanggou Village, Ulanhayesumu Town, Chayouzhongqi County, Inner Mongolia to improve the livelihoods of those in need; and actively participated in special actions such as paired assistance in Putaokou Village, Fanjiazhuang Town, Quyang County, Baoding City, Hebei Province. By expanding the sales channels of agricultural sideline products and local specialties, it effectively resolved urgent sales problems and worries for local farmers, stimulated and drove the enthusiasm and initiative of local farmers to carry out agricultural production, and boosted rural industrial revitalization.

## **III. Adhering to the low-carbon economy and promoting energy saving and emission reduction**

Throughout its production and operation, the Group has consistently upheld the philosophy of green development and actively pursued a low-carbon economy. By implementing technological upgrades to optimize production processes, it has reduced energy consumption. Simplifying product packaging and promoting eco-friendly packaging solutions has minimized packaging waste. Through systematic tools, the Group has advanced paperless office practices, thereby lowering resource consumption and reducing pollutant emissions. These initiatives ensure harmonious development between production and operation and ecological conservation.

Over the years, the Group has remained steadfast in its philanthropic commitment and dedicated to public welfare and charity undertakings. By translating its corporate social responsibility and commitment into tangible efforts, the Group strives to contribute positively to social development and community well-being while achieving its own growth.

## FUTURE DEVELOPMENT OUTLOOK

The 20th National Congress Report of the CPC pointed out that it is necessary to adhere to the theme of promoting high-quality development, and organically combine the implementation of the strategy of expanding domestic demand with deepening the supply-side structural reform. The Outline of the “Healthy China 2030” Plan also emphasizes the establishment of a complete and optimized-structure health industry system. Driven by the ongoing momentum of the “Healthy China” strategy, China’s health product sector is experiencing a significant shift from scale expansion to high-quality development, presenting new opportunities and challenges for the industry’s development.

Facing the industry’s new landscape characterized by the continuous rolling out of policy benefits, profound shift of consumer demand, and substantial transformation in channel structure, the Group will firmly seize the opportunities presented by the times and take consumers’ health needs as the core driving force of innovation. By adhering to the brand concept of “herbal, healthy, and quality functional tea”, deepening the two core fields of “weight loss and weight management” and “laxative and gastrointestinal health”, and continuing to build a collaborative development pattern of multiple categories of “OTC drugs + health food + general food”, the Group will achieve a strategic advancement from selling products to building brand value.

2026 will be a pivotal year for the health food industry, marked by a mix of regulatory standardization and innovation-driven growth. The Group will remain committed to profitability and positive cash flow as its core operating objectives. Through optimizing product structure, innovating marketing models and deepening organizational transformation, the Group aims to comprehensively establish a new paradigm for high-quality corporate development. To achieve its 2026 operating objectives, the Group will focus on implementing the following seven strategic initiatives:

### **Firstly, deepening omni-channel integration to build a new engine for coordinated online and offline growth**

The Group has accumulated extensive experience in online operations while maintaining a robust offline sales network that covers 300,000 pharmacies and pharmaceutical third terminals nationwide, along with valuable member resources. These online and offline channels offer significant advantages. Going forward, the Group will fully leverage on these dual-channel advantages to drive deep synergy between online and offline platforms. On one hand, the Group will utilize the membership system of offline chain pharmacies by effectively redirecting offline users to online platforms through targeted member marketing and refined private domain traffic management, achieving precise user engagement and increasing repurchase rate; on the other hand, the Group will empower chain outlets with mature online operational expertise in live-streaming and content recommendation. This will assist in developing O2O instant retail and live-streaming e-commerce operations, jointly expanding market growth. By constructing a B2B2C

linkage model, the Group will complete the commercial closed loop of “online traffic acquisition — offline experience — full-domain conversion”, comprehensively enhancing brand influence and business development momentum.

**Secondly, strengthening partner self-governance to build a healthy and orderly market operation ecosystem**

Since the launch of business partnership system reform in 2023, particularly following the secondary restructuring of the OTC business in the second half of 2025, persistent industry issues such as unauthorized cross-regional selling and irregular pricing have been preliminarily resolved which significantly improved the market operating environment. In 2026, the Group will further leverage partners’ self-governance capabilities and achieve active control over channels and pricing through innovation of internal mechanism: unifying product pricing systems across all channels and levels, eliminating predatory competition, and fostering a fair, transparent and mutually beneficial market environment. This approach will fundamentally safeguard the reasonable profits of channel partners and drive the brand’s long-term healthy development.

**Thirdly, seizing new marketing high ground and accelerating expansion in new retail and cross-border blue ocean**

As the market penetration of new marketing platforms such as Xiaohongshu, Douyin and Kuaishou continues to increase, the influence of KOLs/KOCs on consumer purchasing decisions has intensified, making content e-commerce the industry’s new growth high ground. The Group is committed to increasing resource investment in platforms such as Douyin and Kuaishou, and developing new retail operations on Douyin and Kuaishou as the Company’s “second growth curve”. This will be achieved by expanding the Douyin store matrix, improving advertising precision and efficiency, deepening collaborations with platforms such as Douyin Supermarket, and refining the commercial closed loop of “traffic — content — transaction”. At the same time, guided by the brand-centric operational strategy, cross-border e-commerce operations will be actively expanded. By introducing premium international health products, the Company aims to meet the increasingly diverse health needs of the Chinese consumers and establish a new performance growth point.

#### **Fourthly, deepening content marketing to strengthen brand leadership in core categories**

Content has become the core bridge connecting brands and consumers, and high-quality content is key to achieving precise brand reach and capturing users' mindshare. In 2026, the Group will continue to leverage its first-mover advantage in content marketing, focusing on increasing brand penetration on recommendation platforms such as Xiaohongshu. The Company will invest more premium resources to enhance professionalism, scientific credibility and emotional resonance of promotional content. This approach will precisely target key audiences through high-quality content and improve the effectiveness of brand communication. Regarding communication channels, in addition to new media platforms, traditional media platforms such as elevator media will be fully utilized to create an integrated online-offline brand communication system for amplified market presence. At the same time, the Group will deepen the partnership with chain pharmacies and other core sales channels to launch unified brand promotion campaigns, reinforcing the Group's market leadership in its two core categories, namely "weight loss and weight management" and "laxative and gastrointestinal health".

#### **Fifthly, international business growth is accelerating through dedicated cultivation**

Looking ahead, the Group's international business will transition from the initial phase of "laying foundation and securing licenses" to a new development stage of "channel expansion and brand development". The Group will adhere to the development principle of "prioritizing key markets and dedicated cultivation", with a focus on core foreign regions including the United States, the Middle East and Southeast Asia. It aims to complete the U.S. GMP certification during the official on-site inspection, thereby securing international credentials. By establishing a strong partnership with the Hibobi platform and implementing targeted digital marketing and localized promotional strategies, the Company intends to rapidly build regional brand recognition, capture market share in the Middle East, while constructing a diversified sales network to accelerate the commercialization of products within the Middle East market. Following the successful validation of the "Two Teas" export model, the Group will systematically refine its product lines, and select OTC drugs and health foods with international market potential for targeted formula optimization, packaging design, and regulatory registration. This approach will create a tiered export product matrix to drive the scaled development of its international business.

#### **Sixthly, adhering to technological innovation to drive sustained leadership in product and technology**

Innovation serves as the core driver of corporate growth, while product and technological leadership remain fundamental to maintain market competitiveness. In 2026, the Group will continue to adhere to the "One Focus and Two Dimensions" product strategy, further increase research and development investment to accelerate new product development and the incubation of single major product. It will closely monitor policy developments related to the Implementation Rules for the Technical Evaluation of New

Functions and Products of Health Foods (Trial), and actively file for new health functions such as “aid in maintaining joint health” to capture early-mover advantages in the market. Meanwhile, by leveraging industry-academia-research partnerships with institutions such as Beijing Technology and Business University, mechanistic studies on the efficacy of the “Two Teas” (Detox Tea and Slimming Tea) and other core products will be deepened, providing a robust scientific foundation for product upgrades and new function developments. In addition, the Group will continue to advance production process improvements and technological innovations to lower unit costs and enhance production efficiency through technological innovations, thereby generating greater economic benefits for the Group.

**Seventhly, advancing lean management to comprehensively improve operational quality and efficiency**

In 2026, the Group will continue to advance its cost-reduction and efficiency-enhancement initiatives. With lean management as its core, overall operational quality and efficiency will be comprehensively improved. The Group will strengthen the refined management of product gross margins, reduce non-essential expenditures, enhance the turnover efficiency of inventory and accounts receivable, and continuously improve input-output ratios. By means of digitalization and intellectualization (such as the extensive application of AI technology across design, customer service, and production management), the Group will optimize its internal operational processes and build a flexible, agile supply chain system. Our ultimate objective is to establish a modernized operational system that is highly responsive, cost-controlled, and operationally excellent, thereby laying a solid foundation for the Group’s long-term sustainable development.

The Group will remain steadfast in its founding mission of “striving for the healthy life of the Chinese people”. The Group will continue to drive growth through innovation and earn trust through quality, and is committed to navigating industry shifts to forge new paths and ensuring steady, sustainable development through pragmatic execution. Additionally, the Group will contribute Besunyen’s wisdom to the high-quality development of the big health industry, and share Besunyen’s power to the development of China’s big health undertakings!

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage of revenue</i>	<i>RMB'000</i>	<i>Percentage of revenue</i>
Revenue:				
Besunyen Detox Tea	49,804	10.1%	79,911	16.5%
Besunyen Slimming Tea	106,182	21.5%	98,935	20.4%
Besunyen Fit Tea	86,196	17.4%	71,219	14.7%
Besunyen Relief Tea	5,413	1.1%	6,571	1.4%
Weight-loss medicines	184,866	37.4%	147,999	30.6%
Other health foods	49,611	10.0%	69,547	14.3%
Other medicines	12,250	2.5%	10,119	2.1%
Total	<u>494,322</u>	<u>100%</u>	<u>484,301</u>	<u>100%</u>

*Note:* Weight-loss medicines mainly consist of Besunyen Orlistat, other health foods mainly consist of health foods and other tea products (excluding the Four Health Teas of Besunyen), and other medicines mainly consist of finished medicines.

The revenue of the Group was RMB494.3 million in 2025, representing an increase of 2.1% from RMB484.3 million in 2024.

Revenue from the Four Health Teas of Besunyen in 2025 was RMB247.6 million, representing a decrease of 3.5% from RMB256.6 million in 2024, mainly due to a contraction in sales within traditional sales channels, which was not fully offset by growth in e-commerce channels. The shift in channel performance resulted in a structural decline in overall sales volume. Consequently, the total sales volume of the Four Health Teas of Besunyen decreased by 7.0% as compared to 2024, directly driving the revenue decline.

Revenue from weight-loss medicines in 2025 was RMB184.9 million, representing an increase of 24.9% from RMB148.0 million in 2024, mainly due to a strategic breakthrough on a single key e-commerce platform. In 2025, sales volume on this platform surged by 482.9% as compared to 2024, serving as the core driver behind a 20.8% increase in the Group's overall sales volume of weight-loss medicines, which directly contributed to the corresponding expansion in revenue.

Revenue from other health foods in 2025 was RMB49.6 million, representing a decrease of 28.6% from RMB69.5 million in 2024, mainly due to the prevailing economic conditions in the market. In 2025, the market share of existing other health foods declined, while the sales volume of newly launched products of a similar nature fell short of expectations and failed to achieve the desired growth.

#### **COST OF SALES, GROSS PROFIT AND GROSS PROFIT MARGIN**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cost of sales	<b>147,740</b>	158,459
Gross profit	<b>346,582</b>	325,842
Gross profit margin	<b>70.1%</b>	67.3%

The Group's cost of sales decreased by 6.8% from RMB158.5 million in 2024 to RMB147.7 million in 2025, which was mainly due to the Group's ongoing strategy to further optimize its product portfolio. By systematically streamlining non-core series of other health foods with weaker market competitiveness, the Group achieved a significant 42.2% year-on-year reduction in costs associated with these products.

The Group's gross profit margin increased by 2.8 percentage points from 67.3% in 2024 to 70.1% in 2025, which was mainly due to a significant decrease in the procurement costs of weight-loss medicines in 2025 as compared to 2024, which led to an increase of 4.3 percentage points in the gross profit margin over 2024.

#### **OTHER INCOME**

In 2025, the Group's other income was RMB3.9 million (2024: RMB11.8 million), which mainly comprised interest income of RMBnil million (2024: RMB6.7 million) and government grants of RMB1.9 million (2024: RMB3.1 million) provided by the PRC government to support the Group's business operations.

## SELLING AND MARKETING EXPENSES

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage of revenue</i>	<i>RMB'000</i>	<i>Percentage of revenue</i>
Marketing and promotional expenses	<b>198,965</b>	<b>40.3%</b>	149,092	30.8%
Advertising costs	<b>14,438</b>	<b>2.9%</b>	26,315	5.4%
Employee benefit expenses	<b>5,695</b>	<b>1.2%</b>	9,210	1.9%
Others	<b>19,485</b>	<b>3.9%</b>	14,760	3.1%
Total	<b><u>238,583</u></b>	<b><u>48.3%</u></b>	<b><u>199,377</u></b>	<b><u>41.2%</u></b>

The selling and marketing expenses of the Group were RMB238.6 million in 2025, representing an increase of 19.7% from that of RMB199.4 million in 2024.

The marketing and promotional expenses in 2025 increased by RMB49.9 million as compared to 2024, mainly due to the increase in agency operation service fees on e-commerce platforms and platform traffic acquisition costs.

The advertising costs in 2025 decreased by RMB11.9 million as compared to 2024, mainly due to reduced advertising expenditures on mobile media such as high-speed rail and elevators.

## ADMINISTRATIVE EXPENSES

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage of revenue</i>	<i>RMB'000</i>	<i>Percentage of revenue</i>
Employee benefit expenses	<b>21,113</b>	<b>4.3%</b>	32,042	6.6%
Professional and consultation service fees	<b>17,178</b>	<b>3.5%</b>	23,352	4.8%
Entertainment and travelling expenses	<b>7,515</b>	<b>1.5%</b>	6,829	1.4%
Office expenses	<b>2,358</b>	<b>0.5%</b>	6,678	1.4%
Others	<b>18,462</b>	<b>3.7%</b>	20,611	4.3%
Total	<b><u>66,626</u></b>	<b><u>13.5%</u></b>	<b><u>89,512</u></b>	<b><u>18.5%</u></b>

The administrative expenses of the Group were RMB66.6 million in 2025, representing a decrease of 25.6% from that of RMB89.5 million in 2024.

The employee benefit expenses in 2025 decreased by RMB10.9 million as compared to 2024, mainly due to the recognition of certain non-recurring expenses in the corresponding period of last year, which included share-based compensation costs arising from the grant of awards under the share option scheme, and termination benefits paid in connection with the optimization of organizational structure. As these one-off items were gradually settled in the last year, the employee benefit expenses for the current year have normalized, reflecting the effectiveness of the Group's ongoing efforts to optimize its human resources structure and exercise prudent control over operating costs.

The professional and consultation service fees and office expenses in 2025 decreased by RMB10.5 million as compared to 2024, mainly due to a reduction in non-recurring expenses.

## RESEARCH AND DEVELOPMENT COSTS

	For the year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>Percentage of revenue</i>	<i>RMB'000</i>	<i>Percentage of revenue</i>
Research and development costs	<u>9,497</u>	<u>1.9%</u>	<u>29,359</u>	<u>6.1%</u>

The research and development costs were RMB9.5 million in 2025, representing a decrease of 67.7% from that of RMB29.4 million in 2024, mainly due to a decrease in the Group's investment in outsourced research and development activities.

## SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group's share of profits of investments accounted for using the equity method for 2025 was RMB4.7 million (2024: RMB5.1 million), which was mainly comprised of the profits of RMB4.7 million from shares held by the Group in the joint ventures.

## TAXATION

The income tax expense of the Group in 2025 was RMB11.7 million, while the income tax expense in 2024 was RMB12.7 million.

## TOTAL COMPREHENSIVE INCOME FOR THE YEAR OF THE GROUP

Due to the factors set out above, the Group recorded a total comprehensive income of RMB20.4 million in 2025 (2024: total comprehensive income of RMB16.8 million).

## LIQUIDITY AND CAPITAL RESOURCES

In 2025, the capital required for the Group's operation and capital expenditure was mainly derived from the cash flows generated from operating activities.

### CASH FLOWS

The following table summarizes the net cash flows of the Group for the indicated years ended 31 December:

	For the year ended	
	31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow from operating activities	<b>60,954</b>	10,538
Net cash inflow from investing activities	<b>16,096</b>	59,360
Net cash outflow from financing activities	<b>(33,279)</b>	(103,837)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	<b>43,771</b>	(33,939)
Exchange losses on cash and cash equivalents	<b>—</b>	(988)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	<b>43,771</b>	(34,927)

In 2025, the Group's net cash inflow from operating activities was RMB61.0 million (2024: net cash inflow from operating activities of RMB10.5 million), such difference was mainly due to the reduced expenditure on labour costs and research and development expenses in 2025. In 2025, the Group's net cash inflow from investing activities was RMB16.1 million, which was mainly due to the Group's receipt of dividend income from its joint ventures and the redemption of investments held by GOSP6 (2024: net cash inflow from investing activities of RMB59.4 million, which was mainly due to the withdrawal of financial assets subscribed). In 2025, the Group's net cash outflow from financing activities was RMB33.3 million, which was mainly due to the distribution of dividends to owners of the Company (2024: net cash outflow from financing activities of RMB103.8 million, which was used for the same purpose).

### FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2025, the Group's financial assets measured at fair value through profit or loss amounted to RMB141.0 million (31 December 2024: RMB79.4 million), which mainly include:

- (i) The Group's investment in Vstar Investment Fund Limited Partnership amounted to approximately RMB16.3 million.

- (ii) The Group's investment in ERX Pharmaceuticals Inc. amounted to approximately RMB1.7 million.
- (iii) The Group's investment in Nanjing Jinbi Venture Capital Partnership (Limited Partnership) amounted to approximately RMB22.7 million.
- (iv) The Group's investment in Shanghai Yuanxing Zhiyin Venture Capital Partnership (Limited Partnership) amounted to approximately RMB13.8 million.
- (v) The Group's financial investments held through Central China Dragon Global Opportunity Fund SP6 which were measured at fair value through profit or loss amounting to approximately RMB86.5 million (Note 5 and Note 8(c)).

### **BANK BALANCES AND CASH**

The Group's bank balances and cash, comprising cash and cash equivalents, amounted to RMB177.9 million as at 31 December 2025 (31 December 2024: comprising cash and cash equivalents and restricted bank deposits amounted to RMB147.8 million).

### **BORROWINGS AND PLEDGE OF ASSETS**

As at 31 December 2025, the Group had no bank borrowings (31 December 2024: nil).

As at 31 December 2025, the Group had no pledge of assets (as at 31 December 2024: nil).

### **CAPITAL EXPENDITURE**

In 2025, the capital expenditure of the Group amounted to RMB6.4 million (2024: RMB5.0 million). The following table sets forth the capital expenditure paid by the Group for the indicated years ended 31 December:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Property, plant and equipment	<u>(6,398)</u>	<u>(4,994)</u>
Total	<u><b>(6,398)</b></u>	<u>(4,994)</u>

## INVENTORIES

The Group's inventories include raw materials and packaging materials, work in progress and finished goods. The inventory analysis of the Group as at the dates indicated is presented in the table below:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Raw materials and packaging materials	<b>5,599</b>	3,743
Work in progress	<b>1,943</b>	1,648
Finished goods	<b>21,556</b>	21,020
Total	<b><u>29,098</u></b>	<u>26,411</u>

The turnover of the Group's inventories in 2025 (calculated by dividing the average inventory balances at the beginning and the end of the period by the cost of sales of the period, then multiplying by the number of days during the year) was 69 days (2024: 58 days).

## RISK OF FOREIGN EXCHANGE RATE

Almost all of the revenue, costs of sales and expenses of the Group are denominated in Renminbi. Apart from some bank deposits, restricted bank deposits and financial assets measured at fair value through profit or loss that are denominated in HK dollar and US dollar, most assets and liabilities of the Group are also denominated in Renminbi. Since Renminbi is the functional currency of the Group, risks of foreign exchange rate mainly come from assets denominated in HK dollar and US dollar.

As at 31 December 2025, the Group did not purchase any foreign exchange, interest rate derivative products or hedging instruments (2024: Nil).

## MATERIAL ACQUISITIONS OR DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures in 2025.

## SIGNIFICANT INVESTMENTS AND PLANS

Save as disclosed in this announcement, as at 31 December 2025, the Group had no single significant investment with a carrying amount of 5% or more of the Group's total assets.

As at the date of this announcement, the Board has not approved any plan for significant investments or acquisition of capital assets.

## **GEARING RATIO**

As at 31 December 2025, the Group's gearing ratio (total liabilities divided by total assets, in percentage) was 16.9% (31 December 2024: 15.2%).

## **CONTINGENT LIABILITIES AND GUARANTEES**

As at 31 December 2025, the Group had no material contingent liability and guarantee (31 December 2024: Nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2025, capital commitments for property, plant and equipment as contracted for but not yet incurred amounted to RMB0.2 million (31 December 2024: RMB0.2 million).

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Group shall conduct business in compliance with the requirements of various laws and regulations, mainly including the Food Safety Law of the PRC, the Drug Administration Law of the PRC, the Regulations for Implementation of the Drug Administration Law of the PRC, the Environmental Protection Law of the PRC, the Labour Law of the PRC, the Labour Contract Law of the PRC as well as other applicable regulations, policies and normative legal documents issued based on or related to such laws and regulations. The Group's prevailing quality and safety control systems of product production are comprehensive and impose effective control over design and execution. The Group has passed the certifications of quality management systems such as ISO9001, ISO22000 and HACCP, ensuring its products quality and safety in an all-round and in-depth manner. In case of any changes in applicable laws, regulations and normative legal documents related to our principal businesses, the Group would inform relevant staff and operation teams in time. In addition, the Group ensured its compliance with such requirements via numerous measures, such as internal control and approval procedures as well as training and supervision on different business departments.

In 2025, so far as known to the Directors, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

## **RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS**

The Group endeavored to maintain sustainable development in the long term, continuously create value for its employees and customers, and foster good relationships with its suppliers. The Group understood that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. As at 31 December 2025, the Group provided generous social insurance benefits to its employees to motivate their proactivity at work and heighten their sense of belonging. The Group also understood the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group placed emphasis on supplier selection and encouraged fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. To maintain the competitiveness of its brand and products, the Group abided by the principles of honesty and trustworthiness and committed itself to consistently providing quality products to establish a reliable service environment for its customers. As at 31 December 2025, there was no significant or material dispute between the Group and its suppliers and/or customers.

## **HUMAN RESOURCES MANAGEMENT**

The Group regards high-quality employees as its most important resource. As at 31 December 2025, the Group had 123 employees in mainland China and Hong Kong (31 December 2024: 128 employees). The staff costs of the Group (including remunerations of the Directors) were RMB37.1 million as at 31 December 2025 (2024: RMB56.9 million). Employee remuneration was determined with reference to individual performance, work experience, qualification and current industry practice. Apart from basic remuneration and statutory pension benefit scheme, employee benefits also included discretionary bonus.

The Group places emphasis on the recruitment, motivation and retention of suitable talents. The Group invests considerable efforts in continuous education and training for its employees, so as to keep enhancing the knowledge, skill and team spirit of employees. The Group often provides internal and external training courses to relevant staff members based on various needs.

## **FINAL DIVIDEND**

The Board has resolved not to recommend for declaration and payment of a final dividend for the year ended 31 December 2025.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance in order to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of The Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the year ended 31 December 2025, save as disclosed below.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. From the beginning of the Reporting Period to 12 June 2025, the roles of both Chairman and Chief Executive Officer were performed by Mr. Zhao Yihong. Mr. Zhao is a co-founder of the Group and has 36 years of experience in food and beverage industry in the PRC. The Board believed that vesting the two roles in the same person provided the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies. The Board was of the view that as all major decisions were made in consultation with members of the Board which comprised experienced and professional individuals (including three independent non-executive Directors), a balance of power and authority was adequately ensured. With effect from 13 June 2025, Mr. Zhao Yihong has been re-designated from the chief executive officer of the Company to chief strategy officer of the Company, and Mr. Feng Bing has been appointed as the chief executive officer of the Company. Accordingly, since 13 June 2025, the Company has complied with all applicable code provisions as set out in the CG Code.

The Directors are committed to upholding the corporate governance and good corporate culture of the Company to ensure that formal and transparent procedures are in place to protect and maximise the interests of the shareholders.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its own securities dealing code for the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code during the year ended 31 December 2025.

As designated staff, including the senior management, may be aware of inside information from time to time, the Company has further extended the scope of the Model Code to those staff.

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company or sell any treasury shares during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. He Yuanping, a Director with the appropriate professional qualifications and serving as the chairman of the Audit Committee, Mr. Shi Xiangxin and Dr. Chen Yang. The Audit Committee has reviewed the consolidated financial statements and this annual results announcement of the Group for the year ended 31 December 2025, reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

## **RESPONSE TO THE AUDIT OPINION OF THE INDEPENDENT AUDITOR**

The independent auditor has issued a qualified opinion in the independent auditor's report in respect of the consolidated financial statements of the Group for the year ended 31 December 2025. As described in Note 5 to the results announcement, the qualified opinion relates to, among other things: the auditor's inability to obtain sufficient appropriate audit evidence to verify the fair value measurement of Central China Dragon Global Opportunity Fund SP6 (the “**Fund**”) as a single financial asset at fair value through profit or loss in the Group's consolidated financial statements.

### **(I) The views of the management**

#### ***Regarding the deconsolidation of the Fund***

As disclosed in Note 5 to the results announcement of the Group for the year ended 31 December 2024 (the “**2024 Annual Results Announcement**”), the Group consolidated the Fund as a controlled structured entity in its consolidated financial statements based on the facts that the Company was the only participating shareholder of the Fund and the fees paid to the Fund Manager are comparable to the consideration for the services provided by it as an agent of the Company. The above consolidation treatment was audited by the predecessor auditor for the year ended 31 December 2024. In view of the expiry of the lock-up period of the Fund, the Board passed a resolution in March 2025 to authorize the initiation of redemption, and accordingly submitted a notice of full redemption to the Fund Manager on 26 March 2025 in accordance with the provisions of the fund documents.

However, in 2025, the following new facts and circumstances, which had a decisive impact on the management's assessment of whether the Group could continue to maintain effective control over the Fund, successively arose in the actual operation of the Fund:

- (i) The Group submitted a notice of full redemption to the Fund Manager on 26 March 2025 in accordance with the private placement memorandum, with the redemption date being 2 July 2025. However, the Fund Manager has only returned HK\$10,000,000 (representing approximately 10% of the total investment amount) in August 2025, and the remaining investment balance remains outstanding as at the date of this announcement; and
- (ii) Despite the Group's repeated urgings through written communications since early 2025 and the issuance of formal demand letters to the Fund Manager through its legal representatives starting from December 2025, requesting the provision of information related to the underlying assets of the Fund and a specific and feasible redemption payment plan, the Fund Manager only provided part of the documents requested by the Group on 31 December 2025 (namely, the audited financial statements of the Fund for the year 2024, the net asset value report for the third quarter of 2025, and the fund asset statement for the third quarter of 2025). The Fund Manager failed to respond adequately to the Group's request for all necessary information and documents regarding the underlying assets of the Fund and the redemption payment arrangements. This resulted in the Group being unable to ascertain the asset status of the Fund and to obtain the underlying supporting materials required by the auditor to perform its audit work.

After a comprehensive consideration of the new facts and circumstances mentioned above, the management is of the view that its original assumption that the Fund Manager was acting as an agent in managing the Fund in accordance with the contractual terms is no longer tenable. The management has accordingly reassessed the Group's control over the Fund in accordance with the requirements of IFRS 10 — Consolidated Financial Statements, and concluded that the Group no longer had control over the Fund in 2025. Accordingly, the Fund ceased to be consolidated in 2025, and the carrying amounts of the relevant assets and liabilities held by the Fund were combined and reclassified as a single financial asset, presented as a financial asset at fair value through profit or loss at its aggregate carrying amount as at the date of reclassification. Management is of the view that the aforementioned deconsolidation is a reassessment based on new facts and circumstances that arose in 2025, and is in compliance with the requirements of the relevant IFRSs.

***Regarding the measurement of the financial asset at fair value through profit or loss***

The Fund Manager has provided the Group with a revaluation statement regarding the overall net asset value of the Fund, but has not provided the detailed methodology, significant assumptions and key judgements supporting the valuation, resulting in the auditor being unable to obtain sufficient appropriate audit evidence to verify the aforementioned fair value measurement. Management acknowledges the auditor's professional requirement for valuation transparency and has continued to actively engage with the Fund Manager, but has been unable to obtain further valuation details.

Given that the management is unable to determine the status and value of the underlying assets of the Fund based on the information provided by the Fund Manager, the management is of the view that using the carrying amount of the investment as at 31 December 2024 as the measurement basis provides a better representation of the Group's investment in the Fund than any valuation derived from inputs that cannot be independently verified, and facilitates a proper understanding of the Group's financial position by users of the financial statements.

Management respects the professional judgment of the auditor and agrees on the qualified opinion issued by the auditor on the above matters due to the insufficiency of available audit evidence.

**(II) The views of the Audit Committee**

The Audit Committee has continuously followed up on relevant matters relating to the Fund, including raising its concerns with the management, receiving periodic update reports from the management, and conducting in-depth discussions and a rigorous review with the Company's independent auditor regarding the matters giving rise to the qualified opinion.

The Audit Committee noted that the scope of the qualified opinion for the current year has narrowed compared to that for 2024: the qualified opinion for 2024 related to the existence, measurement and impairment assessment of various underlying assets of the Fund (including loan receivable and preference share investment); the qualified opinion for the current year focuses on the verifiability of the fair value measurement of the Fund as a single financial asset at fair value through profit or loss following its deconsolidation. The Audit Committee concurred with the position held by the management regarding the key accounting judgements mentioned above and confirmed that the deconsolidation does not affect the figures in the financial statements for the year 2024.

The Audit Committee noted that the failure of the Fund Manager to provide sufficient documents and information is a significant reason for the qualified opinion arising in the current year. The Audit Committee acknowledges and agrees with the

qualified opinion issued by the auditor based on its professional and independent assessment, and has requested the management to continue to proactively pursue the full recovery of the investment in the Fund in a manner that is in the best interests of the Company and its shareholders as a whole.

### **(III) The Group's actions and plans**

Management confirms that the redemption arrangements disclosed in the "Subsequent Event" section of the 2024 Annual Results Announcement ultimately failed to materialize. With respect to the cash and equity redemption, the Fund Manager failed to complete the payment and share transfer in the manner described. As for the asset swap, given that the arrangement involved exchanging fund units for shares in a third-party private company, the Group, after reassessment upon due diligence, considered that such arrangement was not in the best interests of the Company and its shareholders as a whole. Consequently, the Group explicitly rejected it and, since July 2025, has consistently insisted on requesting recovering the entire investment principal and related returns in cash in full.

As at the end of 2025, the management had taken the following proactive measures to advance the recovery of the investment in the Fund:

- (i) Since the beginning of 2025, the Group has repeatedly urged the Fund Manager via email and in writing to provide relevant documents and proceed with the redemption arrangements. The Group's legal representatives issued formal demand letters to the Fund Manager on 18 December 2025 and 29 December 2025, respectively, making a stern demand regarding the overdue redemption payments and the obligation to cooperate with the audit, and requesting the submission of a specific written redemption plan (further actions taken after the reporting period are described in the section headed "Subsequent Event" below); and
- (ii) The Group's primary objective remains to achieve a full cash recovery of the investment in the Fund as soon as possible, and it will evaluate and pursue feasible recovery plans in a manner that is in the best interests of the Company and its shareholders as a whole.

### **SUBSEQUENT EVENT**

Subsequent to 31 December 2025 and up to the date of this announcement, in respect of matters concerning the Fund, the Group held a meeting with the Fund Manager on 3 February 2026. In addition, the Group's legal representatives issued demand letters to the Fund Manager on 9 January 2026, 28 January 2026 and 17 March 2026, respectively, continuously demanding action on the long-overdue redemption payments and audit

cooperation matters. The letters also requested the Fund Manager to submit a specific, enforceable and legally binding written redemption plan, and to provide a written undertaking regarding its future audit cooperation obligations.

As at the date of this announcement, the Fund Manager has not yet made any substantive response to the aforementioned redemption requests and letters, nor has it submitted any specific and feasible written redemption plan. The Group will continue to actively pursue the full cash recovery of its investment in the Fund in a manner that is in the best interests of the Company and its shareholders as a whole, and will, depending on developments, take further escalated actions, including but not limited to making a formal complaint to the Securities and Futures Commission of Hong Kong and/or initiating litigation or arbitration proceedings. The Group will make timely disclosure of any material developments regarding the Fund.

Save as disclosed above, no other significant event affecting the Group has occurred subsequent to 31 December 2025 and up to the date of this announcement.

#### **PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE**

This announcement is published on the websites of the Company (<http://ir.besunyen.com>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2025 will be sent to the Shareholders and available on the above websites in due course.

By order of the Board  
**Besunyen Holdings Company Limited**  
**Zhao Yihong**  
*Chairman and Chief Strategy Officer*

Hong Kong, 20 March 2026

*As at the date of this announcement, the executive Directors are Mr. Zhao Yihong (Chairman and Chief Strategy Officer), Ms. Gao Yan (Vice Chairman), Mr. Feng Bing (Chief Executive Officer) and Mr. Yu Hongjiang (Executive Vice President, Chief Operating Officer and Chief Financial Officer); and the independent non-executive Directors are Mr. He Yuanping, Mr. Shi Xiangxin and Dr. Chen Yang.*