



# 2025 Annual Report

Goodbaby International Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
[www.gbinternational.com.hk](http://www.gbinternational.com.hk)  
Stock Code: 1086



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# Corporate Information

## CORPORATE INFORMATION

### DIRECTORS

#### EXECUTIVE DIRECTORS

Mr. Song Zhenghuan (*Chairman*)  
 Mr. Liu Tongyou (*Chief Executive Officer*)  
 Mr. Martin Pos  
 Mr. Xia Xinyue (*appointed on 27 March 2026*)

#### NON-EXECUTIVE DIRECTORS

Ms. Fu Jingqiu  
 Mr. Ho Kwok Yin, Eric

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Chiang Yun (*Lead independent non-executive Director*)<sup>1</sup>  
 Mr. Wong Shun Tak  
 Mr. Jin Peng  
 Mr. Shi Xiaoguang (*retired on 27 May 2025*)  
 Mr. So Tak Young (*retired on 27 May 2025*)

### AUDIT COMMITTEE

Mr. Wong Shun Tak (*Chairman*)  
 Ms. Chiang Yun  
 Mr. Ho Kwok Yin, Eric

### NOMINATION COMMITTEE

Ms. Chiang Yun (*Chairlady*)  
 Mr. Wong Shun Tak  
 Mr. Ho Kwok Yin, Eric

### REMUNERATION COMMITTEE

Ms. Chiang Yun (*Chairlady*)  
 Mr. Wong Shun Tak  
 Mr. Ho Kwok Yin, Eric

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE<sup>2</sup>

Ms. Chiang Yun (*Chairlady*)  
 Mr. Wong Shun Tak  
 Mr. Ho Kwok Yin, Eric

### REGISTERED OFFICE

Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman, KY1-1111  
 Cayman Islands

### AUDITORS

Ernst & Young  
 Certified Public Accountants  
 Registered Public Interest Entity Auditor  
 27/F, One Taikoo Place  
 979 King's Road  
 Quarry Bay  
 Hong Kong

### PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited  
 Suite 3204, Unit 2A, Block 3, Building D  
 P.O. Box 1586, Gardenia Court  
 Camana Bay, Grand Cayman, KY1-1100  
 Cayman Islands

<sup>1</sup> Ms. Chiang Yun ceased to act as the chairlady of the audit committee of the Company following the appointment of Mr. Wong Shun Tak as an independent non-executive director of the Company and the chairman of the audit committee of the Company, which took effect after the close of the board meeting of the Company held on 26 March 2025. She was designated as the lead independent non-executive director of the Company with effect from 25 August 2025.

<sup>2</sup> The Environmental, Social and Governance ("ESG") committee of the Company was established on 26 March 2025.

## CORPORATE INFORMATION

### HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong  
Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### AUTHORIZED REPRESENTATIVES

Mr. Song Zhenghuan  
Ms. Ho Wing Tsz, Wendy

### WEBSITE

[www.gbinternational.com.hk](http://www.gbinternational.com.hk)

### STOCK CODE

1086

### HEAD OFFICE

28 East Lufeng Road, Lujia Town  
Kunshan City  
Jiangsu Province, 215331  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1501, 15/F, Stellux House  
698 Prince Edward Road East  
San Po Kong  
Kowloon  
Hong Kong

### COMPANY SECRETARY

Ms. Ho Wing Tsz, Wendy

### CONTACTS

General enquiries: [info@gbinternational.com.hk](mailto:info@gbinternational.com.hk)  
Investor enquiries: [ir@goodbabyint.com](mailto:ir@goodbabyint.com)  
Board enquiries: [enq\\_to\\_board@goodbabyint.com](mailto:enq_to_board@goodbabyint.com)

# Chairman's Statement

## CHAIRMAN'S STATEMENT

Dear shareholders,

In 2025, the global macroeconomic environment was complex and volatile, marked by intensifying trade frictions and geopolitical conflicts, persistent pressure on consumer confidence and birth rates, and increasingly fierce industry competition. Faced with these multiple challenges, Goodbaby International Holdings Limited (the "Company", together with its subsidiaries, the "Group") fully leveraged its long-term strategy of globalization and independent operations of multi-brand portfolios, and strengths and capabilities built up over the years in product, brand, omni-channel distribution network, supply chain and digital, and had effectively mitigated risks and captured opportunities for structural growth while advanced ahead steadily.

### **SOLID FULL-YEAR PERFORMANCE WITH CONTINUED IMPROVEMENT OF FINANCIAL STRUCTURE**

During the year ended 31 December 2025 (the "Period"), the Group generated revenue of approximately HK\$8.66 billion, representing a slight year-on-year decline of 1.2%. Despite short-term pressure on revenue, the Group continued strong growth momentum in major markets such as Europe. Its profitability fluctuated, resulting from cost increases and gross profit reduction, which was caused by multiple factors including tariffs and regulatory changes in the U.S.. The Group responded swiftly by implementing mitigation measures; as a result, business operations improved quarter by quarter in the second half of the year. Cash flow performance remained robust. During the Period, the Group continued to reduce its debt and achieved a net cash position for the first time in years with significant improvement in financial costs, laying a solid foundation for continued dividend payments and delivering shareholder returns.

### **CONTINUED OPTIMIZATION OF BRAND PORTFOLIO WITH DEEPENING EXPANSION INTO GLOBAL MARKETS**

The strategy of multi-brand operations was further advanced, resulting in constant optimization in brand mix. Our core brands demonstrated strong resilience and vitality:

**CYBEX:** The brand recorded double-digit growth in both revenue and profit: it continued to lead on the European and Japanese markets and made breakthroughs in the U.S. market, thus further deepened its global premium presence. During the Period, CYBEX opened two new flagship stores in strategic metropolis New York and Berlin, continuing to attract attention from global celebrities; the development of its self-owned e-commerce platform progressed strongly; product upgrade as well as category innovations advanced in parallel, solidifying CYBEX's brand identity as a technology leader. With its unique brand moat built on "technology + lifestyle", CYBEX exhibits strong momentum with significant long-term growth potential.

**Evenflo:** The brand faced temporary headwinds, with revenue and profit impacted by multiple factors. The Group viewed this as a valuable opportunity to enhance operational resilience. The brand contiously strengthened cost control, optimized processes and mechanisms, adjusted market strategies, solidified customer relationships, and accelerated new products launch. As a result, operating loss narrowed significantly in the second half of the year. At present, management restructuring has been completed, the business has gradually stabilized, and operational efficiency has improved steadily.

**gb:** The brand vigorously drove organizational transformation and capability building, and had achieved solid results in its strategic transformation. As the Group's founding business, gb focused on its durable goods and comprehensively upgraded product portfolio to strengthen brand influence. On the channel front, gb firmly pushed forward its DTC transformation through streamlining wholesale operations and focusing on direct retail to highlight user-centricity. As a result, operational quality improved greatly, in particular, the car seat category recorded robust growth throughout the year. After several years of adjustments, gb business delivered positive developments in multiple aspects during the Period, with operating loss narrowed significantly.

## **BLUE CHIP BUSINESS NAVIGATED CHALLENGES IN A DYNAMIC ENVIRONMENT AND FURTHER STRENGTHENED CUSTOMER RELATIONSHIPS**

As an important part of the Group, **Blue Chip** business performance fluctuated as impacted by external factors such as tariffs during the Period. The Group maintained close communication and collaboration with its customers, working together to navigate challenges. The Group continued to provide its customers with excellent service, flexible manufacturing, quality assurance, on-time delivery, and support in new product development. The Group responded efficiently to customers' needs and maintained healthy and stable strategic partnerships with its global partners.

## **THE OMNI-CHANNEL NETWORK CONTINUED TO EXPAND, EMPOWERING DIRECT CONNECTIONS WITH CONSUMERS WORLDWIDE**

Relying on its localized operations, the Group has established an omni-channel network, extending its footprint to more than 110 countries and regions worldwide. The Group has continuously advanced its diversified and self-controlled channel layout for efficient connections with consumers. Our offline network extends into key metropolis, spanning from premier shopping districts and popular commercial neighborhoods to high-end department stores and landmark centers to deliver a comprehensive and immersive experience to consumers. Our online DTC channels, including our own e-commerce platforms, social media livestreaming, and self-owned stores, facilitated deep integration of online and offline and continuous optimization of user experience and operational efficiency. The Group's omni-channel network is highly replicable and scalable, and can be further expanded in both breadth and depth in the future.

## **THE STRATEGIC VALUE OF THE GROUP'S GLOBAL SUPPLY CHAIN PLATFORM HAS BECOME INCREASINGLY PROMINENT, WITH CONTINUED ACHIEVEMENTS IN INNOVATION**

In the face of a complex macroeconomic environment, the Group's global supply chain platform, which integrates technology, R&D, manufacturing, supply chain management, testing and standard-setting, has demonstrated growing strategic advantages, providing solid support for the development of the Group's brands and the Blue Chip business:

**Continuous achievements in innovation:** During the Period, the Group launched a newly upgraded smart airbag car seat, an infant car seat equipped with smart soothing technology and other innovative products, continuing to lead the technological revolution in child safety mobility. The Group has been recognized internationally for its product excellence, winning prestigious awards such as the Red Dot Design Award, iF Design Award, Compasso d'Oro, G-Mark Design Award, and NAPP Innovation Award. Its product was once again selected for TIME magazine's annual list of the Best Inventions of the Year;

**In-depth advancement of digital and intelligent transformation:** The Group implemented digital and intelligent strategies in a systematic way and has yielded positive progress in smart manufacturing, new materials and processes, quality management, AI applications, and organizational optimization. The Group continued to elevate its supply chain efficiency and business models;

**Consolidated leadership in standard-setting:** The Group's experts continued to serve as the chair of ISO/TC 310 (International Organization for Standardization), and during the Period, chaired the sixth plenary meeting of the Organization and led the publication of multiple international standards. As of the end of 2025, the Group had cumulatively led or participated in the development or revision of 335 standards.

## **OUTSTANDING ESG PERFORMANCE, INTEGRATING SUSTAINABILITY INTO CORE STRATEGY**

The Group has integrated sustainability into its full value chain and is committed to building a global parenting ecosystem. During the Period, the Group's Kunshan manufacturing base was recognized as a Provincial Green Factory. The Group completed a comprehensive review on greenhouse gas emissions and promoted the application of renewable energy. It also conducted carbon footprint assessments and collaborated with partners to build a green supply chain. The Group piloted a stroller maintenance and recycling program to encourage consumers to adopt sustainable lifestyle. With its outstanding ESG performance, the Group was awarded as a 2025 Forbes China ESG Benchmark in Industry, as the only company in the industry to be selected. Its S&P Global CSA score reached 67, representing an increase of over 30% year-on-year, and was included in the S&P Global Sustainability Yearbook 2026, again standing as the only company in the global industry to be selected.

## OUTLOOK 2026: FORGING AHEAD WHILE STAYING COMMITTED TO A LONG-TERM PERSPECTIVE

As 2026 begins, macroeconomic uncertainties remain elevated in a complex and volatile global landscape. We firmly believe that only by adhering to a long-term perspective can we navigate through economic cycles. Over the course of 37 years of development, the Group has consistently remained user-oriented, innovation-driven, and design-led. We will continue to deepen our digital and intelligent transformation and accelerate the building of an industrial ecosystem where all stakeholders will grow and benefit. These accumulated core strengths underpin our steady progress ahead and embody our original commitment to creating sustained value for global consumers. I am fully confident in the Group's long-term sustainable development.

**Song Zhenghuan**

*Chairman*

27 March 2026

# Management Discussion & Analysis

# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW

### BUSINESS PERFORMANCE UNDER PRESSURE IN A CHALLENGING MACRO ENVIRONMENT

During the Period, heightened turbulence and persistent uncertainties cast a significant shadow over the global economy: US tariff policies, coupled with widespread policy uncertainties, delivered a structural shock to the world economy, resulting in a broad-based slowdown in global demands, market confidence and business sentiment, while weighing on overall global economic efficiency. Intensified regional geopolitical conflicts further eroded consumer confidence. Meanwhile, the Group's major markets continued to experience a decline in birth rates, which was even worse than previously expected.

Against the backdrop of such fragile environment, the Group's business was under great pressure. Nevertheless, the Group recorded strong revenue growth in Europe and other regions backed by strong consumer demand for CYBEX products, while revenue decreased in the US and China market. The Group's net profit contracted mainly due to a decrease in gross profit and an increase in income tax. The decrease in gross profit was primarily attributable to a slight decrease in the Group's revenue while the Group's gross margin remained basically flat as gross margin improved in the second half against the first half. The increase in income tax was mainly attributable to more profits recorded in regions with higher tax rates and withholding tax incurred on dividends distributed between the Group's entities. Such negative impacts were partially offset by the Group's improved financial cost, driven by a lower level of loans and interest rates. During the Period, the Group continued to generate solid operating cash flow. The Group's financial resources and liquidity situation remained healthy.

The Group's global competitive edge as described below continued to support its navigation through macro turbulence and uncertainties:

1. The one-dragon vertically integrated platform of own diversified brands, globally balanced omni-channel distribution platforms, own manufacturing and operational services, which enabled the Group to minimize risks in any single territory and supported its agile and flexible reactions to market volatilities;
2. Continuing dedicated and strategic investments in brand building, product innovation, global omni-channel infrastructure and digital.

Our revenue for the Period slightly decreased by 1.2% to approximately HK\$8,659.2 million from approximately HK\$8,765.9 million for the corresponding period in 2024. Foreign exchange rates fluctuated between the Period and the corresponding period in 2024, particularly between RMB and HKD, and between EUR and HKD. Such fluctuations led to the difference between the Group's revenue change in the original currencies and the change in the Group's reporting currency in HKD after currency translation. On a constant currency basis, our revenue for the Period recorded a 3.0% decrease as compared to the corresponding period in 2024. Reported gross profit decreased by 1.6% to approximately HK\$4,434.0 million for the Period from approximately HK\$4,507.9 million for the corresponding period in 2024. Reported operating profit decreased by 16.1% to approximately HK\$419.5 million for the Period from approximately HK\$500.0 million for the corresponding period in 2024 and on a non-GAAP basis, our operating profit decreased by 14.9% to approximately HK\$463.3 million for the Period from approximately HK\$544.3 million for the corresponding period in 2024. Reported net profit decreased by 38.7% to approximately HK\$218.4 million for the Period from approximately HK\$356.2 million for the corresponding period in 2024. On a non-GAAP basis, our net profit decreased by 35.4% to approximately HK\$252.5 million for the Period from approximately HK\$390.6 million for the corresponding period in 2024.

## MANAGEMENT DISCUSSION & ANALYSIS

Summary of the Group's revenue:

(HK\$ million)	For the year ended 31 December		Change (%)	Change on a constant currency basis (%)		
	2025	2024				
Group Revenue	\$8,659.2	\$8,765.9	-1.2%	-3.0%		
By Brand	Amount	% of Revenue	Amount	% of Revenue	Change (%)	Change on a constant currency basis (%)
Strategic brands	7,911.0	91.4%	7,770.7	88.6%	1.8%	-0.3%
CYBEX	5,047.4	58.3%	4,467.3	51.0%	13.0%	9.1%
Evenflo	2,118.1	24.5%	2,385.3	27.2%	-11.2%	-10.1%
gb	745.5	8.6%	918.1	10.5%	-18.8%	-20.2%
Blue Chip and other business	748.2	8.6%	995.2	11.4%	-24.8%	-24.5%

### EXECUTIVE SUMMARY

During the Period, the Group's strategic brands performed as follows:

- CYBEX** achieved another record revenue and profit, celebrating its 20th anniversary in a challenging business environment marked by negative consumer sentiment, weak European economy, declining birthrates and worsening geopolitical conflicts. This demonstrated CYBEX's strong brand resilience and market influence. Backed by strong market demand for its products, CYBEX recorded robust revenue growth of 13.0% (a 9.1% increase on a constant currency basis) in the Period to approximately HK\$5,047.4 million from approximately HK\$4,467.3 million for the corresponding period of 2024. Such growth was recorded across CYBEX's core categories, channels and major markets. With the strong revenue momentum, CYBEX continued to outperform competitors and gain market shares globally. Due to positive operating leverage, CYBEX's operating profit growth outpaced its revenue growth, highlighting the brand's focus in continuously improving business profitability. The sustained outstanding performance was a result of CYBEX's very strong and continuously enhanced brand position, diversified and innovative product portfolio supported by strong operational infrastructure and supply chain, and further expansion and fortification of global omni-channel distribution network with industry leading self-owned wholesale, e-commerce and own offline flagship store infrastructure. During the Period, CYBEX opened two flagship stores in New York and Berlin respectively, further strengthening its leadership in "Strategic Key Cities" and enriching its omni-channel distribution network. Furthermore, CYBEX delivered solid progress in the North American market despite tariff policies and corresponding price increases, and this momentum was further strengthened particularly following the opening of the New York flagship store. During the Period, CYBEX proudly received multiple awards from prominent international organizations for its product fashion design, safety and functionality. The brand continued to reinforce its global leading position as the premium "technical-lifestyle" brand.

- **Evenflo** brand recorded revenue decrease of 11.2% (a 10.1% decrease on a constant currency basis) in the Period to approximately HK\$2,118.1 million from approximately HK\$2,385.3 million for the corresponding period of 2024. The decrease was mainly attributable to lower sales of the car seat category as well as low-priced and older products in other categories. Nevertheless, the brand recorded strong performance in the stroller category, supported by a record number of new launches, which partially mitigated the overall revenue decline. Furthermore, the brand continued to successfully implement digital strategy, leading to strong growth in its DTC channel. During the Period, the brand suffered from major profitability challenges arising from tariff policies and new product regulatory requirements. These factors resulted in additional tariff-related costs, higher compliance costs for car seat products to meet new regulatory standards, increased expenses for new product displays in retailers' stores, as well as elevated promotion and marketing expenditure for older product models. A prudentially conservative pricing strategy was adopted during the Period given the increased macroeconomic turbulence and uncertainties, and thus was not able to fully cover these additional costs. During the Period, the brand adopted stringent cost controls and streamlined organization structure, which effectively improved expense performance in the second half of the year.
- **gb** brand recorded a revenue decline of 18.8% (a 20.2% decrease on a constant currency basis) in the Period to approximately HK\$745.5 million from approximately HK\$918.1 million for the corresponding period of 2024. Revenue decline was mainly attributable to decline in the non-durables category as gb deepened strategic product portfolio upgrade and restructuring: it focused on the durables category to highlight

its core competitiveness; at the same time, it intentionally reduced sales of low-priced and older products; integration of fashion design improved consumer experience; the brand further shifted from "selling SKUs" to "offering one-stop solutions". As a result, gb recorded very strong growth in the car seats segment and overall, optimized its product mix. The brand also continued efforts to optimize the channel mix which prioritized self-owned channels and eliminated price disorders across channels: offline, gb kept adjusting its retail store network through closures of outdated stores as well as moderate opening of new stores; online, gb strengthened in-house management of retail stores and enhanced leadership in key durables products. These efforts also contributed to gross margin improvement.

During the Period, our Blue Chip and other business recorded revenue decrease of 24.8% (a 24.5% decrease on a constant currency basis) to approximately HK\$748.2 million in the Period as compared to approximately HK\$995.2 million for the corresponding period of 2024, mainly attributable to revenue decline of our Blue Chip business. After strong growth in the first quarter of 2025 due to front-loaded orders from customers, Blue Chip business was heavily impacted following the announcement of tariff policies starting from the second quarter. Nevertheless, the Group's relationship with its Blue Chip customers remained healthy and stable, and it continued to provide efficient product and service delivery for its customers during the Period.

## MANAGEMENT DISCUSSION & ANALYSIS

### OUTLOOK

Looking ahead to 2026, the global economy is expected to advance amid divergence and volatility, with differentiated global tariff policies disrupting supply chains and increasing trade compliance risks. Persistent geopolitical tensions, particularly the ongoing geopolitical conflicts in Europe and the Middle East, may continue to disrupt global energy supply and cross-regional logistics, triggering sharp fluctuations in energy prices, disrupting key transportation routes, and bringing significant cost pressures, supply chain disruptions and product availability issues, all of which will further dampen consumer confidence and suppress market demand. Notably, the ongoing decline in birth rates in our major markets will shrink our core consumer base, while sluggish consumer sentiment and rising household living costs will reduce spending power and willingness to purchase, adding downside risks. Additionally, deepening trade regionalization and industrial chain restructuring will exacerbate operational uncertainties. That said, the Group stands ready to adapt to the market environment, seize opportunities from challenges and industry restructurings by fully leveraging its competitive strengths, and strive to mitigate risks for sustainable development.

Overall, we remain very confident of and will continue our vertically integrated one-dragon, brand-driven strategy through sustained strategic investments to maintain and consolidate our global competitiveness, which will continue to inject momentum into the Group's business and enhance its resilience in the face of uncertainties. Under the strategy, focus will continue to be given to our strategic brands of CYBEX, Evenflo and gb and the ongoing development of our Blue Chip business:

- **CYBEX** will continue to leverage its strong brand momentum, diversified and innovative product portfolio and omni-channel infrastructure to grow globally with full speed ahead. The strong momentum will enable the brand to consequently continue to gain market shares across the globe among fierce competitions;

- **Evenflo** will focus on stabilizing business development under the new management team. Recovering revenue growth and profitability remains a top priority. The brand will continue new product launches, refine and strengthen channel relationships and continue strategic investment in brand, product and digital;
- **gb** will focus on turning around its overall business. It will catch up in content marketing to better connect with consumers, continue to focus on the core durables category to fully leverage the brand's competitiveness and better implement DTC strategy based on strict cost discipline; and
- **Blue Chip** business is expected to record moderate development. We remain the major supplier of our customers and continue to receive orders of new products from our major customers and have successfully developed new customers. The Group continues to deliver services that meet demands of both our existing and new customers.

On a global basis, we will continue brand building through the expansion and deepening of our omni-channel distribution network and infrastructure in existing and new markets to ensure that we maintain a direct relationship with our fans and consumers and provide them with a world-class omni-channel experience. We will continue to optimize and consolidate our global supply chain strategies as we embrace supplier partnerships and broaden our global footprint to ensure we are quicker to market and leverage regional capabilities through mother market operations.

Brand-driven strategy supported by world-class technology, manufacturing, supply chain excellence and agility, innovation, mother market operations, digital and cost optimization will remain the core of our vision of becoming an outstanding enterprise with global and future-ready competitiveness and achieving sustained profitable growth.

## FINANCIAL REVIEW

### REVENUE

For the Period, the total revenue of the Group decreased by 1.2% to approximately HK\$8,659.2 million from approximately HK\$8,765.9 million for 2024. Foreign exchange rate fluctuated between the Period and the corresponding period in 2024, particularly between RMB and HKD, and between EUR and HKD. Such fluctuations led to the difference between the Group's overall revenue change in the original currencies and the change Group's reporting currency in HKD after currency translation. On a constant currency basis, our revenue for the Period recorded a 3.0% decrease compared to 2024.

For the revenue breakdown analysis, please refer to the section headed "Management Discussion and Analysis - Overview" in this annual report.

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

Cost of sales decreased by 0.8% to approximately HK\$4,225.2 million for the Period from approximately HK\$4,258.0 million for 2024. Gross profit of the Group decreased to approximately HK\$4,434.0 million for the Period from approximately HK\$4,507.9 million for 2024, and the gross profit margin slightly decreased by 0.2 percentage points to 51.2% for the Period from approximately 51.4% for 2024. The decrease in gross profit was mainly due to the slight decrease in revenue.

### OTHER INCOME AND GAINS

Other income and gains of the Group increased by approximately HK\$27.7 million to approximately HK\$62.1 million for the Period as compared to approximately HK\$34.4 million for 2024, which was mainly attributable to the increase in foreign exchange gain and government grants, partially offset by the decrease in the gain on sales of scrap materials.

### SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses primarily consisted of marketing expenses, personnel costs, rental and commission, and logistics costs. The selling and distribution expenses increased by approximately HK\$19.3 million to approximately HK\$2,475.8 million for the Period from approximately HK\$2,456.5 million for 2024. The increase was mainly attributable to the increase in personnel costs and logistics costs, partially offset by the decrease in marketing expenses.

### ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily consisted of personnel costs, R&D costs, professional service expenses, depreciation and amortization cost and other office expenses. The administrative expenses increased by approximately HK\$30.1 million to approximately HK\$1,598.4 million for the Period from approximately HK\$1,568.3 million for 2024. The increase was mainly due to the increase in R&D costs and IT related expenses.

## MANAGEMENT DISCUSSION & ANALYSIS

### OTHER EXPENSES

Other expenses of the Group decreased by approximately HK\$15.3 million to approximately HK\$2.3 million for the Period from approximately HK\$17.6 million for 2024, which was mainly attributable to the decrease in net loss on disposal of property, plant and equipment and in foreign exchange loss.

### OPERATING PROFIT

As a result of the foregoing, the Group's operating profit decreased by approximately 16.1%, or HK\$80.5 million, to approximately HK\$419.5 million for the Period from approximately HK\$500.0 million for 2024.

### FINANCE INCOME

For the Period, the Group's finance income decreased to approximately HK\$13.0 million from approximately HK\$26.7 million for 2024. The Group's finance income mainly represents interest income from bank deposits.

### FINANCE COSTS

For the Period, the Group's finance costs decreased to approximately HK\$108.8 million from approximately HK\$155.5 million for 2024. The improvement in net financial cost was attributable to a lower level in both loan principles and interest rates.

### PROFIT BEFORE TAX

As a result of the foregoing, the profit before tax of the Group decreased by 14.6% to approximately HK\$324.2 million for the Period from a profit before tax of approximately HK\$379.6 million for 2024.

### INCOME TAX

The Group's income tax expense was approximately HK\$105.8 million for the Period, as compared with income tax of HK\$23.4 million for 2024. The increase in income tax expense was mainly attributable to more profits recorded in regions with higher tax rates and withholding tax incurred on dividends distributed between Group entities.

### PROFIT FOR THE YEAR

Profit of the Group for the Period decreased by 38.7% or approximately HK\$137.8 million to approximately HK\$218.4 million from approximately HK\$356.2 million for 2024.

The non-GAAP profit of the Group decreased by approximately 35.4% to approximately HK\$252.5 million for the Period from approximately HK\$390.6 million for 2024.

### NON-GAAP FINANCIAL MEASURES

To supplement the consolidated results of the Group prepared in accordance with IFRS, certain non-GAAP financial measures, including non-GAAP operating profit, non-GAAP operating margin, non-GAAP profit before tax, non-GAAP profit for the year and non-GAAP net margin, are presented. The Company's management believes that the non-GAAP financial measures provide investors with a more meaningful view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding certain non-cash items, certain impact of merger and acquisition transactions and certain one-off bad debt provision and operating loss. Nevertheless, the use of these non-GAAP financial measures has limitations as an analytical tool. These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with IFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of the Company's non-GAAP financial measures for the year ended 31 December 2025 and 2024 to the nearest measures prepared in accordance with IFRS Accounting Standards:

	Year ended 31 December 2025			
	As reported	Adjustments		
		Equity-settled share option expenses	Amortization of intangible assets (a)	Non-GAAP
(HK\$ million)				
Operating profit	419.5	5.8	38.0	463.3
Profit before tax	324.2	5.8	38.0	368.0
Profit for the year	218.4	5.8	28.3	252.5
Operating margin	4.8%			5.4%
Net margin	2.5%			2.9%

	Year ended 31 December 2024			
	As reported	Adjustments		
		Equity-settled share option expenses	Amortization of intangible assets (a)	Non-GAAP
(HK\$ million)				
Operating profit	500.0	5.6	38.7	544.3
Profit before tax	379.6	5.6	38.7	423.9
Profit for the year	356.2	5.6	28.8	390.6
Operating margin	5.7%			6.2%
Net margin	4.1%			4.5%

Note:

(a) Amortization of intangible assets arising from acquisitions, net of related deferred tax.

## MANAGEMENT DISCUSSION & ANALYSIS

### WORKING CAPITAL AND FINANCIAL RESOURCES

	As at 31 December 2025	As at 31 December 2024
	(HK\$ million)	
Trade and notes receivables (including trade receivables due from related parties)	884.4	1,085.0
Trade and notes payables (including trade payables due to related parties)	1,381.7	1,459.5
Inventories	1,508.6	1,712.4
	For the year ended 31 December 2025	For the year ended 31 December 2024
Trade and notes receivables turnover days <sup>(1)</sup>	41	47
Trade and notes payables turnover days <sup>(2)</sup>	121	117
Inventories turnover days <sup>(3)</sup>	137	134

#### Notes:

- (1) Trade and notes receivables turnover days = Number of days in the reporting period x (average balance of trade and notes receivables at the beginning and at the end of the period)/revenue in the reporting period.
- (2) Trade and notes payables turnover days = Number of days in the reporting period x (average balance of the trade and notes payables at the beginning and at the end of the period)/cost of sales in the reporting period.
- (3) Inventories turnover days = Number of days in the reporting period x (average balance of inventories at the beginning and at the end of the period)/cost of sales in the reporting period.

The decrease in trade and notes receivables was mainly attributable to the relatively lower balance of trade and notes receivables at the current year-end of 31 December 2025 caused by the lower year-end monthly revenue than previous year. Trade and notes receivables turnover days continued to maintain stable, which was in line with the overall business operation status of the Group.

Trade and notes payables remained stable, and the turnover days of trade and notes payables continued to maintain stable, which was in line with the overall business operation status of the Group.

The decrease in inventories was mainly attributable to reduced in-transit inventory levels and Group's proactive scaling back of the safety stock reserves that were deliberately built up at the end of the previous year to mitigate potential logistics disruptions arising from the Red Sea crisis and potential supply chain shortages during the period of Chinese New Year. The inventory turnover days remained stable.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group's monetary assets, including cash and cash equivalents, time deposits, pledged deposits and financial assets designated at fair value through profit or loss, were approximately HK\$1,434.8 million (31 December 2024: approximately HK\$1,126.0 million).

As at 31 December 2025, the Group's interest-bearing bank loans and other borrowings were approximately HK\$1,157.4 million (31 December 2024: approximately HK\$1,455.1 million), including short-term bank loans and other borrowings of approximately HK\$336.9 million (31 December 2024: approximately HK\$475.9 million) and long-term bank loans and other borrowings with repayment terms ranging from one to two years of approximately HK\$820.5 million (31 December 2024: approximately HK\$979.2 million). Among the Group's interest-bearing bank loans and other borrowings, approximately HK\$111.3 million were at fixed interest rates (31 December 2024: approximately HK\$178.9 million) and approximately HK\$1,046.1 million were at variable interest rates (31 December 2024: approximately HK\$1,276.2 million).

As a result, as at 31 December 2025, the Group's net cash position was approximately HK\$277.4 million (31 December 2024: net debt position with an amount of approximately HK\$329.1 million).

## CONTINGENT LIABILITIES

In the ordinary course of business, the Group may from time to time be involved in legal proceedings and litigations. The Group records a liability when the Group believes that it is both probable that a loss has been incurred by the Group and the amount can be reasonably estimated. With respect to the Group's outstanding legal matters, notwithstanding that the outcome of such legal matters is inherently unpredictable and subject to uncertainties, the Group believes that, based on its current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Group's business, financial position, results of operations, or cash flows.

As at 31 December 2025, the Group had no material contingent liabilities (as at 31 December 2024: nil).

## EXCHANGE RATE FLUCTUATIONS

The Group is a multinational enterprise with operations in different countries and the money that it used to conduct its business and transaction is denominated in various currencies, and the Group uses Hong Kong dollar ("HK\$") as its reporting currency, which is pegged to US\$. The Group's revenue is mainly denominated in US\$, RMB and EUR. The Group's procurement and the Group's operating expenses ("OPEX") are mainly denominated in RMB, US\$ and EUR. The net exposures to foreign currency risks of the Group's operating results are mainly the US\$ and EUR revenue against RMB procurement and OPEX. The Group would benefit from the appreciation of US\$ and EUR against RMB but would suffer losses if US\$ or EUR depreciates against RMB. The Group uses forward contracts to eliminate the foreign currency exposures.

## PLEDGE OF ASSETS

Bank deposits of approximately HK\$24.6 million (31 December 2024: approximately HK\$24.5 million) were pledged for interest reserve.

## GEARING RATIO

As at 31 December 2025, the Group's gearing ratio (calculated by net debt divided by the sum of adjusted capital and net debt, whereas (i) net debt is calculated by the sum of trade and bills payables, other payables and accruals, payables due to related parties and interest-bearing bank loan and other borrowings (current and non-current), less monetary assets, including cash and cash equivalents, time deposits and pledge deposits, and financial assets designated at fair value through profit or loss; (ii) the amount of adjusted capital is calculated by equitable to owner of the parent minus hedging reserve) was approximately 26.6% (31 December 2024: approximately 32.8%) or 29.2% after taking into consideration the lease liabilities (current and non-current) impact of IFRS Accounting Standards 16 (as at 31 December 2024: approximately 34.8%).

## MANAGEMENT DISCUSSION & ANALYSIS

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 5,817 full-time employees (as at 31 December 2024: 6,231). For the Period, costs of employees, excluding Directors' emoluments, amounted to approximately HK\$1,911.5 million in aggregate (for 2024: approximately HK\$1,876.2 million). The Group determined the remuneration packages of all employees with reference to their position, competency, performance, value and market salary trend. The Group provides its employees in the PRC and other countries and regions with welfare schemes as required by applicable local laws and regulations.

The Company has adopted share option schemes to incentivize or reward eligible participants for their contribution to the Group for the purpose of motivating the eligible participants to optimize their performance efficiency for the benefit of the Group, and attracting and retaining or otherwise maintaining on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

The Company adopted a share option scheme on 5 November 2010 (the "2010 Share Option Scheme"), which was terminated and replaced by another share option scheme (the "2020 Share Option Scheme") approved and adopted at the annual general meeting of the Company held on 25 May 2020. The 2020 Share Option Scheme was terminated, and in view of the amendments to Chapter 17 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which have taken effect from 1 January 2023 and the intention of the Company to provide more flexibility in its long term planning of granting of share options to incentivize suitable eligible participants, the Company has terminated the 2020 Share Option Scheme and adopted a new share option scheme (the "2025 Share Option Scheme") at the extraordinary general meeting of the Company held on 27 May 2025.

No further share options could be granted under the 2010 Share Option Scheme or the 2020 Share Option Scheme following their respective termination, but the provisions of the 2010 Share Option Scheme and the 2020 Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any share option granted prior to their respective termination.

A summary of the principal terms of the 2025 Share Option Scheme is set out in the Appendix to the Company's circular dated 12 May 2025. No share option was granted since the adoption of the 2025 Share Option Scheme.

As at 31 December 2025, there were an aggregate of 158,933,500 outstanding share options under the 2010 Share Option Scheme and the 2020 Share Option Scheme (31 December 2024: 196,434,500 outstanding share options).

### KEY RISKS AND UNCERTAINTIES

The Company's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Company with the understanding that it is not an exhaustive list of all risks and uncertainties. There may be other risks and uncertainties in addition to those shown below which are not known to the Company or which may not be material now but could turn out to be material in the future.

## OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external circumstances. The Company adopts the “three lines of defense” model for operational risk governance: 1) the first line of defense is the business and functional management unit which is responsible for identifying and managing the risks inherent in the products, activities, processes and systems for which it is accountable; 2) a functionally independent corporate operational risk and compliance function, typically the finance or internal control department, is the second line of defense, generally supporting the business and functional management unit’s operational risk management activities and ensuring the first line of defense is properly designed, in place, and operating as intended; 3) the third line of defense is internal audit function which provides assurance on the effectiveness of governance, risk management, and internal controls. The Company recognizes that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Business units and supporting functions in the Company are guided by their internal control policies, standard operating procedures, limits of authority and reporting framework which are updated in response to business changes or business needs from time to time. The Company identifies and assesses key operational exposures regularly so that risk responses can be taken timely and appropriately.

Inadequacy to attract, retain, train and motivate key personnel and talents with appropriate and required skills, experience and competence in a tightening talent market could lead to the risk of impacting the Company’s operating and financial performance. The Company will continue to assess and enhance our remuneration, training and career development policy and system to attract, retain and motivate suitable talents.

## BUSINESS RISK

The global markets where the Company operates its businesses are highly fragmented and competitive. The Company faces competition primarily from third-party juvenile product brand owners covering segments from the mass markets to mid- and high-end markets. Failure to maintain the Company’s competitive position may materially adversely affect our business, financial condition, results of operations and prospects. Furthermore, change of the overall market condition including but not limited to macroeconomic conditions and applicable regulations may also materially adversely impact the Company’s sales, cost, expenses and profitability. The Company seeks to mitigate these potential adverse impacts through strategies such as self-operating a diversified brand portfolio, maintaining market competitiveness of the full range of product portfolios through constant upgrade and launches of technologically advanced products and categories, strengthening and expanding its extensive global omni-channel distribution network and continuously enhancing its self-owned supply chain platform to sustain market leadership.

## FINANCIAL RISK

In the course of business operations, the Company is exposed to a variety of financial risks, including but not limited to market, liquidity and credit risks. The currency environment, interest rates cycles and mark to market value of derivative financial instruments may pose significant risks to the Company’s financial condition, results of operations and businesses. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects of these risks with a material impact on the Company’s financial performance.

## MANAGEMENT DISCUSSION & ANALYSIS

Market risk is the risk that the Company's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in foreign exchange rates, interest rates and equity prices. The Company has transactional currency exposure which arises from sales or purchases by operating units in currencies other than the units' functional currency. The Company closely monitors the relative foreign exchange positions of its assets and liabilities and has developed a complete set of foreign exchange management policies, processes and mechanism to mitigate foreign currency risk, such as negotiation of appropriate commercial terms and use of derivative financial instruments to hedge these risk exposures.

Liquidity risk is the potential that the Company will be unable to meet its obligations when they fall due because of an ability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Company monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Company's operations and reduce the effects of fluctuation in cash flows.

Credit risk is the risk of loss arising from a counterparty defaulting on an obligation which will result in an economic loss to the Company. The Company's exposure to credit risk for its businesses arises primarily from its customers. New customers are subject to credit evaluation while the Company also continues to monitor its existing customers, especially those with repayment issues. Credit limits of the existing customers are also reviewed and updated regularly. Region commercial and AR team are responsible to take appropriate actions, such as dunning process, according to internal control policies for overdue balances. Adequate credit insurance schemes are in place and managed centrally to mitigate potential default risks. The bank balances are deposited with creditworthy banks with no recent history of default.

### REGULATORY AND COMPLIANCE RISK

The business operations of the Company cover three main regions and it is important to ensure compliance of applicable laws and regulations in different jurisdictions, such as laws of patent and product safety, that are relevant to the business scope and products/services of the Company. The Company has a few internal professional teams who, with the support from the appropriate external advisers, oversee compliance with prevailing legislative and industry requirements, monitor changes and new requirements set out in the relevant laws and regulations and formulate and take the appropriate actions and measures (where necessary).

# Directors & Senior Management

## DIRECTORS & SENIOR MANAGEMENT

### DIRECTORS

#### EXECUTIVE DIRECTORS

**Mr. SONG Zhenghuan (宋鄭還)**, aged 77, is the chairman and executive director of the Company, and responsible for the effective operation of the Board and the strategic guidance of the Group business. He was also the chief executive officer of the Company from listing to 15 January 2016. Mr. Song is the founder with more than 30 years of experience in the juvenile products industry. Mr. Song majored in mathematics and graduated from Jiangsu Teachers University (江蘇師範學院) in 1981 with a certificate of graduation.

Prior to establishing the Company, Mr. Song was a teacher in Lujia Middle School in Kunshan City from 1973 to 1984 and he was the Vice Principal from 1984 to 1993.

Between 1989 and 1993, Mr. Song was also in charge of a factory run by Lujia Middle School, the predecessor of Goodbaby Group Co., Ltd., which is a major founding shareholder of our Group. In 1989, Mr. Song invented a “push and rock” stroller and subsequently founded our Group to engage in the design, manufacture and marketing of strollers under the “好孩子 Goodbaby” brand in China. Because of Mr. Song’s outstanding achievements, he was awarded the Ernst & Young Entrepreneur of the Year Award (安永企業家獎) for the Greater China region in 2006. In 2012, Mr. Song was awarded the “Chinese Toy Industry’s Outstanding Achievement Award” (中國玩具行業傑出成就獎) by the China Toy Association. In 2013, Mr. Song was selected as winner of Walter L. Hurd Executive Medal 2013 by the Walter L. Hurd Fo.

Mr. Song is currently a director of the following companies in the Group:

- (i) Goodbaby Child Products Co., Ltd.\*;
- (ii) Goodbaby Children’s Products, Inc.;
- (iii) Goodbaby (Hong Kong) Limited;
- (iv) Shanghai Goodbaby Fashion Co., Ltd.;
- (v) Magellan Holding GmbH;
- (vi) Goodbaby US Holdings, Inc.;
- (vii) Serena Merger Co., Inc.;
- (viii) WP Evenflo Holdings, Inc.;
- (ix) Evenflo Company, Inc.;
- (x) Evenflo Asia, Inc.;
- (xi) Lisco Feeding, Inc.;
- (xii) Lisco Furniture, Inc.;
- (xiii) Goodbaby (Europe) Group Limited;
- (xiv) Rollplay (Hong Kong) Co., Limited;
- (xv) Oasis Dragon Limited;
- (xvi) Goodbaby Retail & Service Holdings Company; and
- (xvii) Goodbaby (China) Retail & Service Company.

Mr. Song is an indirect shareholder and a director of Sure Growth Investments Limited and Pacific United Developments Limited (“PUD”), both of which are substantial shareholders of the Company.

Mr. Song is also a shareholder and a director of Cayey Enterprises Limited, which is a shareholder of the Company, and a shareholder of both PUD and Sure Growth Investments Limited.

Mr. Song is the spouse of Ms. Fu Jingqiu, a non-executive director of the Company.

\* For identification purpose only

**Mr. LIU Tongyou (劉同友)**, aged 58, was appointed as an executive director of the Company on 21 February 2017. Mr. Liu has been appointed as the chief executive officer (“CEO”) of the Company since 21 March 2023, and is responsible for daily management of the Group. Mr. Liu started to support the Group from 1994 and formally joined the Group in 1996. Since joining the Group, Mr. Liu has been responsible for the Group’s finance, internal audit, legal affairs and investment & financing management, and has successively served as the vice president and chief financial officer of the Group. Mr. Liu received his bachelor’s degree of science in 1989 and master’s degree in economics in 1992. Mr. Liu worked for a famous Economist, Jiang Yiwei (蔣一葦), as his academic secretary in 1992. He joined the Beijing Standard Consultancy Company (北京標準股份制諮詢公司) in 1993 as the business director and responsible for consulting on the restructuring as well as listing consultancy of a number of Chinese enterprises, including Haier Electric Appliance Company and Hainan Airlines Company. Mr. Liu was awarded the “2010 China Top Ten Outstanding CFOs” by China’s “Chief Financial Officer” magazine and the “CFO of the Year” by the Hong Kong “2017 China Finance Awards”.

Mr. Liu is currently a director of the following Group companies:

- (i) Goodbaby (Hong Kong) Limited;
- (ii) Goodbaby Child Products Co., Ltd\*;
- (iii) Goodbaby Czech Republic s.r.o.; and
- (iv) Columbus Trading-Partners Japan Limited.

Mr. Liu is also a director of PUD, a substantial shareholder of the Company.

Mr. Liu is a shareholder and a director of Silvermount Limited, a shareholder of the Company. Mr. Liu is also a shareholder of Sure Growth Investments Limited, a substantial shareholder of the Company.

*\* For identification purpose only*

## DIRECTORS & SENIOR MANAGEMENT

**Mr. Martin POS**, aged 56, is an executive director of the Company. Mr. Pos is the founder of the Group's strategic brand CYBEX. As the executive chairman of CYBEX, Mr. Pos is responsible for leading the brand's strategy implementation and overall management. He is an entrepreneur with over 23 years of industry experience including the development and management of premium lifestyle brands, most notably the brand development, global distribution, design and development of premium baby products. Following the merger of CYBEX in early 2014, Mr. Pos was appointed as the executive director of the Company in March 2014 primarily responsible for the management of portfolio of global brands for our company. In December 2014, Mr. Pos was appointed as the deputy CEO. During the period from January 2016 to 21 March 2023, Mr. Pos acted as the CEO of the Company.

**Mr. XIA Xinyue (夏欣躍)**, aged 56, was appointed as an executive director of the Company, with effect from 27 March 2026. He has been appointed as the chief operating officer of the Group since 9 March 2026. Mr. Xia is responsible for the Group's operations and global supply chain strategy and its execution, including manufacturing systems, procurement and logistic systems, and the information technology for the Group. Mr. Xia is also responsible for core business processes optimization, innovation, digital transformation, and sustainability and so on to build the Group's future-oriented core competitiveness.

Mr. Xia previously served in a number of positions in the Company from November 2017 to February 2024. He formerly acted as the chief competition officer of the Company from November 2017 to February 2024; the chief operating officer of the Company from May 2018 to February 2024; and an executive Director of the Company from 10 November 2017 to 29 February 2024.

Mr. Xia has extensive management experience in automotive industry for over 28 years and has held positions at several companies of automotive industry in China. He previously worked for the China division of the Faurecia Automotive Seating Business Group, where he held positions ranging from plant general manager to deputy general manager of the China division, and ultimately the president of the China division, managing 15 factories for more than 7 years.

Mr. Xia obtained a bachelor's degree in Tele-Communication Engineering from the Shanghai Tiedao University in 1992. He also obtained a master of business administration degree from the DongHua University in 2001 and a doctorate degree in management science from the Shanghai Jiao Tong University in 2007.

## NON-EXECUTIVE DIRECTORS

**Ms. FU Jingqiu (富晶秋)**, aged 74, was appointed as a non-executive director of the Company on 10 November 2017. With her over 30 years of extensive experience in retail and distribution of juvenile products in China, Ms. Fu provides business operation guidance and services to the Group for development and management of its business in China market. Ms. Fu is the co-founder of Goodbaby China Holdings Limited (together with its subsidiaries collectively referred to “CAGB Group”) and is now primarily responsible for the overall business management and strategic development of CAGB Group. Before the founding of CAGB Group, Ms. Fu was the vice president of Goodbaby Child Products Co., Ltd. (“GCPC”), from February 1993 to July 2010, where she was primarily responsible for retail and distribution of GCPC products in China market.

Ms. Fu is currently a director of the following companies in the Group:

- (i) Shanghai Goodbaby Fashion Co., Ltd;
- (ii) Goodbaby (China) Retail & Service Company;
- (iii) Kunshan Cybex Children’s Products Co., Ltd.\*;
- (iv) Goodbaby (Nantong) Fashion Co., Ltd.\*;
- (v) Goodbaby (Nantong) Home Furnishings Co., Ltd.\*; and
- (vi) Goodbaby Starchain Marketing (Nantong) Co., Ltd.\*.

Ms. Fu is an indirect shareholder and a director of Sure Growth Investments Limited and PUD, both of which are substantial shareholders of the Company.

Ms. Fu is also a shareholder and a director of Rosy Phoenix Limited, a substantial shareholder of the Company.

Ms. Fu is the spouse of Mr. Song Zhenghuan, the chairman and executive director of the Company.

**Mr. HO Kwok Yin, Eric (何國賢)**, aged 69, was appointed as a non-executive director of the Company on 1 February 2013, and a member of each of the audit committee, nomination committee, the remuneration committee and the ESG committee of the Company, with effect from 26 March 2025. Mr. Ho was admitted as a solicitor in England and Wales in 1987 and as a solicitor in Hong Kong in 1988. He was a founding partner of Sidley Austin in Hong Kong and remained a partner of the firm until his retirement in 2010. Mr. Ho has over 30 years of experience in the legal profession with related expertise in international mergers and acquisitions and private equity transactions. Mr. Ho received a Bachelor of Social Science Degree from the Chinese University of Hong Kong in 1980.

\* For identification purpose only

## DIRECTORS & SENIOR MANAGEMENT

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. CHIANG Yun (張昀)**, aged 58, was re-designated as an independent non-executive director of the Company with effect from 23 May 2014, and she was nominated as the Lead independent non-executive director on 25 August 2025. Ms. Chiang is a member of the audit committee, the chairlady of the nomination committee and the remuneration committee. Ms. Chiang is also the chairlady of the ESG committee with effect from 26 March 2025. Ms. Chiang was a non-executive director of the Company for the period from 15 November 2007 to 22 May 2014 and a director of the Company for the period from 14 July 2000 to 14 November 2007.

Ms. Chiang has over 31 years of private equity investment experience and is the founder of Prospere Capital Ltd. She was a founding managing partner of the private equity business of Pacific Alliance Group. Ms. Chiang is an independent non-executive director of Sands China Ltd. (HKEX: 1928) (“Sands”), and a member of the audit committee, the nomination committee and the Chairlady of the ESG committee of Sands. Ms. Chiang is also an independent non-executive director of Pacific Century Premium Developments Limited (HKEX: 432) (“PCPD”), the chairlady of PCPD’s remuneration committee and a member of PCPD’s audit committee and nomination committee. Ms. Chiang was appointed as a non-executive director of Yantai Changyu Pioneer Wine Company Limited, a company listed on the Shenzhen Stock Exchange, on 1 June 2020. Ms. Chiang received an EMBA degree from The Kellogg Graduate School of Management of North-western University in the U.S. and Hong Kong University of Science and Technology in 1999. Ms. Chiang also received her Bachelor of Science degree, *cum laude*, from Virginia Polytechnic Institute and State University in the U.S. in 1992.

**Mr. WONG Shun Tak (王舜德)**, aged 64, has been appointed as an independent non-executive director, the chairperson of the audit committee and a member of each of the nomination committee, the remuneration committee and the ESG committee of the Company, with effect from 26 March 2025. Mr. Wong has more than 20 years of experience in financial control, operations, strategic planning and implementation, private equity investments and exit strategies in relation to different corporations. He is currently an independent non-executive director of Xiaomi Corporation (Stock Code: 1810 (HKD counter) and 81810 (RMB counter)), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). He is also the chairman of each of the audit committee and the nomination committee, and a member of each of the remuneration committee and the corporate governance committee of the above company.

He is also an independent non-executive director of JNBY Design Limited (Stock Code: 3306), the shares of which are listed on the Stock Exchange. He is a member of the audit committee of the above company.

Mr. Wong previously served in a number of other positions in different corporations, including but not limited to the vice president of finance (product division) of IDT International Limited (Stock Code: 167), the shares of which are listed on the Stock Exchange, from September 2001 to July 2003, and the chief financial officer of Goodbaby Child Products Co., Ltd., a subsidiary of the Company, from August 2003 to August 2007. Between August 2007 and September 2011, Mr. Wong served as a vice president of finance and corporate controller of Alibaba Group Holding Limited, the shares of which are listed on the Stock Exchange (Stock Code: 9988 (HKD counter) and 89988 (RMB counter)), and the American depositary shares of which are listed on the New York Stock Exchange (Stock Symbol: BABA). In 2014, Mr. Wong co-founded and concurrently served as the chief financial officer of Rokid Corporation Ltd.

Mr. Wong received a master's degree in finance from the University of Lancaster in December 1987 and a master's degree in accountancy from Charles Stuart University in Australia in April 1994. He is also a senior certified public accountant fellow of the Hong Kong Institute of Certified Public Accountants and a fellow CPA member of CPA Australia.

**Mr. JIN Peng (金鹏)**, aged 50, was appointed as an independent non-executive director of the Company on 21 February 2017. Mr. Jin has over 20 years of experience in technology investments, entrepreneurship, financial advisory and corporate management. Mr. Jin started his career in 1998 as a member of Bear Stearns Asia's New Media & Telecom group. In 2000, Mr. Jin joined 21 Vianet Group Inc. (NASDAQ: VNET) as an executive vice president where he was responsible for overseeing business development, product, marketing and international sales and was later appointed as a chief financial officer. From 2003 to 2007, Mr. Jin served as a partner in CEC Capital Group (formerly known as China eCapital Corporation) where he provided fund raising, merger and acquisition advisory services for growth stage companies in the PRC. In 2008, Mr. Jin co-founded Keytone Ventures, a venture fund focusing on early stage technology investment opportunities with a total asset under management of US\$420 million. Mr. Jin left Keytone Ventures in 2014 to start Emerge Ventures, a venture studio specializing in mostly seed and angel investments and incubating technology startups. Mr. Jin was appointed as chief operating officer and secretary of Bison Capital Acquisition Corp. (NASDAQ: BCACU) on 20 December 2016. In addition, Mr. Jin was appointed as an executive director of Cinedigm Corp. (NASDAQ: CIDM) on 1 November 2017. Mr. Jin obtained a bachelor's degree with a dual major in Finance and Information Systems from the New York University in 1998.

## DIRECTORS & SENIOR MANAGEMENT

### SENIOR MANAGEMENT

**Mr. Johannes SCHLAMMINGER**, aged 46, is the CEO of the Group's strategic brand CYBEX. He joined CYBEX in 2010 and has held various management positions within the company. In November 2016, Mr. Schlamminger was appointed as chief executive officer of CYBEX. Prior to this, Mr. Schlamminger had worked as head of channel business for ZF Electronics, a supplier of computer devices and electronic automotive parts, and was a professional basketball player at BBC Bayreuth. Through the many positions he was holding, Mr. Schlamminger was able to gain strong commercial and retail experience in the global juvenile industry. Paired with his excellent capabilities in customer understanding and attention to detail, this acquired knowledge leads to an exceptional commercial and operational record.

**Mr. Kurt JOVAIS**, aged 53, was appointed as CEO of the Group's strategic brand Evenflo in January 2026. Prior to joining the Group, Mr. Jovais worked with Midea Group, the world's largest manufacturer of appliances and air conditioners. Mr. Jovais led Global Product Management for Midea Group's international business and served as President of Midea America. Prior to Midea, Mr. Jovais was Vice President of Samsung Appliances in the US market, firmly establishing Samsung as a market leader and repositioning the brand as a product innovator. Mr. Jovais previously led brand marketing for Samsung Australia and worked as a strategist for Samsung Group in Korea. Mr. Jovais started his career as a management consultant for PwC. Mr. Jovais holds an MBA in from Columbia Business School and a BA from Northwestern University.

**Ms. Sharon NAN KOBLER**, aged 48, was appointed as the CEO of the Group's strategic brand gb and China Market business on 8 November 2024. Sharon joined the Group in March 2006 as the General Manager of the Group's Online Business in China to be responsible for establishing the online business of the Group in China from scratch. Under Sharon's leadership, the Group managed to rapidly establish and develop its online business in China. The business contributed to over 50% of the Group's China market business and becoming a benchmark in the e-commerce sector for self-owned brands in China market in 2018. In 2019, Sharon was appointed as the Vice Chairman of the Group's China Market business responsible for gb brand's cross-industry collaborations. She led gb brand to build strategic partnerships with internationally renowned theme park brands and China's new energy vehicle brands, such new and deep collaborations boosted gb's brand power and its influence on the market. Sharon holds a bachelor's degree in finance and information systems management from the University of Washington's School of Business. She is a fellow of Aspen Institute of China chapter. From 2002 to 2006, she served as a Senior Investment Advisor at Morgan Stanley in the United States.

### COMPANY SECRETARY

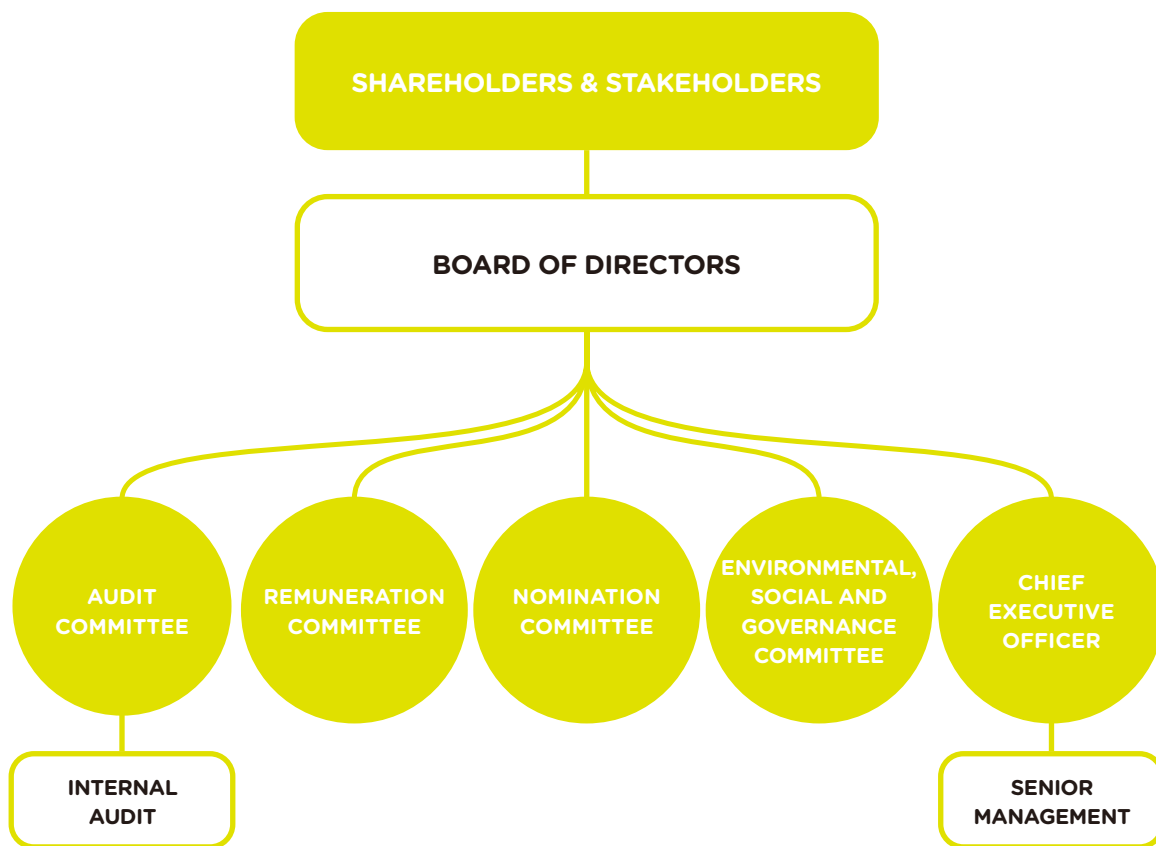
**Ms. HO Wing Tsz, Wendy (何詠紫)**, is an executive director of Company Secretarial Services of Tricor Services Limited. She is a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ho has over 26 years of work experience in the field of corporate secretarial and regulatory compliance services.

# Corporate Governance Report

# CORPORATE GOVERNANCE REPORT

The board (the “Board”) of directors (the “Directors”) is pleased to present this corporate governance report in the annual report for the year ended 31 December 2025. The manner in which the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) are applied and implemented, as explained in the following sections of this corporate governance report, to enable the shareholders of the Company to evaluate such application. The amendments to the CG Code came into effect on 1 July 2025 and the requirements under the new CG Code will apply to the corporate governance reports and annual reports of the Company for the financial years commencing on or after 1 July 2025. The Company will continue to review and enhance the corporate governance practices to ensure compliance with the new CG Code and align with the latest developments.

## CORPORATE GOVERNANCE STRUCTURE AND PRACTICES



## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the rights and interests of shareholders of the Company (the “Shareholder(s)”) and formulate its business strategies and policies as well as to enhance corporate value and to enhance transparency and accountability.

Corporate governance is the process by which the Board instructs management of the Company to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

The Board is of the view that throughout the year ended 31 December 2025, save as mentioned below in respect of deviation from code provision C.5.1 of Part 2 of the CG Code, the Company has complied with all the code provisions and certain recommended best practices in the CG Code.

The Company is committed to enhancing its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with the CG Code and align with the latest developments.

## LEADERSHIP

The Board oversees the Company’s businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company. The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company’s success by directing and supervising the Company’s affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

## BOARD COMPOSITION

As at the date of this report, the Board comprises nine Directors, consisting of four Executive Directors, two Non-executive Directors and three Independent Non-executive Directors, as follows:

### Executive Directors

Mr. Song Zhenghuan (*Chairman*)  
 Mr. Liu Tongyou (*Chief Executive Officer*)  
 Mr. Martin Pos  
 Mr. Xia Xinyue (*appointed on 27 March 2026*)

### Non-executive Directors

Ms. Fu Jingqiu  
 Mr. Ho Kwok Yin, Eric

# CORPORATE GOVERNANCE REPORT

## Independent Non-executive Directors

Ms. Chiang Yun (*Lead Independent Non-executive Director, designated on 25 August 2025*)  
 Mr. Wong Shun Tak (*appointed on 26 March 2025*)  
 Mr. Jin Peng  
 Mr. Shi Xiaoguang (*retired on 27 May 2025*)  
 Mr. So Tak Young (*retired on 27 May 2025*)

The biographical information of the current Directors are set out in the section headed “Directors & Senior Management” on pages 23 to 30 of this annual report.

Mr. Wong Shun Tak had obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as required under Rule 3.09D of the Listing Rules on 7 January 2025, and he had confirmed that he understood his obligations as a director of a listed issuer.

Mr. Xia Xinyue had obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as required under Rule 3.09D of the Listing Rules on 13 March 2026, and he had confirmed that he understood his obligations as a director of a listed issuer.

Ms. Fu Jingqiu, non-executive Director, is the spouse of Mr. Song Zhenghuan, the Chairman and executive Director of the Company. Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Chief Executive Officer.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Company (“Chairman”) and Chief Executive Officer of the Company (“CEO”) are held by Mr. Song Zhenghuan and Mr. Liu Tongyou respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The CEO focuses on the Company’s business development and daily management and operations generally. Their respective responsibilities are clearly defined and set out in writing.

## NON-EXECUTIVE DIRECTORS

Non-executive Directors serve the relevant function of bringing independent judgment on the development and performance, etc. of the Group. They have the same duties of care and diligence and fiduciary duties as executive Directors.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has reviewed the independence of each of the independent non-executive Directors in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

## POLICY ON INDEPENDENCE OF DIRECTORS

The Board has mechanisms to ensure independent views and input are available to the Board, and during the year ended 31 December 2025, such mechanisms had been codified into a Policy on Independence of Directors, which provided, among others:

- Criteria for evaluating the independence of Non-executive Directors (or a person proposed to be appointed as an independent non-executive Director), which are no less stringent than the standards set under Rule 3.13 of the Listing Rules which the Stock Exchange would normally take into account when assessing the independence of a non-executive director;
- Reiterating the disclosure requirements when an independent non-executive Director who has served for more than nine years is proposed to be re-elected at a forthcoming annual general meeting of the Company; and
- incorporating the requirements under Rule 3.13A of the Listing Rules in respect of a director exceeding a nine-year tenure and the transitional arrangements permitted under the notes to Rule 3.13A of the Listing Rules.

Upon a review on the said Policy on Independence of Directors in respect of the year ended 31 December 2025, the Board was of the view that the mechanisms therein remained effective and have been effectively implemented.

### 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 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025. The Company has also established a code of conduct no less exacting than the Model Code (the "Employees Code of Conduct") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Code of Conduct by the employees was noted by the Company.

### RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors take decisions objectively in the interests of the Company. The Board has delegated to the CEO, and through him, to the senior management the authority and responsibility for the day-to-day management and operation of the Group. In addition, the Board has established board committees and has delegated to these board committees various responsibilities as set out in their respective terms of reference.

The Board reserves for its decision in all major matters relating to policy, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. Currently, the primary responsibility of the lead independent non-executive Director includes the facilitation and strengthening of communication among: (i) the independent non-executive Directors, (ii) the independent non-executive Directors and the rest of the Board, and (iii) the Board and the Shareholders (in particular, with the minority Shareholders).

All Directors have full and timely access to all the information of the Company as well as the services and advice of the company secretary of the Company (the "Company Secretary") and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors have disclosed to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising out of corporate activities.

### CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Every newly appointed Director will receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and applicable statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

## CORPORATE GOVERNANCE REPORT

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internal briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. In August 2025, the Company arranged an on-site training session for the Directors covering the updated Corporate Governance Guide for Boards and Directors published by the Stock Exchange on 29 May 2025.

All Directors are encouraged to attend relevant training courses at the Company's expenses. During the year ended 31 December 2025, all Directors have provided the Company with a record of the training they received on a half yearly basis, and such records were maintained by the Company. The training record of each Director who were in office throughout the year ended 31 December 2025 is set out in the table below:

Name of Directors	Hours of Training in 2025
SONG Zhenghuan	7
LIU Tongyou	7
Martin POS	7
FU Jingqiu	7
HO Kwok Yin, Eric	7
CHIANG Yun	7
WONG Shun Tak ( <i>appointed on 26 March 2025</i> )	7
JIN Peng	7

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, subject to renewal after the expiry of the then current term.

The service contract/appointment letter that the Company enters into with executive Directors are generally for appointment for a specific term of three years unless terminated by not less than three months' notice in writing served by either the executive Director or the Company. Each of the non-executive Directors and each of the independent non-executive Directors has signed an appointment letter with the Company and is appointed for a specific term of three years.

The appointment of all Directors are subject to the provisions of retirement and rotation of Directors under the Company's articles of association ("Articles of Association"). In accordance with the Articles of Association, all Directors of the Company are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by Shareholders at the first general meeting after appointment. Any new Director appointed as an addition to the Board shall submit himself/herself for re-election by Shareholders at the first general meeting after appointment.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The nomination committee of the Company ("Nomination Committee") is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors of the Company for the year ended 31 December 2025 are set out in note 9 to the financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration payable to members of senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands (HK\$)	Number of persons
HK\$1,000,001 to HK\$2,000,000	–
HK\$2,000,001 to HK\$3,000,000	–
over HK\$3,000,001	2

## COMPANY SECRETARY

Ms. HO Wing Tsz, Wendy has been appointed as the Company Secretary since 5 September 2022. Ms. HO Wing Tsz, Wendy is an executive director of the company secretarial services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

The Company Secretary's biography is set out in the section headed "Directors & Senior Management" on pages 23 to 30 of this annual report. For the year ended 31 December 2025, the Company Secretary has undertaken over 15 hours of the relevant professional training in compliance with Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Ms. WANG Qi, Vice President of Group Legal & Compliance of the Company, has been designated as the primary contact person at the Company which would work and communicate with the Company Secretary on the Company's corporate governance and secretarial and administrative matters.

## BOARD COMMITTEES

The Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and ESG Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specified written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request. A list of the chairperson and members of each Board committee is set out under "Corporate Information" on pages 2 to 4 of this annual report.

## AUDIT COMMITTEE

During the year ended 31 December 2025, the audit committee of the Company (the "Audit Committee") consisted of the following independent non-executive Directors and non-executive Director, namely Mr. Wong Shun Tak, Ms. Chiang Yun and Mr. Ho Kwok Yin, Eric. Mr. Wong Shun Tak is the Chairman of the Audit Committee as of the date of this report.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

Pursuant to code provision D.3.2 of the CG Code, a former partner of an issuer's current auditing firm shall be prohibited from acting as a member of its audit committee member for a period of two years from the date the person ceasing to be a partner or have any financial interests in such auditing firm. The Company has adopted a revised terms of reference of the Audit Committee to reflect the requirement since 14 December 2018 to keep abreast of the latest development of the CG Code.

## CORPORATE GOVERNANCE REPORT

The Audit Committee held two meetings on 25 March 2025 and 24 August 2025 respectively, to review the annual financial results and report for the year ended 31 December 2024, and interim financial results and report for the six months ended 30 June 2025 as well as significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems, appointment of external auditors, continuing connected transactions and arrangements for employees to raise concerns about possible improprieties. During the year ended 31 December 2025, the Audit Committee also met the external auditors twice without the presence of the executive Directors.

### REMUNERATION COMMITTEE

During the year ended 31 December 2025, the remuneration committee of the Company (the "Remuneration Committee") consisted of the following independent non-executive Directors and non-executive Director, namely Ms. Chiang Yun, Mr. Wong Shun Tak and Mr. Ho Kwok Yin, Eric. Ms. Chiang Yun is the Chairlady of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include determining/reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions

and discretionary bonus. Executive Directors may receive options to be granted under the Company's share option scheme. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee held one meeting on 25 March 2025 to review and make recommendation to the Board on the remuneration policy and the remuneration packages of executive Directors and senior management for 2025, the proposed adoption of the 2025 Share Option Scheme to replace the 2020 Share Option Scheme as well as other related matters. The Remuneration Committee also made recommendations to the Board on the terms of service agreement and proposed updates to the terms of reference of the Remuneration Committee.

### NOMINATION COMMITTEE

During the year ended 31 December 2025, the nomination committee of the Company (the "Nomination Committee") consisted of the following independent non-executive Directors, namely Ms. CHIANG Yun, Mr. Wong Shun Tak and a non-executive Director, Mr. Ho Kwok Yin, Eric. Ms. Chiang Yun is the Chairlady of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, assessing the independence of independent non-executive Directors and assessing the time commitment of each Director for performance of their responsibilities and contribution to the Board. External recruitment professionals might be engaged to carry out recruitment and selection process when necessary.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Nomination Committee held two meetings on 25 March 2025 and 24 August 2025 respectively, to review the structure, size and composition of the Board, the independence of the independent non-executive Directors, to nominate the appointment of an independent non-executive Director, Mr. Wong Shun Tak, and to consider the qualifications of the retiring directors standing for election at the annual general meeting. The Nomination Committee also proposed updates to the term of reference of Nomination Committee. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board has been maintained.

#### ESG COMMITTEE

The ESG committee (the "ESG Committee") was established on 26 March 2025. The ESG Committee is mainly responsible for reporting to the Board matters relating to the Group's ESG practices, as well as monitoring the formulation and implementation of the Group's vision, strategies, goals and policies regarding ESG issues. Two independent non-executive Directors, being Ms. Chiang Yun and Mr. Wong Shun Tak, and one non-executive Director, Mr. Ho Kwok Yin, Eric, have been appointed as members of the ESG Committee. Ms. Chiang Yun is the chairlady of the ESG Committee.

The principal duties of the ESG Committee, as disclosed in its terms of reference, include reviewing and approving the ESG objectives, strategies, policies, initiatives and processes of the Company and monitoring the implementation, assessing the adequacy and effectiveness of the relevant framework for ESG matters, identifying the Group's ESG risks and relevant matters that significantly affect the operation of the Group and making recommendations to the Board.

The ESG Committee held one meeting on 24 August 2025 to review the ESG objectives, strategies and policies, initiatives and processes of the Company, assessed the effectiveness of the framework for ESG matters, and identified the Group's ESG risks and made recommendations to the Board.

#### GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. As at 31 December 2025, the Board comprised six male and two female Directors. For details of the Group's Directors and senior management, please refer to pages 23 to 30 in section headed "Directors & Senior Management" in this report.

Taking into account the Group's business model and specific needs from time to time, and that the Board comprises male and female members, the gender diversity target of the Board has generally been achieved and adhered to. The Board is mindful of the measurable objectives in the Board Diversity Policy which include gender diversity for assessing potential candidates of Board members, and will continue to ensure any successors to the Board shall follow the gender diversity as well as other measurable objectives in the Board Diversity Policy. Similar considerations shall also be made for assessing potential candidates of the senior management team from time to time.

As at 31 December 2025, the proportion of male and female in the workforce (including the Directors and senior management) was approximately 45% and 55%, respectively. Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report.

As such, the Company's workforce has achieved gender diversity between different genders. The Company shall continue to take into account diversity perspectives including gender diversity in its hiring of employees and assessment of potential appointees to the Board and the senior management team from time to time.

#### DIRECTOR NOMINATION POLICY

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

## CORPORATE GOVERNANCE REPORT

The Company has adopted a director nomination policy, which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at the Board level, via written resolutions passed by the Directors on 14 December 2018.

The Company shall appoint independent non-executive Directors representing at least one-third of the Board. The Nomination Committee should assess the independence of the independent non-executive Directors taking into account the factors set out in Rule 3.13 and Rule 3.13A of the Listing Rules. The Nomination Committee will conduct regular review on the structure, size and composition of the Board and this policy and where appropriate, make recommendations on change to the Board to complement the Company's corporate strategy and business needs.

The Nomination Committee would consider the character and integrity, potential contributions in terms of qualifications, skills, experience, independence and diversity, and other perspectives that are appropriate to the Company's business and succession as the criteria for selecting candidate(s) for directorship.

For appointment of new Director(s), the Nomination Committee should evaluate the candidates based on the criteria as set out in the nomination policy, rank them by order of preference based on the needs of the Company and recommend the appropriate candidate to the Board for appointment. For any person that is nominated by a Shareholder for election at the general meeting, the Nomination Committee should also evaluate the candidates based on the criteria and make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

For re-election of Director at the general meeting, the Nomination Committee should review the overall contribution and services to the Company of the retiring Director and the level of participation and performance on the Board and whether the retiring Director continues to meet the criteria as set out in the nomination policy. In considering whether to propose an independent non-executive Director for re-election, the Nomination Committee will also take into account whether the Director remains independent taking into account the factors set out in Rule 3.13 and Rule 3.13A of the Listing Rules. The Nomination Committee should then make recommendation to Shareholders in respect of the proposed re-election of director at the general meeting. Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate should be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### BOARD DIVERSITY POLICY

The Company has amended the board diversity policy, which was adopted on 23 August 2013, setting out the approach to achieve diversity of the Board via written resolutions passed by the Directors on 30 August 2024. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage and corporate governance.

The Nomination Committee has the primary responsibility for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorship. In assessing potential candidates for the Board, the Nomination Committee will consider the diversity perspectives in accordance with the board diversity policy adopted by the Company, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

The Nomination Committee will review the board diversity policy as appropriate and recommend revisions, if any, to the Board for consideration and approval. The Board, through the Nomination Committee, had conducted a review of the implementation and effectiveness of the board diversity policy in respect of the year ended 31 December 2025. In forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. Upon conducting its review, the Nomination Committee was of the view that board diversity has been achieved and the Board has an appropriate mix of skills, experience and diversity taking into account factors such as gender, educational background, age, skills and experience of the Directors, which can be found in the "Directors & Senior Management" section of this report, in the context of the Group's own business model and specific needs from time to time.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Functions of the Board adopted by the Company including:

- to develop and review the Company's policies, procedures and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review the effectiveness of the risk management and internal control system on an ongoing basis and to remedy material internal control weaknesses;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the adequacy of resources, competency of employees, training programs and budget of the Company's accounting, internal audit and financial reporting functions;
- to review on the compliance of the Model Code and the Employees Code of Conduct; and
- to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the annual report of the Company.

The Board may delegate the corporate governance duties to a committee of the Board.

The Board's annual review of the Company's corporate governance practices for the year ended 31 December 2025 has covered the aforesaid matters.

## THE COMPANY'S CULTURE, PURPOSE, VALUES AND STRATEGY

The Board has established its vision, mission, values and strategy and is satisfied that these are aligned with the Company's culture.

Our Vision: To become an outstanding enterprise with global and future-ready competitiveness.

Our Mission: Care for children, serve families, and give back to society.

Our Values: To contribute value to our consumers, enable creators to realise their value, promote innovation and openness, and forge ahead together.

We are committed to establishing, promoting and reinforcing the desired corporate culture of the Company which is underpinned by our corporate values of committing highest standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company's mission, corporate values and strategies.

## BOARD MEETINGS

### BOARD PRACTICES AND CONDUCT OF MEETINGS

The Board held two physical meetings during the year ended 31 December 2025. Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Regular Board meetings are held involving active participation, either in person or through electronic means of communication, of a majority of Directors. Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

## CORPORATE GOVERNANCE REPORT

Where necessary, the senior management attend regular Board meetings and other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended 31 December 2025 is set out in the table below:

Name of Director	Attendance/Number of Meetings in 2025					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee	General Meeting
<b>Executive Directors</b>						
SONG Zhenghuan	2/2	N/A	N/A	N/A	N/A	1/1
LIU Tongyou	2/2	N/A	N/A	N/A	N/A	1/1
Martin POS	2/2	N/A	N/A	N/A	N/A	0/1
<b>Non-executive Directors</b>						
FU Jingqiu	2/2	N/A	N/A	N/A	N/A	0/1
HO Kwok Yin, Eric	2/2	1/2	0/1	1/2	1/1	1/1
<b>Independent Non-executive Directors</b>						
CHIANG Yun	2/2	2/2	1/1	2/2	1/1	1/1
WONG Shun Tak (appointed on 26 March 2025)	1/2	1/2	0/1	1/2	1/1	1/1
JIN Peng	2/2	N/A	N/A	N/A	N/A	0/1
SO Tak Young (retired on 27 May 2025)	1/2	1/2	1/1	1/2	N/A	1/1
SHI Xiaoguang (retired on 27 May 2025)	1/2	1/2	1/1	1/2	N/A	1/1

Apart from regular Board meetings, the Chairman also held a meeting solely with the independent Non-executive Directors on 26 March 2025.

Code Provision C.5.1 under Part 2 of the CG Code requires that the board should meet regularly, and board meetings should be held at least four times a year at approximately quarterly intervals.

The Board held two physical Board meetings during the year of 2025. As members of the Board were located in different countries and time zones, and in order to efficiently and timely deal with the affairs of the Board and the Company, in lieu of physical meeting, consent of directors on various issues was sought through circulating written board resolutions as permitted under the Articles of Association. For the year ended 31 December 2025, in addition to the matters considered at physical Board meetings, all affairs of the Company had been properly dealt with by means of electronic communication and written board resolutions, which have been carefully considered and approved by all the Directors.

## ACCOUNTABILITY AND AUDIT

### DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025 with the support of the accounting and finance team. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 71 to 195.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges the responsibilities to oversee and safeguard the effectiveness of the risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee reviews and monitors the scope, issues, results and action plans in relation to or arising from the internal and external audits. The Audit Committee also assists the Board in fulfilling its oversight and corporate governance roles in the Company's risk management and internal controls, and the resources of the finance and internal audit functions.

The key elements and main features of the Company's risk management and internal control systems include the following areas:

- A closed loop risk management framework that identifies, assesses, responds to risks and monitors development of the risks under relevant risk response action, as well as an evolving internal control framework that places focus on the control environment and the execution and results of corrective actions to address on the identified risks and control deficiencies;
- A well-designed risk library covers not only traditional strategic, operational, financial and compliance risks, but also integrates emerging risks in areas such as ESG, fraud, cybersecurity and AI, cultivated by risk assessment, control self-assessment, internal audit and industrial benchmarks;
- An organizational structure with clearly defined and distinct lines of authority and control responsibilities;
- Approval from executive director/responsible senior executive prior to commitment on all material matters;
- A robust financial and management accounting system to provide for performance measurement indicators and to ensure compliance with relevant rules and regulations;
- Annual plans prepared by senior management on financial reporting, operations and compliance with consideration of potential opportunities and risks;
- Strict prohibition on release of confidential information;
- Appropriate policy to ensure the adequacy of resources, qualifications and experience of employees of the Company's accounting, financial reporting and internal audit functions, and their training programs and budget; and
- On an ongoing basis, review and evaluation of the adequacy and effectiveness of risk management and internal control systems and hence any enhancement implementation as appropriate.

## CORPORATE GOVERNANCE REPORT

The Company has taken the following measures annually to assess on the risk management and internal control systems and the related accountability of the management team:

- 1) Control Self-Assessment (CSA) - CSA is a regular, systematic and standardized approach to facilitate self-review and self-audit of the adequacy and effectiveness of internal controls across the Company at the process, business unit and corporate levels. The internal control department developed and continuously enhances the self-assessment questionnaire to identify and evaluate key control requirements based on the principles of the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Business/process owners are required to carry out self-assessment and report on the internal control status of their responsible business units under the guidance of internal control department. Corrective action plans are required to be reported by business/process owners for the identified control deficiencies. Chief executive officer and chief financial officer of the Company review the submitted self-assessment results and the corrective action plans, assess the internal control status and confirm on the overall adequacy and effectiveness of the internal control system in place.
- 2) Annual Risk Assessment (ARA) - ARA is a comprehensive risk analysis, with reference to the updated company risk library, based on inputs from corporate executives and senior management of business units and core supporting functions to identify the strategic, operational, compliance and financial risk factors. Through the ARA process, the major risks that may impede the business from achieving its objectives are identified with their impact and likelihood visualized by the risk heat map. Traceable risk response measures approved by senior management of business units are continuously monitored to assess their effectiveness and the need for adjustment. High-risk areas identified from the analysis where response measures are difficult to implement properly or timely, including those that require coordination and execution between business units, are likely to be audited by the internal audit function.

During 2025, the Board, through the Audit Committee, conducted an assessment of the effectiveness of the risk management and internal control system of the Company. No significant control failure or weakness has been identified. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the Company's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, employees qualifications and experience, training programs and budget of the accounting, financial reporting and internal audit functions as well as those relating to the Company's ESG performance and reporting.

In addition to the review of risk management and internal controls undertaken within the Company, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

The Company has established a set of corporate governance policies to ensure compliance with the various rules and obligations imposed on it as a company listed on the Stock Exchange, and to improve the effectiveness of its risk management and internal control systems. Among the mentioned policies, the key policies are highlighted in the following sections.

### INTERNAL AUDIT FUNCTION

The Company has a professional and independent internal audit department reporting directly to the Audit Committee. The Audit Committee reviews internal audit's periodic risk assessment report and approves annual audit plan and the related resource requirements. Internal control deficiencies identified by internal audit and corrective action progress update are communicated in a timely manner to management and the Audit Committee. The Audit Committee has evaluated the performance of internal audit function in year 2025 and was satisfied with the effectiveness of the function.

### CODE OF BUSINESS CONDUCT

We strive to be a company that embodies high ethical standards and we take steps to bolster strong business ethics in our daily operations. All employees of the Company shall comply with the Code of Business Conduct Policy. We assess the Code of Business Conduct Policy on a regular basis to ensure that it complies with the latest legal and regulatory requirements, reflects global best practices and fosters proper governance on the business activities. The Company has updated the Code of Business Conduct Policy in year 2022. It provides the guiding principles for all employees to do what is right, behave with integrity, honesty and mutual respect, treat people fairly without discrimination, obey all applicable laws, and handle matters such as inside information and share trading, business opportunities, gift, entertainment and other hospitality, environment, health and safety with a diligent and appropriate approach.

### WHISTLE-BLOWING POLICY AND ANTI-CORRUPTION POLICY

The Company has executed a robust whistle-blowing mechanism to encourage employees and those who deal with the Company to report with confidence on any wrongdoing which they suspect or believe may be occurring within or related to the Company without the risk of unfair treatment or retaliation. In order to further strengthen the whistle-blowing mechanism and comply with the latest requirements of the Stock Exchange, the Company has updated the Whistle-blowing Policy in year 2022. The Audit Committee oversees execution of the Whistle-blowing Policy. The Company expects and encourages its employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to report on these concerns, which could facilitate risk monitoring, fraud alert and continuous improvement in internal controls. The Whistle-blowing Policy specifies reporting channels, permits anonymous reports, and protects the whistleblower from any harm or unfair treatment. The whistle-blowing mechanism has formulated standard guidelines and procedures to cover three main areas, i.e. whistle-blowing channels, case handling and investigation, reporting and follow up. The main objectives of the whistle-blowing mechanism are to ensure adequate whistle-blowing reporting channels are in place and communicated to stakeholders, protection of whistle-blower and evidence, proper execution of investigation procedures, and appropriate implementation of action plans for the reported cases and more importantly, the follow up actions to identify and remedy any relevant potential internal control deficiencies across the Company. Whistle-blowing cases, investigation results, actions taken and proposed internal control improvements shall ultimately be reported to the Audit Committee.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company encourages employees of the Company and other stakeholders to report on any suspected corruption and bribery incidents. The Company endeavors to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

## CORPORATE GOVERNANCE REPORT

### DISCLOSURE POLICY

The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Company adopts an upward approach for identifying and escalating any potential inside information to the Board. The Board may resolve to designate one or more executive Directors or the Chief Financial Officer to monitor and implement information of the Company. Employees of the Company must be made aware of the disclosure policy and the importance of bringing any potential inside information promptly to their immediate supervisors or the Heads of business units or departments as appropriate. Heads of business units or departments should promptly verify and assess such details reported by the staff and notify and escalate the details of any potential proposal, transaction or business development which may give rise to disclosure obligations to the Chief Financial Officer. The Chief Financial Officer shall seek professional advice (where appropriate) and report to the Board or its delegate(s) and provide them with adequate details for review and assessment of the likely impact of such proposal, transaction or business development and ascertain whether it constitutes inside information or is subject to disclosure in order to avoid a false market. The Board or its delegate(s) should review all relevant details and factors and decide whether disclosure is required and approve the relevant announcement and any further actions where applicable.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Connected Transaction Policy has been established to provide consistent group-wide rules on the identification, assessment and approval and disclosure of connected transactions, in compliance with the rules defined in Chapter 14A of the Listing Rules.

### EXTERNAL AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services and Non-audit services for the year ended 31 December 2025 amounted to HK\$7,598,000 and HK\$583,000 respectively. An analysis of the remuneration paid to the external auditors of the Company, Ernst & Young, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable (HK\$)
Audit Services	7,598,000
Non-audit Services	583,000
• Transfer pricing documentation	206,000
• Pillar Two Tax Analysis of the Group	49,000
• ESG Reporting Services	261,000
• Hong Kong Tax Filing Services	67,000

### COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman, non-executive Directors, independent Non-executive Directors, and the chairpersons of all Board committees (or their delegates) will make themselves available at the annual general meeting to meet Shareholders and answer their enquiries.

The 2026 annual general meeting ("AGM") of the Company will be held on 29 May 2026. The notice of AGM will be sent to the Shareholders at least 21 days before the AGM.

To promote effective communication, the Company maintains a website at [www.gbinternational.com.hk](http://www.gbinternational.com.hk), where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

## SHAREHOLDERS' COMMUNICATION POLICY

The Board has adopted a shareholders' communication policy, which made reference to the CG Code as contained in Appendix C1 of the Listing Rules, at a Board meeting held on 16 March 2014, which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at [www.gbinternational.com.hk](http://www.gbinternational.com.hk), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Information will be communicated to the Shareholders through the Company's financial reports, annual general meetings and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange and published on the Company's website. The Board will review the shareholders' communication policy regularly to ensure its effectiveness. The Board has conducted a review of the implementation and effectiveness of the shareholders' communication policy in respect of the year ended 31 December 2025 and, including taking into account the up-to-date information about the Company provided on various platforms such as the Company's website, the Company's financial reports published, the conducting of the Company's general meetings as well as announcements and other disclosures published by the Company during the year ended 31 December 2025, and confirmed that the policy has been implemented effectively.

## SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Director. Except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules. Poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

## PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EGM (INCLUDING MAKING PROPOSAL(S)/ MOVING RESOLUTION(S) AT THE EGM)

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board of the Company or the Company Secretary, to require an extraordinary general meeting (the "EGM") to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

Eligible Shareholders who wish to convene an EGM for the purpose of making proposal(s) or moving resolution(s) at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned at the principal place of business of the Company in Hong Kong at Unit 1501, 15/F., Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong for the attention of the Company Secretary.

The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity(ies) and the shareholding(s) of the Eligible Shareholder(s) will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Board will be asked to convene an EGM within 2 months and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM.

## CORPORATE GOVERNANCE REPORT

The notice period to be given to all the registered Shareholders for consideration of the proposal raised by the Eligible Shareholder(s) concerned at an EGM varies according to the nature of the proposal, as follows:

- at least twenty-one (21) days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and
- at least fourteen (14) days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

### Procedures for Shareholders to Propose a Person for Election as a Director

Shareholders may propose a person for election as Director, the procedures for which are available on the Company's website in the section of "Corporate Governance" under the column of "Investor Relations".

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send their enquiries and concerns to the Board by addressing them to the Head of Legal and Compliance Department to the Company's principal place of business in Hong Kong at Unit 1501, 15/F Stelux House, 698 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong by post, or by email to [enq\\_to\\_board@goodbabyint.com](mailto:enq_to_board@goodbabyint.com).

For the avoidance of doubt, Shareholder(s) must deposit/send the original duly signed written enquiries or concerns (as the case may be) to the Company's aforesaid address and provide his/her/their full name(s) and contact details in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Note: The Company will not normally deal with verbal or anonymous enquiries.

### CONSTITUTIONAL DOCUMENT

No amendment was made to the memorandum and articles of association of the Company during the year ended 31 December 2025.

### DIVIDEND POLICY

The Board has established a dividend policy setting out the principles and guidelines that the Company will apply when considering the declaration and payment of dividends to the shareholders of the Company via written resolutions of the Directors passed on 14 December 2018. The Company is subject to the Articles of Association and all applicable laws (including the Cayman Companies Law), rules and regulations, when making declaration and payment of dividends to shareholders of the Company.

According to the Board's dividend policy, the Company may, subject to the Cayman Companies Law, from time to time in general meeting declare dividend in any currency to be paid to the shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

The Board has the discretion to declare dividends to the shareholders of the Company, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

- (1) financial results;
- (2) cash flow situation;
- (3) business conditions and strategies;
- (4) future operations and earnings;
- (5) capital requirements and expenditure plans;
- (6) rights and interests of shareholders;
- (7) taxation consideration;
- (8) any contractual, statutory and regulatory restrictions on payment of dividends; and
- (9) any other factors that the Board may consider relevant.

# Report of the Board of Directors

## REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present their report and the audited financial statements for the year ended 31 December 2025 of the Group.

Goodbaby International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is an investment holding company, and its subsidiaries are principally engaged in the design, research and development, manufacture, marketing and sales of children’s car safety seats, strollers, apparels and home textile products; feeding, nursing and personal products; cribs, bicycles and tricycles; and other children products. The analysis of the revenue of the Group for the year is set out in note 5 to the Financial Statements and the section headed “Management Discussion and Analysis – Overview” in this annual report.

### BUSINESS REVIEW AND PERFORMANCE

Please refer to the section headed “Chairman’s Statement” and “Management Discussion and Analysis” for a review of the business and performance of the Group during the year ended 31 December 2025, and the Outlook of the Group for 2026.

A discussion of the Group’s possible business risks and uncertainties can be found in section headed “Management Discussion and Analysis – Key Risks and Uncertainties”.

Please also refer to the subsection headed “Relationships with Employees, Suppliers and Customers” on the Company’s relationships with its key stakeholders.

Please refer to the Company’s Environmental, Social and Governance Report issued on the same date as this annual report for further details regarding the Group’s ESG policies, the Group’s performance by reference to certain ESG related performance indicators and also the Group’s compliance with relevant laws and regulations that have a significant impact on the Group.

### FINANCIAL STATEMENTS

The results of the Group for the year are set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Comprehensive Income on page 76 and page 77 of this annual report, respectively. The financial position of the Group as at 31 December 2025 of the Group are set out on pages 78 to 79 of this annual report. The cash flow of the Group during the year ended 31 December 2025 is set out in the Consolidated Statement of Cash Flows on pages 81 to 82 of this annual report.

### SHARE CAPITAL

The changes in the share capital of the Company during the year ended 31 December 2025 are set out in note 30 to the Financial Statements.

### FINAL DIVIDEND

At the meeting of the Board held on 27 March 2026, the Board has resolved to declare the payment of a final dividend of HK\$0.05 per share for the year ended 31 December 2025 (2024: HK\$0.07 per share). Subject to the approval of shareholders of the Company at the AGM, the final dividend will be paid on or about 23 June 2026 to the Shareholders whose names appear on the register of members of the Company on 9 June 2026. The record date for determining the entitlement to the proposed final dividend is Tuesday, 9 June 2026.

The proposed final dividend is in line with the Group’s dividend policy, as set out in the Corporate Governance Report on page 48 of this annual report.

## CLOSURE OF REGISTER OF MEMBERS

For the purposes of ascertaining the members' eligibility to attend and vote at the forthcoming annual general meeting, the Company's register of members will be closed during the following periods respectively:

For ascertaining eligibility to attend and vote at the forthcoming annual general meeting:

- Latest time to lodge transfer documents for registration 4:30 p.m. on 22 May 2026 (Friday)
- Closure of register of members 26 May 2026 (Tuesday) to 29 May 2026 (Friday), both days inclusive

To be eligible to attend and vote at the forthcoming annual general meeting, all duly stamped instruments of transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than the respective latest time as stated above.

For ascertaining eligibility to the final dividend (if approved by the Shareholders in the forthcoming annual general meeting):

- Latest time to lodge all duly stamped instruments of transfers, accompanied by the relevant share certificates for registration at the address of Computershare Hong Kong Investor Services Limited shown above 4:30 p.m. on 8 June 2026 (Monday)
- closure of register of members 9 June 2026 (Tuesday)

## RESERVES

Details of the changes in reserves of the Group during the year are set out in note 32 to the Financial Statements.

As at 31 December 2025, the reserves of the Company available for distribution to Shareholders was approximately HK\$3,324.5 million.

## PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment during the year are set out in note 14 to the Financial Statements.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentages of sales attributable to the Group's major customers out of the Group's total revenue are as follows:

- the largest customer 12.1%
- five largest customers in aggregate 33.5%

During the year, purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

As far as the Company is aware, at no time during the year that any of the Directors or his/her close associates or any Shareholder which to the knowledge of the Directors own over 5% of the number of issued shares of the Company had any interest in the above-mentioned suppliers and customers.

## RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration packages to attract, motivate and retain the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market developments and standards.

## REPORT OF THE BOARD OF DIRECTORS

The Group's business is built on a customer-oriented culture, and the Group is focused on establishing relationships with retailers, brand owners and distributors globally. The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims to deliver high standards of quality in the service to its customers consistently. During the year, there has been no material and significant legal dispute between the Group and its suppliers and/or customers.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025.

### DONATION

During the year, the charitable contributions and other donations amount to HK\$1,669,639.

### DIRECTORS

The Directors in office during the year ended 31 December 2025 and as at the date of this report are as follows:

#### Executive Directors

Mr. Song Zhenghuan (*Chairman*)  
 Mr. Liu Tongyou (*Chief Executive Officer*)  
 Mr. Martin Pos  
 Mr. Xia Xinyue (*appointed on 27 March 2026*)

#### Non-executive Directors

Ms. Fu Jingqiu  
 Mr. Ho Kwok Yin, Eric

#### Independent Non-executive Directors

Ms. Chiang Yun  
*(Lead independent non-executive Director)*  
 Mr. Wong Shun Tak  
 Mr. Jin Peng  
 Mr. Shi Xiaoguang (*retired on 27 May 2025*)  
 Mr. So Tak Young (*retired on 27 May 2025*)

Further details of the Directors and senior management are set forth in the section headed "Directors & Senior Management" of this annual report.

### SERVICE CONTRACTS AND APPOINTMENT LETTERS OF DIRECTORS

The service contract/appointment letter that the Company enters into with executive Directors are generally for appointment for a specific term of three years unless terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company and is appointed for a specific term of three years with effect from the respective date stated therein.

There was no service contract entered into/appointment letter signed by the Company and any Directors to be re-elected in the forthcoming annual general meeting which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' INTERESTS IN CONTRACTS

Other than those transactions disclosed in note 37 to the Financial Statements and in the section "Connected Transactions" below, there was no other transaction, arrangement or contract of significance in which any Director or any entity connected with a Director was materially interested, directly or indirectly, and which was still valid on the year end date or any time during the year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 December 2025, the Company has received an annual written confirmation from each of Mr. Song Zhenghuan and Ms. Fu Jingqiu in respect of their and their close associates' compliance with the deed of non-competition dated 23 October 2017 (which replaces the deed of non-competition dated 9 November 2010 as disclosed in the Company's prospectus for global offering dated 11 November 2010). Further details of the deed of non-competition are set out in the circular of the Company dated 4 September 2017.

The independent non-executive Directors have reviewed and were satisfied that each of them has complied with the deed of non-competition for the year ended 31 December 2025.

## CONFIRMATION OF INDEPENDENT STATUS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## SHARE OPTION SCHEMES

### PURPOSE OF THE GOODBABY SHARE OPTION SCHEMES

The purpose of the share option schemes is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

### THE 2010 SHARE OPTION SCHEME

On 5 November 2010, the Company adopted a share option scheme (the "2010 Share Option Scheme") to incentivize or reward eligible participants, including:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; and
- (ii) any directors (including non-executive directors and independent non-executive directors) or any directors of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries as described in the share option scheme) for their contribution to the Group for the purpose of motivating the eligible participants to optimise their performance efficiency for the benefit of the Group, and attracting and retaining or otherwise maintaining on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

With the approval of the shareholders of the Company in general meetings, the Directors may "refresh" the scheme limit under the share option schemes.

Pursuant to the Shareholders' approval obtained by the Company at its annual general meeting held on 25 May 2017, the original scheme limit of the 2010 Share Option Scheme was refreshed to 111,630,600 shares, representing 10% of the then total number of shares in issue.

At the Company's extraordinary general meeting held on 28 May 2018, the scheme limit was refreshed and approved by the then Shareholders such that the total number of shares which may fall to be issued upon exercise of all share options to be granted under the 2010 Share Option Scheme and any other share option scheme(s) as may from time to time be adopted by the Company must not exceed 166,802,317, i.e. 10% of the shares in issue as at the date of approval of the refreshed limit by the Shareholders.

## REPORT OF THE BOARD OF DIRECTORS

The 2010 Share Option Scheme was terminated on the date of the adoption of the 2020 Share Option Scheme. Upon termination of the 2010 Share Option Scheme, no further options may be granted thereunder but the provisions of the 2010 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to the termination.

As at the date of this annual report, no shares are available for issue under the 2010 Share Option Scheme.

### THE 2020 SHARE OPTION SCHEME

As the 2010 Share Option Scheme would expire on the tenth anniversary of its adoption, and to enable the Company to continue to grant share options to eligible participants as incentives or rewards for their contributions to the success of the Group, the Company terminated the 2010 Share Option Scheme and approved and adopted a new share option scheme (the "2020 Share Option Scheme") at its annual general meeting held on 25 May 2020.

The eligible participants under the 2020 Share Option Scheme included any full-time or part-time employees, executives or officers or directors (including executive, non-executive and independent non-executive directors) of the Company or any of the subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to the Group.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting.

The scheme mandate limit granted by the Shareholders in the Company's annual general meeting held on 25 May 2020, the maximum number of share options that may be granted under the 2020 Share Option Scheme was 166,802,317, representing 10% of the issued shares of the Company in issue on the same date.

On 19 June 2020, in order to effectively incentivize the existing grantees of the share options, the Company allowed grantees of share options granted on 28 August 2017, 27 March 2018, 28 May 2018 and 23 May 2019 to exchange their existing share options for new share options to be granted under the 2020 Share Option Scheme. For further details, please refer to the announcement of the Company dated 19 June 2020.

The 2020 Share Option Scheme was terminated on the date of the adoption of the 2025 Share Option Scheme. Upon termination of the 2020 Share Option Scheme, no further options may be granted thereunder but the provisions of the 2020 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to the termination.

As at the date of this annual report, no shares are available for issue under the 2020 Share Option Scheme.

### THE 2025 SHARE OPTION SCHEME

In view of the amendments to Chapter 17 of Listing Rules, which had taken effect from 1 January 2023, and also the intention of the Company to provide more flexibility in its long-term planning of granting of Share Options to incentivize suitable eligible participants, the Company has terminated the 2020 Share Option Scheme and adopted a new share option scheme (the "2025 Share Option Scheme") in the extraordinary general meeting of the Company held on 27 May 2025. A summary of the principal terms of the 2025 Share Option Scheme has been set out in the Appendix to the Company's circular dated 12 May 2025 (the "2025 EGM Circular").

The purpose of the 2025 Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards (i) to recognize their contribution or potential contribution to the Group, and to enable the Company to recruit and retain key employees of the Group; (ii) to align their interests with those of the Company by providing them with the opportunity to acquire a proprietary interest in the Company; and (iii) to motivate them to contribute to the long-term growth and development of the Company with a view to enhance the value of the Company for the benefit of the Company and the Shareholders as a whole.

Under the 2025 Share Option Scheme, the Board may, at its discretion, offer to grant an option to Eligible Participants, including Employee Participants and Related Entity Participants. Please refer to the Appendix to the 2025 EGM Circular for further details of the meanings of the above terms.

Pursuant to the Shareholders' approval obtained by the Company in the extraordinary general meeting of the Company held on 27 May 2025, the maximum number of share options permitted to be granted under the 2025 Share Option Scheme as at the date of this report is 166,813,966 shares, representing approximately 10% of the shares of the Company in issue as at 27 May 2025.

As at the date of this annual report, the total number of shares available for issue under scheme limit of the 2025 Share Option Scheme was 166,813,966 shares, representing approximately 9.97% of the shares of the Company in issue (excluding treasury shares).

The remaining life of the 2025 Share Option Scheme is approximately 9 years and 1 month(s) as at the date of this annual report.

## FURTHER INFORMATION ON THE GOODBABY SHARE OPTION SCHEMES

### Option periods

The options granted pursuant to the 2010 Share Option Scheme, the 2020 Share Option Scheme and the 2025 Share Option Scheme (together the "Goodbaby Share Option Schemes") will expire no later than 10 years from the date of grant of the relevant option.

The period during which an option may be exercised will be determined by the Board in its absolute discretion, subject to the provisions of the relevant scheme document. Subject to the foregoing,

- (i) the 2020 Share Option Scheme does not contain any minimum period for which an option must be held before it can be exercised. However, at the time of granting of the options, the Board may specify any such minimum period; and
- (ii) the vesting period of any options granted under the 2025 Share Option Scheme shall not be less than 12 months from (and including) the date of grant except for Employee Participants. The vesting period in respect of any options granted to Employee Participants may be less than 12 months from (and including the date of grant) under conditions as specified in the 2025 EGM Circular.

### Acceptance of grant and payment

The offer of a grant of options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1.00 in total by the grantee.

## REPORT OF THE BOARD OF DIRECTORS

### Exercise Price

In respect of the 2020 Share Option Scheme, the exercise price is determined by the Directors, and will not be less than the highest of:

- (i) the closing price of the Company's shares on the date of grant;
- (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and
- (iii) the nominal value of the Company's shares.

In respect of the 2025 Share Option Scheme, the exercise price is determined by the Directors, and will not be less than the higher of:

- (i) the closing price of the Company's shares on the offer date, which must be a business day; and
- (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of offer.

Please refer to paragraph (S) "Effects of alterations to share capital" in the Appendix to the 2025 EGM Circular for further details on the adjustments to the exercise price of options that may be granted under the 2025 Share Option Scheme.

### Individual limits under the Goodbaby Share Option Schemes

#### *In respect of the 2020 Share Option Scheme*

For any options granted to Directors, chief executives or substantial shareholders of the Company, or any of their respective associate, options to be granted to any of these persons shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of options).

Where any option granted to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period,

- (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and
- (ii) having an aggregate value, based on the closing price of the shares, in excess of HK\$5 million,

such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll).

The maximum number of shares issued and to be issued in respect of options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the total shares of the Company in issue, without prior approval from the shareholders of the Company and with such individual and his associates abstaining from voting.

#### *In respect of the 2025 Share Option Scheme*

For any options granted to Directors, chief executives or substantial shareholders of the Company, or any of their respective associate, options to be granted to any of these persons shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of options).

Where any option granted to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, under the 2025 Share Option Scheme would result in the shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period, representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue (excluding treasury shares, if any) on the date of offer, such further grant shall be subject to prior approval by resolutions of the Shareholders at which the grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour of the resolution concerning such grant.

Where any grant of Options to a grantee under the 2025 Share Option Scheme would result in the shares of the Company issued and to be issued in respect of all options granted to him under the 2025 Share Option Scheme and any options and awards granted to such person under any other scheme(s) of the Company (excluding any options and awards lapsed in accordance with the rules of the relevant scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued Shares (excluding treasury shares, if any) on the date of offer, such grant of options shall be approved by the shareholders of the Company with the grantee and his close associates (or associates if such grantee is a connected person) abstaining from voting.

#### **NUMBER OF OPTIONS THAT MAY BE GRANTED AND NUMBER OF SHARES THAT MAY BE ISSUED UNDER THE GOODBABY SHARE OPTION SCHEMES**

During the year ended 31 December 2025:

- (i) No share options were granted under the Goodbaby Share Option Schemes. Therefore the disclosure requirement on the fair value of options at the date of grant is not applicable.

As at 31 December 2025:

- (i) An aggregate of 158,933,500 share options were outstanding under the 2010 Share Option Scheme and the 2020 Share Option Scheme (31 December 2024: 196,434,500 share options were outstanding under the 2010 Share Option Scheme and the 2020 Share Option Scheme).

#### **The 2010 Share Option Scheme**

During the year ended 31 December 2025, 18,300,000 share options under the scheme lapsed and no option was exercised or cancelled.

The 2010 Share Option Scheme was terminated on the date of the adoption of the 2020 Share Option Scheme.

As at 1 January 2025 and 31 December 2025, no option was available for grant under the scheme.

As at 31 December 2025, 46,200,000 shares were outstanding under the scheme, and the total number of shares that may be issued in respect of the options granted under the scheme divided by the weighted average number of ordinary shares of the Company in issue (excluding treasury shares) for the year ended 31 December 2025 is not applicable.

#### **The 2020 Share Option Scheme**

During the year ended 31 December 2025, 14,625,000 share options under the scheme lapsed, 4,576,000 options were exercised and no option was cancelled.

As at 1 January 2025 and 31 December 2025, the total number of options available for grant under the scheme was 119,034,566 and nil, respectively. The 2020 Share Option Scheme was terminated on the date of the adoption of the 2025 Share Option Scheme.

As at 31 December 2025, the total number of shares that may be issued in respect of the options granted and outstanding under the scheme (being 112,734,000 shares) divided by the weighted average number of ordinary shares of the Company in issue (excluding treasury shares) for the year ended 31 December 2025 (being 1,715,546,458 shares) was 6.57%.

#### **The 2025 Share Option Scheme**

As at 1 January 2025 and 31 December 2025, the total number of options available for grant under the scheme was not applicable and 166,813,966, respectively.

Since the adoption of the scheme and up to 31 December 2025, no option was granted under the scheme, and therefore no shares may be issued in respect of the scheme. Therefore, as at 1 January 2025 and 31 December 2025, the total number of shares that may be issued in respect of the options granted under the scheme divided by the weighted average number of ordinary shares of the Company in issue (excluding treasury shares) for the year ended 31 December 2025 was not applicable.

## REPORT OF THE BOARD OF DIRECTORS

Movements of the share options granted under the share option schemes of the Company during the year ended 31 December 2025 are set out below:

Name of Director/former Director/Associate	Date of grant	Exercise Price (HK\$)	Number of share options							Closing price of securities immediately before the date of grant (HK\$)	
			Outstanding as at 1 January 2025	Granted during this year	Exercised during this year	Weighted average closing price immediately before the date of exercise (HK\$)	Cancelled/Lapsed during this year <sup>(2)</sup>	Outstanding as at 31 December 2025	Percentage of total issued share capital <sup>(1)</sup>		Exercise period
Mr. Song Zhenghuan	2 July 2024	0.485	1,668,000	–	–	N/A	–	1,668,000	0.100%	Refer to note (9)	0.485
Mr. Liu Tongyou	23 May 2019	3.75	6,300,000	–	–	N/A	–	6,300,000	0.377%	23 May 2019 to 22 May 2029 <sup>(3)</sup>	1.94
	19 June 2020	0.96	390,600	–	–	N/A	–	390,600	0.023%	23 May 2022 to 22 May 2029 <sup>(3)</sup>	0.92
			585,900	–	–	N/A	–	585,900	0.035%	23 May 2023 to 22 May 2029 <sup>(3)</sup>	
			976,500	–	–	N/A	–	976,500	0.058%	23 May 2024 to 22 May 2029 <sup>(3)</sup>	
2 July 2024	0.485	10,000,000	–	–	N/A	–	10,000,000	0.598%	Refer to note (9)	0.485	
Mr. Martin Pos	27 March 2018	4.54	17,500,000	–	–	N/A	–	17,500,000	1.046%	27 March 2018 to 27 March 2028 <sup>(3)</sup>	4.12
	19 June 2020	0.96	840,000	–	–	N/A	–	840,000	0.050%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			1,260,000	–	–	N/A	–	1,260,000	0.075%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			2,100,000	–	–	N/A	–	2,100,000	0.126%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
2 July 2024	0.485	16,680,000	–	–	N/A	–	16,680,000	0.997%	Refer to note (9)	0.485	
Ms. Fu Jingqiu	23 May 2019	3.75	600,000	–	–	N/A	–	600,000	0.036%	23 May 2019 to 22 May 2029 <sup>(3)</sup>	1.94
	19 June 2020	0.96	43,400	–	–	N/A	–	43,400	0.003%	23 May 2022 to 22 May 2029 <sup>(3)</sup>	0.92
			65,100	–	–	N/A	–	65,100	0.004%	23 May 2023 to 22 May 2029 <sup>(3)</sup>	
			108,500	–	–	N/A	–	108,500	0.006%	23 May 2024 to 22 May 2029 <sup>(3)</sup>	
2 July 2024	0.485	1,668,000	–	–	N/A	–	1,668,000	0.100%	Refer to note(9)	0.485	
Mr. Ho Kwok Yin, Eric	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
Mr. Shi Xiaoguang <sup>(1)</sup> (A former director)	19 June 2020	0.96	19,200	–	19,200	1.27	–	–	0.000%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	28,800	1.27	–	–	0.000%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	48,000	1.27	–	–	0.000%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	
Ms. Chiang Yun	19 June 2020	0.96	19,200	–	–	N/A	–	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(3)</sup>	0.92
			28,800	–	–	N/A	–	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(3)</sup>	
			48,000	–	–	N/A	–	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(3)</sup>	

Name of Director/ former Director/ Associate	Date of grant	Exercise Price (HK\$)	Number of share options								Closing price of securities immediately before the date of grant (HK\$)
			Outstanding as at 1 January 2025	Granted during this year	Exercised during this year	Weighted average closing price immediately before the date of exercise (HK\$)	Cancelled/ Lapsed during this year <sup>(2)</sup>	Outstanding as at 31 December 2025	Percentage of total issued share capital <sup>(1)</sup>	Exercise period	
Mr. Jin Peng	19 June 2020	0.96	19,200	-	-	N/A	-	19,200	0.001%	27 September 2020 to 27 March 2028 <sup>(6)</sup>	0.92
			28,800	-	-	N/A	-	28,800	0.002%	27 September 2021 to 27 March 2028 <sup>(6)</sup>	
			48,000	-	-	N/A	-	48,000	0.003%	27 September 2022 to 27 March 2028 <sup>(6)</sup>	
Ms. Sharon Nan Kobler (associate of Mr. Song Zhenghuan and Ms. Fu Jingqiu)	19 June 2020	0.96	124,000	-	-	N/A	-	124,000	0.007%	23 May 2022 to 22 May 2029 <sup>(6)</sup>	0.92
			186,000	-	-	N/A	-	186,000	0.011%	23 May 2023 to 22 May 2029 <sup>(6)</sup>	
			310,000	-	-	N/A	-	310,000	0.019%	23 May 2024 to 22 May 2029 <sup>(6)</sup>	
	2 July 2024	0.485	1,668,000	-	-	N/A	-	1,668,000	0.100%	Refer to note (9)	0.485
Mr. Martin Patrick Pos (associate of Mr. Martin Pos)	11 December 2020	1.01	62,000	-	-	N/A	-	62,000	0.004%	11 December 2020 to 10 December 2030 <sup>(7)</sup>	1.00
			93,000	-	-	N/A	-	93,000	0.006%	11 December 2020 to 10 December 2030 <sup>(7)</sup>	
			155,000	-	-	N/A	-	155,000	0.009%	11 December 2020 to 10 December 2030 <sup>(7)</sup>	
	2 July 2024	0.485	1,750,000	-	-	N/A	-	1,750,000	0.105%	Refer to note (9)	0.485
Total number held by Directors and former director	27 March 2018	4.54	17,500,000	-	-	N/A	-	17,500,000	1.046%	27 March 2018 to 27 March 2028 <sup>(8)</sup>	4.12
	23 May 2019	3.75	6,900,000	-	-	N/A	-	6,900,000	0.413%	23 May 2019 to 22 May 2029 <sup>(6)</sup>	1.94
	19 June 2020	0.96	6,754,000	-	96,000	1.27	-	6,658,000	0.398%	Refer to note (6)	0.92
	2 July 2024	0.485	30,016,000	-	-	N/A	-	30,016,000	1.795%	Refer to note (9)	0.485
Total number held by Associates	19 June 2020	0.96	620,000	-	-	N/A	-	620,000	0.037%	Refer to note (6)	0.92
	11 December 2020	1.01	310,000	-	-	N/A	-	310,000	0.019%	Refer to note (7)	1.00
	2 July 2024	0.485	3,418,000	-	-	N/A	-	3,418,000	0.204%	Refer to note (9)	0.485
Total number held by Employees of the Group	7 October 2015	3.75	6,800,000	-	-	N/A	6,800,000	-	0.000%	7 October 2015 to 6 October 2025 <sup>(9)</sup>	3.66
	27 March 2018	4.54	4,000,000	-	-	N/A	1,000,000	3,000,000	0.179%	27 March 2018 to 27 March 2028 <sup>(8)</sup>	4.12
	28 May 2018	5.122	3,100,000	-	-	N/A	-	3,100,000	0.185%	28 May 2018 to 27 May 2028 <sup>(6)</sup>	4.92
	23 May 2019	3.75	26,200,000	-	-	N/A	10,500,000	15,700,000	0.939%	23 May 2019 to 22 May 2029 <sup>(6)</sup>	1.94
	19 June 2020	0.96	12,221,000	-	727,000	1.26	1,355,000	10,139,000	0.606%	Refer to note (6)	0.92
	11 December 2020	1.01	2,705,500	-	603,000	1.19	60,000	2,042,500	0.122%	Refer to note (7)	1.00
	16 June 2022	1.042	500,000	-	-	N/A	-	500,000	0.030%	Refer to note (8)	1.03
	2 July 2024	0.485	75,390,000	-	3,150,000	1.21	13,210,000	59,030,000	3.529%	Refer to note (9)	0.485

## REPORT OF THE BOARD OF DIRECTORS

### Notes:

- (1) The percentage is calculated based on the total number of 1,672,607,166 shares in issue as at 31 December 2025.
- (2) The share options are exercisable within a period of 10 years from 7 October 2015 and subject to the following vesting schedule and performance review:
- (i) one third of the share options vested on 7 October 2018;
  - (ii) one third of the share options vested on 7 October 2019; and
  - (iii) the remaining one third of the share options vested on 7 October 2020.
- (3) The share options are exercisable within a period of 10 years from 27 March 2018 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 27 September 2020;
  - (ii) another 30% of the share options vested on 27 September 2021; and
  - (iii) the remaining share options vested on 27 September 2022.
- (4) The share options are exercisable within a period of 10 years from 28 May 2018 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 28 May 2021;
  - (ii) another 30% of the share options vested on 28 May 2022; and
  - (iii) the remaining share options vested on 28 May 2023.
- (5) The share options are exercisable within a period of 10 years from 23 May 2019 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 23 May 2022;
  - (ii) another 30% of the share options vested on 23 May 2023; and
  - (iii) the remaining share options vested on 23 May 2024.
- (6) Among the 17,417,000 share options, the vesting schedule and exercise period are as follows:
- (i) 46,666 share options vested on 28 August 2020 and exercisable until 27 August 2027;
  - (ii) 46,666 share options vested on 28 August 2021 and exercisable until 27 August 2027;
  - (iii) 46,668 share options vested on 28 August 2022 and exercisable until 27 August 2027;
  - (iv) 1,296,000 share options vested on 27 September 2020 and exercisable until 27 March 2028;
  - (v) 1,944,000 share options vested on 27 September 2021 and exercisable until 27 March 2028;
  - (vi) 3,240,000 share options vested on 27 September 2022 and exercisable until 27 March 2028;
  - (vii) 132,000 share options vested on 28 May 2021 and exercisable until 27 May 2028;
  - (viii) 198,000 share options vested on 28 May 2022 and exercisable until 27 May 2028;
  - (ix) 330,000 share options vested on 28 May 2023 and exercisable until 27 May 2028;
  - (x) 2,027,400 share options vested on 23 May 2022 and exercisable until 22 May 2029;
  - (xi) 3,041,100 share options vested on 23 May 2023 and exercisable until 22 May 2029; and
  - (xii) 5,068,500 share options vested on 23 May 2024 and exercisable until 22 May 2029.
- (7) The share options are exercisable within a period of 10 years from 11 December 2020 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 11 December 2023;
  - (ii) another 30% of the share options vested on 11 December 2024; and
  - (iii) the remaining share options vested on 11 December 2025.

- (8) The share options are exercisable within a period of 10 years from 16 June 2022 and subject to the following vesting schedule and performance review:
- (i) 20% of the share options vested on 16 June 2025;
  - (ii) another 30% of the share options will be vested on 16 June 2026; and
  - (iii) the remaining share options will be vested on 16 June 2027.
- (9) Among the 92,464,000 share options, the vesting schedule and exercise period are as follows:
- (i) 55,628,000 share options vested on 2 July 2025 and exercisable until 1 July 2034;
  - (ii) 8,792,200 options will be vested on 2 July 2026 and exercisable until 1 July 2034;
  - (iii) 15,914,800 share options will be vested on 2 July 2027 and exercisable until 1 July 2034;
  - (iv) 8,044,000 share options will be vested on 2 July 2028 and exercisable until 1 July 2034; and
  - (v) 4,085,000 share options will be vested on 2 July 2029 and exercisable until 1 July 2034.
- (10) The fair value of the share options is determined in accordance with HKFRS 2 by reference to the cost of purchase of the share options, or the fair value at grant date, taking into account all non-vesting conditions associated with the grant on grant date. No adjustment is required for expected dividends since the employees are entitled to receive dividends paid during the vesting period. Details of the accounting policy adopted are set out in Note 2.4 to the consolidated Financial Statements. During financial year ended 31 December 2025, no share option had been granted to any Director or employee of the Group.
- (11) Mr. Shi, a former independent non-executive Director, retired and ceased to be a Director since 27 May 2025 (the "date of cessation"). Under the terms of the 2010 Share Option Scheme and the 2020 Share Option Scheme, the Share Options granted to him by the Company and vested before the date of cessation shall automatically lapse and become not exercisable if they are not exercised within three months from the date of cessation. Mr. Shi had subsequently exercised the vested options within the prescribed period.
- (12) All share options in this column represent lapsed share options. No share options were cancelled during the year ended 31 December 2025.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Schemes as set out in note 31 to the consolidated financial statements and in the paragraph above, at no time during the year the Company, its holding companies or any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate within the Group.

## INTEREST AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2025, the interests or short positions of the Directors or chief executives of the Company then in office in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required, pursuant to the Model Code, are as follows:

## REPORT OF THE BOARD OF DIRECTORS

### DIRECTORS' INTEREST IN THE SHARES AND/OR UNDERLYING SHARES

Name of Director	Nature of Interest	Number of Shares and/or Underlying Shares	Approximate percentage of Shareholding
Mr. Song Zhenghuan ("Mr. Song") (Notes 2 & 5)	Beneficial owner/ Interest of controlled corporation/Interest of spouse	770,195,427 (L)	46.05%
Mr. Liu Tongyou ("Mr. Liu") (Note 3)	Beneficial owner	47,310,573 (L)	2.83%
Mr. Martin Pos ("Mr. Pos")	Beneficial owner	126,580,915 (L)	7.57%
Ms. Fu Jingqiu ("Ms. Fu") (Notes 2 & 5)	Beneficiary of a trust/ Beneficial owner/ Interest of spouse	770,195,427 (L)	46.05%
Mr. Ho Kwok Yin, Eric	Beneficial owner	96,000 (L)	0.01%
Ms. Chiang Yun	Beneficial owner	96,000 (L)	0.01%
Mr. Jin Peng	Beneficial owner	3,010,000 (L)	0.18%

#### Notes:

- The letter "L" denotes the person's long position in such shares and/or underlying shares.
- Mr. Song is a beneficiary of Grappa Trust, of which Trident Trust Company (HK) Limited is the trustee. Ms. Fu is a beneficiary of Gramma Trust, of which Trident Trust Company (HK) Limited is the trustee. See note (2) of the section headed "Substantial Shareholders' Interests and Short Positions" for further details of such interest.
- Mr. Liu is interested in 29,057,573 shares of the Company held through Silvermount Limited, a company wholly owned by him. He also held 18,253,000 share options of the Company as at 31 December 2025.

(4) Each of the Directors is deemed to have an interest in the underlying shares of the Company within the meaning of Part XV of the SFO in respect of the share options of the Company granted to him/her, details are as follows:

Name of Director	Number of Share Options held as at 31 December 2025
Mr. Song Zhenghuan	1,668,000
Mr. Liu Tongyou	18,253,000
Mr. Martin Pos	38,380,000
Ms. Fu Jingqiu	2,485,000
Mr. Ho Kwok Yin, Eric	96,000
Ms. Chiang Yun	96,000
Mr. Shi Xiaoguang	0
Mr. Jin Peng	96,000

(5) Since Ms. Fu is Mr. Song's spouse, each of Mr. Song and Ms. Fu is deemed to have an interest in the underlying Shares of the Company within the meaning of Part XV of the SFO in respect of the Share Options of the Company granted to each of them.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company or their respective close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 31 December 2025, the following persons (other than the Directors and chief executives of the Company) had or deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company:

Name	Capacity	Number of Shares and/or Underlying Shares	Approximate Percentage of Shareholding
Trident Trust Company (HK) Limited ("TTC") (Note 2)	Trustee	766,042,427 (L)	45.8%
Gamma Enterprises Limited	Interest of Controlled Corporation/ Beneficial Owner	696,304,251 (L)	41.63%
Rosy Phoenix Limited (Note 2)	Beneficial Owner	696,304,251 (L)	41.63%
Cayey Enterprises Limited (Note 2)	Interest of Controlled Corporation/ Beneficial Owner	608,550,380 (L)	36.38%
Grappa Enterprises Limited (Note 2)	Interest of Controlled Corporation	608,550,380 (L)	36.38%
Pacific United Developments Limited ("PUD") (Note 2)	Beneficial Owner	409,518,229 (L)	24.48%
Sure Growth Investments Limited (Note 2)	Beneficial Owner	129,293,975 (L)	7.73%

Notes:

- (1) The letter "(L)" denotes the person's long position in such shares.
- (2) Grappa Enterprises Limited and Gamma Enterprises Limited are indirectly wholly-owned by TTC. Grappa Enterprises Limited holds 99.99% of Cayey Enterprises Limited directly. Cayey Enterprises Limited is interested in 26.72% of PUD and 53.33% of Sure Growth Investments Limited. Gamma Enterprises Limited holds 99% of Rosy Phoenix Limited directly, which in turn holds 26.72% of PUD and 26.67% of Sure Growth Investments Limited. TTC is the trustee of Gamma Trust and Grappa Trust holding interest on trust for the beneficiaries of the Gamma Trust and Grappa Trust, respectively. The beneficiaries of Grappa Trust include Mr. Song and his family members and the beneficiaries of Gamma Trust include Ms. Fu and her family members.

## SUBSIDIARIES

The Group's operations are conducted worldwide through its direct or indirect subsidiaries. Details of the principal subsidiaries of the Company as at 31 December 2025 are set out in note 1 to the Financial Statements.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

## CONNECTED TRANSACTIONS

The Group's related parties transactions for the year ended 31 December 2025 set out in note 37 to the Financial Statements that are marked with "#" constitute connected transactions as defined in Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in Chapter 14A of the Listing Rules.

## REPORT OF THE BOARD OF DIRECTORS

### **CONNECTED TRANSACTIONS AND/OR CONTINUING CONNECTED TRANSACTIONS WHICH ARE EXEMPTED FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT, BUT SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS UNDER THE LISTING RULES**

#### **THE 2024 FIRST LEASE AGREEMENT AND THE 2025 SUPPLEMENTAL AGREEMENT**

On 29 November 2021, 好孩子集團平鄉有限公司 (Goodbaby Group Pingxiang Co., Ltd.\*) (“GGPX”), a company established in the PRC and a wholly owned subsidiary of 好孩子集團有限公司 (Goodbaby Group Co., Ltd.\*) (“GGCL”), and 好孩子兒童用品平鄉有限公司 (Goodbaby Child Products Pingxiang Co., Ltd.\*) (“GCPX”), a company established in the PRC and an indirect wholly owned subsidiary of the Company entered into a renewal agreement (the “2021 First Lease Agreement”) to renew the 2018 First Lease Agreement for a term of three years commencing from 1 January 2022 and ended on 31 December 2024. On 30 August 2024, GGPX and GCPX entered into a renewal agreement (the “2024 First Lease Agreement”) to renew the 2021 First Lease Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027. Subsequently, on 25 August 2025, GGPX and GCPX entered into a supplemental agreement (the “2025 Supplemental Agreement”) to amend the leased area and the annual rental amounts under the 2024 First Lease Agreement.

Pursuant to the 2024 First Lease Agreement (as amended by the 2025 Supplemental Agreement), GGPX agreed to lease Property I (as defined in the announcement of the Company dated 30 August 2024, with the leased area subsequently reduced with effect from 1 September 2025) to GCPX principally for production and for manufacturing and manufacturing support facilities purposes.

The aggregate annual rental payable by GCPX to GGPX under the 2024 First Lease Agreement (as amended by the 2025 Supplemental Agreement) was determined after arm’s length negotiation between the parties thereto with reference to the prevailing market rent as well as the qualities of other properties in the area surrounding Property I, the potential increase in market rentals during the term of the 2024 First Lease Agreement and the historical annual caps and actual transaction amount of the 2021 First Lease Agreement. Rental payment for each month is payable in advance on a monthly basis before the tenth day of each month.

Pursuant to the 2025 Supplemental Agreement, the revised annual rentals payable by GCPX to GGPX for each of the three years ending 31 December 2027 are RMB13,139,022, RMB13,100,005, and RMB13,567,862, respectively.

GGPX is a wholly-owned subsidiary of GGCL, a company which is held as to approximately 67.11% by Mr. Song Zhenghuan, the Company’s chairman and executive Director and his spouse. Accordingly, GGPX is a connected person of the Company under Chapter 14A of the Listing Rules and the entering of the 2024 First Lease Agreement (as amended by the 2025 Supplemental Agreement) constituted as a connected transaction for the Company.

## THE 2024 SECOND LEASE AGREEMENT

On 29 November 2021, 好孩子集團平鄉有限公司 (Goodbaby Group Pingxiang Co., Ltd.\*) (“GGPX”), a company established in the PRC and a wholly owned subsidiary of GGCL, and 好孩子兒童用品有限公司 (Goodbaby Child Products Co., Ltd.\*) (“GCPC”), a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company, entered into a renewal agreement (the “2021 Second Lease Agreement”) to renew the 2018 Second Lease Agreement for a term of three years commencing from 1 January 2022 and ended on 31 December 2024. On 30 August 2024, GCPX and GCPC entered into a renewal agreement (the “2024 Second Lease Agreement” and together with the 2024 First Lease Agreement, the “2024 Lease Agreements”) to renew the 2021 Second Lease Agreement for a term of three years commencing from 1 January 2025 and ending on 31 December 2027.

Pursuant to the 2024 Second Lease Agreement, GGPX agreed to lease Property II (as defined in the announcement of the Company dated 29 November 2021) to GCPC principally for the usage as logistics warehouse purpose. The aggregate annual rental payable by GCPC to GGPX under the 2024 Second Lease Agreement was determined with reference to the prevailing market rent as well as the qualities of other properties in the area surrounding Property II, the potential increase in market rentals during the term of the 2024 Second Lease Agreement; and the historical annual caps and actual transaction amount under the 2021 Second Lease Agreement. Rental payment for each month is payable in advance on a monthly basis before the tenth day of each month.

The annual rentals under the 2024 Second Lease Agreement for each of the three years ending 31 December 2027 are RMB2,105,851, RMB2,179,046 and RMB2,246,241, respectively.

GGPX is a wholly-owned subsidiary of GGCL, a company which is held as to approximately 67.11% by Mr. Song Zhenghuan, the Company’s chairman and executive Director and his spouse. Accordingly, GGPX is a connected person of the Company under Chapter 14A of the Listing Rules and the entering of the 2021 Second Lease Agreement constituted as a connected transaction for the Company.

The right-of-use assets acquired under the 2024 Lease Agreements were recognized by the Group in its consolidated statement of financial position in accordance with IFRS 16. Accordingly, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder were deemed as an acquisition of right-of-use assets by the Group. The total value of the right-of-use assets as at 31 December 2025 was approximately RMB27,174,000 (equivalent to HK\$29,497,000), which was calculated with reference to the gross rental payments under the 2024 Lease Agreements and the 2025 Supplemental Agreement. As one or more of the applicable percentage ratios of the estimated value of the right-of-use assets recognized by the Company under the 2024 Lease Agreements was more than 0.1% but less than 5%, the entering into of the 2024 Lease Agreements and the transactions contemplated thereunder was subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For further details of the 2024 Lease Agreements, please also refer to the announcements of the Company dated 7 October 2015, 28 August 2018, 29 November 2021 and 30 August 2024.

## REPORT OF THE BOARD OF DIRECTORS

### The 2025 Lease Agreement

On 25 August 2025, GCPC (as lessee) and 好孩子(中國)商貿有限公司 (Goodbaby (China) Commercial Co., Ltd.\*), a wholly foreign-owned enterprise established in the PRC (as lessor) and ultimately controlled by Mr. Song Zhenghuan and Ms. Fu Jingqiu (“GCCL”) entered into an agreement (the “2025 Lease Agreement”), for a term commencing from 1 September 2025 and ending on 31 December 2027 (both days inclusive) to lease office and warehousing facilities located at No. 20 Luxi Road, Lujia Town, Kunshan City, Jiangsu Province, PRC and No. 10 East Lufeng Road, Lujia Town, Kunshan City, Jiangsu Province, PRC with a total floor area of 23,288.32 square metres.

The monthly rent payable under the 2025 Lease Agreement is RMB403,925 per calendar month. During 1 September 2025 to 31 December 2025, the rent paid was approximately RMB1,615,700.

GCCL is an associate of Mr. Song Zhenghuan and Ms. Fu Jingqiu, each a Director and controlling Shareholder, and therefore a connected person of the Company under Chapter 14A of the Listing Rules and the entering of the 2025 Lease Agreement constituted a connected transaction for the Company.

The right-of-use assets acquired under the 2025 Lease Agreement was recognized by the Group in its consolidated statement of financial position in accordance with IFRS 16, amounting to approximately RMB10,096,946 (equivalent to approximately HK\$10,960,645), which was calculated with reference to the gross rental payments to be made by the Group under the 2025 Lease Agreement. As the highest applicable percentage ratio in respect of the estimated value of the right-of-use assets recognized by the Group under the 2025 Lease Agreement exceeded 0.1% but all of the applicable percentage ratios are less than 5%, the entering into of the 2025 Lease Agreement is subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For further details of the 2025 Lease Agreement, please refer to the announcement of the Company dated 25 August 2025.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and/or continuing connected transactions above of the Group.

## **SPECIFIC PERFORMANCE OBLIGATIONS OF CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES**

### **THE APRIL 2024 FACILITY AGREEMENT**

To refinance certain existing bank loans, on 8 April 2024, Goodbaby (Hong Kong) Limited (“GBHK”), a wholly-owned subsidiary of the Company (as borrower), the Company (as guarantor), one financial institution (as sole global coordinator, mandated lead arranger and bookrunner, facility agent and security agent) and certain financial institutions (as original lenders) (collectively, the “Finance Parties”) entered into a facilities agreement (the “April 2024 Facility Agreement”) in respect of certain term loan facilities consisting of US Dollars facilities in a total amount of US\$160,000,000, with a term of 36 months from the first utilisation date. The total commitment under the April 2024 Facility Agreement may be increased by not more than US\$50,000,000 or its equivalent in Euro with the prior written consent of GBHK, by way of accession(s) of additional lender(s). With this refinance, the debt structure of the Company will be optimized and relevant finance cost will be improved.

Under the April 2024 Facility Agreement, if Song Zhenghuan (“Mr. Song”) (together with his family, including his or his spouse’s family trust) collectively, (a) no longer beneficially owns more than 20% of the issued share capital of the Company; or (b) are no longer the single largest beneficial shareholder of the Company or no longer holds the position of chairperson of the board of directors of the Company, then the borrower shall:

- (i) immediately notify the facility agent thereof. Forthwith after the occurrence of such event or circumstance, no further utilisation shall be made and all the available facility shall be automatically cancelled in full; and
- (ii) at the request of any lender, prepay that lender’s participation in the loans together with accrued interests thereon and break costs (if any). If the shares in the Company are beneficially owned by any person mentioned above through one or more corporations (“Holding Companies”) controlled by such person(s) (whether acting alone or together), then the entire shareholding of such Holding Companies in the Company shall be taken into account in determining compliance with (a) and (b) above.

As at 31 December 2025, a total amount of US\$127,750,000 had been utilised under the April 2024 Facility Agreement. During the period from the end of the reporting period to the date of approval of this report, GBHK repaid certain portion of the loan under the April 2024 Facility Agreement, with an amount of US\$80,250,000.

For further details, please also refer to the announcement of the Company dated 8 April 2024.

Save as disclosed above, as at the date of this report, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

# REPORT OF THE BOARD OF DIRECTORS

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

### ENVIRONMENTAL PROTECTION

While maintaining our own production and operation capabilities, the Company also has reinforced the fusion of environmental protection, safety, health and social responsibility into our corporate development strategies by establishing the ESG report working team in line with our business development. The Company and the Group uphold the concept of sustainable development, focus attention on the design of research and development, production and operation environment, social and governance risks, strive to achieve sustainable growth.

The Company considers our staff, Shareholders and potential investors, government authorities, suppliers, community individuals, media and consumers as our key stakeholders, and values highly the expectations and opinions of our stakeholders on us with respect to environment, society and governance. The Company has commenced multi-dimensional risk analysis, identified issues on the environment, society and importance of governance which are the concerns in our own development and of the relevant stakeholders.

For further relevant information regarding our performance on environmental, social and governance aspects during the reporting period, please refer to the Environmental, Social and Governance Report issued by the Company on even date for details. The Company has formulated the compliance procedures to ensure compliance with, in particular, the applicable laws, rules and regulations having material effect on us. The relevant employees and the relevant operating entities will be informed of any changes in the applicable laws, rules and regulations from time to time.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the corporate governance report contained in this annual report.

Ms. CHIANG Yun was designed as a lead independent non-executive Director of the Company with effect from 25 August 2025. Lead independent non-executive Director is not an executive position in the Company and does not have any management role in the Group. As of the date of this report, Ms. Chiang also serves as a member of audit committee and the chairlady of each of the remuneration committee, the nomination committee and the ESG committee.

The designation of lead independent non-executive Director was implemented in response to the amended CG Code and the Listing Rules which came into effect on 1 July 2025. Effective corporate governance is crucial to the Company's overall performance, and the Board believes that Ms. Chiang's designation could strengthen the Board's effectiveness while further promoting strong corporate governance practice across the Company.

## INDEMNITY AND INSURANCE PROVISIONS

The Company has arranged appropriate directors' and officers' liability insurance in respect of legal action against Directors. Also, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles of Association.

## EXCHANGE RISKS

Details of the exchange risks faced by the Group are set out in note 40 to the Financial Statements.

## **PURCHASE, SALE, REDEMPTION OR RE-PURCHASE OF SHARES**

There was no purchase, sale, redemption and re-purchase of any listed securities of the Company (including sale or transfer of treasury shares as defined under the Listing Rules) by the Company or any of its subsidiaries during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

## **DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES**

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

## **DISCLOSURE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES**

Changes in Directors' biographical details since the date of the 2025 interim report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Listing Rules, are set out below:

Mr. WONG Shun Tak was appointed as an independent non-executive director of JNBY Design Limited (Stock Code: 3306) since September 2025.

Mr. WONG Shun Tak had tendered his resignation as independent non-executive director of Kingsoft Corporation Limited (Stock Code: 3888), the chairman of the nomination committee and the remuneration committee, and a member of the audit committee and the environmental, social and governance committee with effect from 26 March 2026.

Save as disclosed above and in the section headed "Directors & Senior Management" in this annual report, there has been no change of information of each Director that is required to be disclosed under Rules 13.51(2) and 13.51(B)(1) of the Listing Rules since the publication of the 2025 interim report of the Company.

## **FURTHER INFORMATION REGARDING THE APPOINTMENT OF MR. XIA XINYUE AS AN EXECUTIVE DIRECTOR**

Reference is made to the announcement of the Company dated 27 March 2026, in relation to the appointment of Mr. Xia Xinyue as an executive Director of the Company.

Mr. Xia will not receive any additional remuneration for acting as an executive Director. As the chief operating officer of the Group, Mr. Xia is entitled to receive a fixed salary of RMB2,400,000 per annum and variable annual performance-based bonus. He is also entitled to enjoy compulsory social benefit according to applicable labor laws.

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the event(s) after the reporting period of the Group are set out in note 42 to the Financial Statements.

Save as disclosed in this annual report, there were no other important events that required additional disclosure or adjustments occurred after the end of the Period and up to the date of this annual report.

Saved as disclosed above, there are no significant events after the end of the reporting period.

## **PAST FIVE YEARS FINANCIAL SUMMARY**

The summary of the results, assets and liabilities of the Group in the past five financial years is set out on page 196 of this report.

## REPORT OF THE BOARD OF DIRECTORS

### PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights in the articles of association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

### TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

### SUFFICIENT PUBLIC FLOAT UNDER RULE 13.32B OF THE LISTING RULES

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as the date of this annual report, the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required by Rule 13.32B(1) of the Listing Rules.

### AUDITORS

The financial statements of the Company for the year ended 31 December 2025 have been audited by Ernst & Young which will retire, and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

There has been no change in the auditor of the Company for the three years ended 31 December 2025.

For and on behalf of the Board of Directors

**Song Zhenghuan**

*Chairman*

27 March 2026

# INDEPENDENT AUDITOR'S REPORT

**To the shareholders of Goodbaby International Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Goodbaby International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 76 to 195, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**KEY AUDIT MATTERS** (Continued)

Key audit matter	How our audit addressed the key audit matter
<b>Impairment assessment of goodwill and intangible assets with indefinite lives</b>	
<p>The goodwill and other intangible assets with indefinite lives of the Group arising from business combinations amounted to HK\$2,638 million and HK\$1,664 million as at 31 December 2025, respectively. The Group is required to perform impairment testing on goodwill and intangible assets with indefinite lives annually. Management's assessment process involves significant estimates and judgements, including assessing expected future cash flow forecasts, associated growth rates, budgeted gross margins and the discount rates applied.</p> <p>The Group's disclosures about goodwill and intangible assets with indefinite lives are included in Note 2.4, Note 3, and Note 16 to the consolidated financial statements.</p>	<p>Our audit procedures, among others, included an assessment of management's evaluation and testing of key assumptions, methodologies, cash-generating unit determination, cash flow forecast and other data used by the Group. In performing audit procedures, we checked the sales assumption to historical actual sales with growth rates comparable to the market and assessed budgeted gross margin against historical trend and the discount rate assumption against the cost of equity and the cost of debt of comparable companies. We also involved our internal specialists to assist us in assessing the assumptions and methodologies used by the Group. We also assessed the adequacy of the Group's disclosures of the assumptions to which the outcome of the impairment test is more sensitive.</p>

**OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai (practising certificate number: P06860).

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
(HK\$'000)			
Revenue	5	8,659,207	8,765,905
Cost of sales		(4,225,216)	(4,258,005)
Gross profit		4,433,991	4,507,900
Other income and gains	5	62,053	34,432
Selling and distribution expenses		(2,475,819)	(2,456,521)
Administrative expenses		(1,598,393)	(1,568,300)
Other expenses		(2,298)	(17,590)
Finance income	6	13,003	26,732
Finance costs	7	(108,809)	(155,491)
Share of profits and losses of:			
Joint ventures		500	8,408
<b>PROFIT BEFORE TAX</b>	8	<b>324,228</b>	<b>379,570</b>
Income tax expense	11	(105,877)	(23,354)
<b>PROFIT FOR THE YEAR</b>		<b>218,351</b>	<b>356,216</b>
Attributable to:			
Owners of the parent		218,597	355,846
Non-controlling interests		(246)	370
		218,351	356,216
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:	13		
Basic and diluted			
For profit for the year (HK\$)		0.13	0.21

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2025

	2025	2024
	(HK\$'000)	
<b>PROFIT FOR THE YEAR</b>	<b>218,351</b>	<b>356,216</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the year	34,991	36,524
Reclassification adjustments for income included in the consolidated statement of profit or loss	(29,699)	(8,545)
Income tax effect	(695)	(4,004)
	4,597	23,975
Exchange differences on translation of foreign operations	293,473	(198,698)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	298,070	(174,723)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial income of defined benefit plans	61	819
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	61	819
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>298,131</b>	<b>(173,904)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>516,482</b>	<b>182,312</b>
Attributable to:		
Owners of the parent	516,728	181,918
Non-controlling interests	(246)	394
	<b>516,482</b>	<b>182,312</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2025

	Notes	31 December 2025	31 December 2024
(HK\$'000)			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	824,981	819,179
Right-of-use assets	15(a)	333,356	281,486
Goodwill	16	2,638,490	2,532,832
Other intangible assets	17	2,054,183	2,000,469
Investment in the joint venture		6,847	4,958
Deferred tax assets	28	107,443	125,553
Other long-term assets	18	4,132	4,015
Total non-current assets		5,969,432	5,768,492
<b>CURRENT ASSETS</b>			
Inventories	19	1,508,605	1,712,437
Trade and bills receivables	20	883,012	1,084,452
Prepayments and other receivables	21	709,164	691,184
Due from related parties	37	1,339	545
Cash and cash equivalents	22	1,296,365	1,099,358
Pledged deposits	22	27,057	26,684
Time deposits	22	111,289	–
Derivative financial instruments	23	30,533	20,430
Total current assets		4,567,364	4,635,090
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	24	1,378,778	1,457,628
Other payables and accruals	25	1,131,942	1,037,527
Income tax payable		50,952	77,990
Provision	26	43,622	46,637
Interest-bearing bank loans and other borrowings	27	336,906	475,886
Lease liabilities	15(b)	119,403	95,981
Derivative financial instruments	23	22,260	12,063
Due to related parties	37	2,908	1,909
Defined benefit plan liabilities		230	240
Total current liabilities		3,087,001	3,205,861
<b>NET CURRENT ASSETS</b>		1,480,363	1,429,229
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,449,795	7,197,721

	Notes	31 December 2025	31 December 2024
(HK\$'000)			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings	27	820,467	979,171
Provision	26	21,504	21,338
Defined benefit plan liabilities		1,891	2,034
Other liabilities	29	981	971
Lease liabilities	15(b)	196,038	164,468
Deferred tax liabilities	28	215,148	214,122
Total non-current liabilities		1,256,029	1,382,104
<b>Net assets</b>		<b>6,193,766</b>	<b>5,815,617</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	30	16,726	16,680
Reserves	32	6,171,582	5,773,175
		6,188,308	5,789,855
<b>Non-controlling interests</b>		<b>5,458</b>	<b>25,762</b>
<b>Total equity</b>		<b>6,193,766</b>	<b>5,815,617</b>

**SONG Zhenghuan**  
Director

**LIU Tongyou**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Statutory reserve funds	Cumulative translation adjustments	Defined benefit plans	Merger reserve	Capital reserve	Hedging reserve	Retained earnings	Total		
	(note 30)			(note 32)			(note 32)						
At 31 December 2024 and 1 January 2025	16,680	3,320,411	209,915	275,934	(581,211)	6,595	153,975	(22,613)	7,056	2,403,113	5,789,855	25,762	5,815,617
Profit for the year	-	-	-	-	-	-	-	-	-	218,597	218,597	(246)	218,351
Remeasurement effects of defined benefit plans	-	-	-	-	-	61	-	-	-	-	61	-	61
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	4,597	-	4,597	-	4,597
Exchange differences on translation	-	-	-	-	293,473	-	-	-	-	-	293,473	-	293,473
Total comprehensive income for the year	-	-	-	-	293,473	61	-	-	4,597	218,597	516,728	(246)	516,482
Acquisition of a non-controlling interest	-	-	-	-	-	-	-	(10,213)	-	-	(10,213)	(20,058)	(30,271)
Final 2024 dividend declared (note 12)	-	-	-	-	-	-	-	-	-	(116,776)	(116,776)	-	(116,776)
Share options exercised	46	4,126	(1,245)	-	-	-	-	-	-	-	2,927	-	2,927
Equity-settled share option arrangements	-	-	5,787	-	-	-	-	-	-	-	5,787	-	5,787
<b>At 31 December 2025</b>	<b>16,726</b>	<b>3,324,537*</b>	<b>214,457*</b>	<b>275,934*</b>	<b>(287,738)*</b>	<b>6,656*</b>	<b>153,975*</b>	<b>(32,826)*</b>	<b>11,653*</b>	<b>2,504,934*</b>	<b>6,188,308</b>	<b>5,458</b>	<b>6,193,766</b>
At 31 December 2023 and 1 January 2024	16,680	3,320,411	204,343	275,934	(382,489)	5,776	153,975	(22,613)	(16,919)	2,047,267	5,602,365	25,368	5,627,733
Profit for the year	-	-	-	-	-	-	-	-	-	355,846	355,846	370	356,216
Remeasurement effects of defined benefit plans	-	-	-	-	-	819	-	-	-	-	819	-	819
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	23,975	-	23,975	-	23,975
Exchange differences on translation	-	-	-	-	(198,722)	-	-	-	-	-	(198,722)	24	(198,698)
Total comprehensive income for the year	-	-	-	-	(198,722)	819	-	-	23,975	355,846	181,918	394	182,312
Equity-settled share option arrangements	-	-	5,572	-	-	-	-	-	-	-	5,572	-	5,572
<b>At 31 December 2024</b>	<b>16,680</b>	<b>3,320,411*</b>	<b>209,915*</b>	<b>275,934*</b>	<b>(581,211)*</b>	<b>6,595*</b>	<b>153,975*</b>	<b>(22,613)*</b>	<b>7,056*</b>	<b>2,403,113*</b>	<b>5,789,855</b>	<b>25,762</b>	<b>5,815,617</b>

\* These reserve accounts comprise the consolidated reserves of HK\$6,171,582,000 (2024: HK\$5,773,175,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2025

	2025	2024
	(HK\$'000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	324,228	379,570
Adjustments for:		
Finance costs	108,809	155,491
Share of profits and losses of Joint ventures	(500)	(8,408)
Interest income	(13,003)	(26,732)
Gain on wealth investment products	(601)	–
Loss/(gain) on disposal of items of property, plant and equipment	(1,884)	8,209
Loss on disposal of Intangible assets	46	447
Revision of a lease term arising from a change in the non-cancellable period of a lease	(236)	(358)
Depreciation of property, plant and equipment	266,736	271,760
Depreciation of right-of-use assets	122,560	108,634
Amortisation of other intangible assets	81,168	82,036
Provision of inventories	1,130	17,483
Provision/(reversal of provision) for impairment of receivables	9,566	(1,289)
Equity-settled share option expenses	5,787	5,572
	903,806	992,415
Decrease/(increase) in inventories	202,702	(265,737)
Decrease in trade and bills receivables	191,874	91,862
Decrease/(increase) in prepayments and other receivables	2,905	(93,879)
Decrease/(increase) in amounts due from related parties	(794)	5,852
Decrease/(increase) in pledged deposits and time deposits	(108,625)	536
Increase in derivative financial assets	(10,103)	(10,527)
Decrease/(increase) in other long-term assets	(117)	164
Increase/(decrease) in trade and bills payables	(78,850)	153,616
Increase in other payables and accruals	94,415	214,724
Increase/(decrease) in provision	(2,849)	(6,026)
Increase/(decrease) in derivative financial liabilities	10,197	(29,950)
Increase in amounts due to related parties	999	1,407
Decrease in defined benefit plan liabilities	(207)	(880)
Increase/(decrease) in other liabilities	10	(592)
Cash generated from operations	1,205,363	1,052,985
Income tax paid	(113,779)	(126,029)
Net cash flows generated from operating activities	1,091,584	926,956

	Note	2025	2024
(HK\$'000)			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		13,003	94,812
Placement of wealth investment products		(716,421)	(383,223)
Withdrawal of wealth investment products		717,022	437,510
Purchases of items of property, plant and equipment		(238,604)	(247,977)
Addition to other intangible assets		(25,276)	(98,076)
(Expenditures)/Proceeds from disposal of property, plant and equipment		(10,914)	3,817
Acquisition of a subsidiary		–	(6,671)
Disposal of a shareholding in an associate		–	8,333
Net cash flows used in investing activities		(261,190)	(191,475)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(116,776)	–
Proceeds from issues of shares		2,927	–
Acquisition of non-controlling interests		(6,533)	–
New bank loans		845,779	1,836,789
Repayment of bank loans		(1,183,374)	(3,191,079)
Interest paid		(97,208)	(157,175)
Principal portion of lease payments		(119,207)	(110,823)
Withdrawal in pledged deposits and time deposits		(177)	1,051,502
Net cash flows used in financing activities		(674,569)	(570,786)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		155,825	164,695
Cash and cash equivalents at beginning of year		1,099,358	981,899
Effect of foreign exchange rate changes, net		41,182	(47,236)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	22	<b>1,296,365</b>	<b>1,099,358</b>

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 14 July 2000 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 November 2010.

The Group is principally engaged in the design, research and development ("R&D"), manufacturing, marketing and distribution of products for children.

### INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at the reporting date are as follows:

Name of company	Place and date of incorporation/ registration and place of operation	Percentage of equity interest attributable to the Company		Issued ordinary/ registered share capital	Principal activities
		Direct	Indirect		
<b>Subsidiaries</b>					
Goodbaby (Hong Kong) Limited ("GBHK")	Hong Kong, 23 July 1999	100%	–	Hong Kong Dollar ("HK\$") 1,001	Investment holding and sales agent company
Goodbaby Child Products Co., Ltd. ("GCP") (Note (a), (b) and (c))	The People's Republic of China ("PRC/ Chinese mainland"), 18 November 1994	–	100%	United States Dollar ("US\$") 73,660,000	Manufacture, distribution and sale of safety belts, cloth sets, car safety seats, car components for children, infant strollers and bicycles
Pingxiang Goodbaby Child Products Co., Ltd. ("GCPX") (Note (a) and (b))	PRC/Chinese mainland, 26 December 2011	–	100%	RMB2,000,000	Manufacture, distribution and sale of child cloth beds, infant strollers, bath chairs for children and stadium chairs
EQO Testing and Certification Services Co., Ltd. ("EQTC") (Note (a) and (b))	PRC/Chinese mainland, 30 November 2012	–	100%	RMB50,000,000	Testing of children's products, tools, electronic products and advisory service for risk valuation of product quality
Serena Merger Co., Inc. ("SERE")	The United States ("U.S."), 28 May 2014	–	100%	US\$1,000	Investment holding
Evenflo Company, Inc. ("EFCO")	U.S., 1 October 1992	–	100%	US\$86,500	Manufacture, distribution and sale of car safety seats, infant strollers and baby related products
Muebles Para Ninos De Baja, S.A. De C.V. ("EFMX")	Mexico, 29 June 1987	–	100%	Mexican Peso ("MXN") 1,720,000	Manufacture of baby related products
Goodbaby Canada Inc. ("EFCA")	Canada, 18 March 1991	–	100%	US\$7,000	Distribution and sale of baby related products
Columbus Trading-Partners GmbH & Co. KG ("CTPE")	Germany, 26 February 2016	–	100%	Euro ("EUR")100	Distribution and sale of car safety seats, infant strollers and other parenting products
Goodbaby Czech Republic s.r.o. ("GBCZ")	Czech Republic, 8 February 2016	–	100%	Czech Koruna ("CZK") 200,000	IT services and a share service centre
Goodbaby (Europe) GmbH & Co KG ("GEGC")	Germany, 28 January 2014	–	100%	EUR100	Investment holding

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### INFORMATION ABOUT SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries as at the reporting date are as follows: (continued)

Name of company	Place and date of incorporation/ registration and place of operation	Percentage of equity interest attributable to the Company		Issued ordinary/ registered share capital	Principal activities
		Direct	Indirect		
<b>Subsidiaries</b>					
Cybox GmbH ("CBGM")	Germany, 5 March 2014	–	100%	EUR33,400	Purchase, sale, holding and management of participating interests and development and production of child car-seats, strollers, child carrying systems, pushchairs, high chairs and other products for children
GB GmbH ("GBGM")	Germany, 21 August 2015	–	100%	EUR25,000	Purchase, sale, holding and management of participating interests and development and production of child car-seats, strollers, child carrying systems, pushchairs, high chairs and other products for children
Columbus Trading Partners USA Inc. ("CBUS")	U.S., 24 November 2014	–	100%	US\$1	Distribution and sale of car safety seats, infant strollers and other parenting products
Columbus Trading Partners Japan Limited ("CBJP")	Japan, 20 February 2018	–	100%	Japanese Yen ("JPY") 2,200,000	Distribution and sale of car safety seats, infant strollers and other parenting products
Cybox Retail GmbH ("CBRG")	Germany, 20 October 2021	–	100%	EUR25,000	Wholesale and retail of children's products
CYBEX Retail Store Paris ("CBRF")	France, 29 May 2024	–	100%	EUR20,000	Wholesale and retail of children's products
Goodbaby (China) Retail & Service Company ("GRCN") (Note (a), (b) and (c))	PRC/Chinese mainland, 11 May 2016	–	100%	RMB50,000,000	Wholesale and retail of children's products
Shanghai Goodbaby Children Fashion Co., Ltd. ("SHFS") (Note (a) and (b))	PRC/Chinese mainland, 20 January 1998	–	100%	RMB22,000,000	Distribution and retail business of children's products
Goodbaby Nantong Fashion Co., Ltd. ("NTFS") (Note (a) and (b))	PRC/Chinese mainland, 19 March 2015	–	80%	RMB10,000,000	Wholesale and retail of children's products
Goodbaby E-commerce (Kunshan) Co., Ltd. ("GECL") (Note (a) and (b))	PRC/Chinese mainland, 12 April 2024	–	100%	RMB50,000,000	E-commerce of children's products

Note (a) Limited liability companies established in the PRC

Note (b) English names for identification only

Note (c) Registered as wholly-foreign-owned enterprises in the PRC

## 1. CORPORATE AND GROUP INFORMATION (Continued)

### INFORMATION ABOUT SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 2. ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) as issued by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for call and put options over non-controlling interests, derivative financial instruments and wealth management products which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 2.1 BASIS OF PREPARATION (Continued)

#### BASIS OF CONSOLIDATION (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards - Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (Continued)

Annual Improvements to *IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows: (Continued)

- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 2.4 MATERIAL ACCOUNTING POLICIES

#### INVESTMENT IN A JOINT VENTURE

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investment in the joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of a joint venture is included as part of the Group's investment in a joint venture.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### INVESTMENT IN A JOINT VENTURE (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

### BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### BUSINESS COMBINATIONS AND GOODWILL (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### FAIR VALUE MEASUREMENT

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of items of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates and estimated useful lives used for this purpose are as follows:

	Estimated useful lives	Estimated residual value
Land	Not depreciated	-
Buildings	20 years	0 to 10%
Plant and machinery	5 to 15 years	0 to 10%
Motor vehicles	3 to 5 years	0 to 10%
Furniture and fixtures	3 to 15 years	-
Leasehold improvements	The lesser of lease terms and useful lives	-

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

### INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

### Trademarks

Trademarks are capitalised and amortised using the straight-line method over their estimated useful lives of ten to thirty years except for certain trademarks amounting to HK\$1,663,809,000 (2024: HK\$1,570,614,000) acquired through the business combinations of Columbus Holding GmbH, WP Evenflo Group Holdings, Inc. and Oasis Dragon Limited whose useful lives are indefinite, as their legal rights are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

#### Computer software

Expenditure on computer software is capitalised and amortised using the straight-line method over its estimated useful life of five years to ten years.

#### Patents, non-compete agreement and customer relationship

Expenditure on acquired patents, a non-compete agreement and customer relationship is capitalised and amortised using the straight-line method over their estimated useful lives of five to twenty years.

#### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

### LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### LEASES (Continued)

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	10 to 50 years
Buildings	1 to 10 years
Plant and machinery	3 to 6 years
Motor vehicles	1 to 5 years
Furniture and fixtures	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### LEASES (Continued)

#### Group as a lessee (Continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### INVESTMENTS AND OTHER FINANCIAL ASSETS

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchase or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

##### *Financial assets at fair value through other comprehensive income (debt instruments)*

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### IMPAIRMENT OF FINANCIAL ASSETS (Continued)

#### General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 - Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 - Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 - Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

#### Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### FINANCIAL LIABILITIES

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, derivative financial instruments and interest-bearing bank loans and other borrowings.

#### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### FINANCIAL LIABILITIES (Continued)

#### Subsequent measurement (Continued)

*Financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

### DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

### OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

#### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

#### Initial recognition and subsequent measurement (Continued)

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

### INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

### PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products for general repair of defected occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the policy for revenue recognition.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and an associate when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### INCOME TAX (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

### REVENUE RECOGNITION

#### Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### REVENUE RECOGNITION (Continued)

#### Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of goods provide customers with rights of return and volume rebates, giving rise to variable consideration.

#### (i) Rights of return

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

#### (ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### REVENUE RECOGNITION (Continued)

#### Revenue from contracts with customers (Continued)

##### *(b) Rendering of testing services*

Revenue from the rendering of testing services is recognised at the point in time when the service is rendered.

#### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

### CONTRACT LIABILITIES

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

### SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### SHARE-BASED PAYMENTS (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### OTHER EMPLOYEE BENEFITS

#### Retirement benefits

Pursuant to the relevant regulations, the Group's subsidiaries which operate in Chinese mainland participate in a local municipal government retirement benefit scheme, whereby the Group is required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme mentioned above. Contributions under the scheme are charged to the statement of profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

#### Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute part of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's U.S. operations and most other non-U.S. subsidiaries have separate defined contribution plans. The purpose of these defined contribution plans is generally to provide additional financial security during retirement by providing employees with an incentive to make regular savings. The Group's contributions to the plans are based on employee contributions or compensation.

#### Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### OTHER EMPLOYEE BENEFITS (Continued)

#### Defined benefit plans

The costs of providing benefits under the defined benefit plans are determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the consolidated profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

### BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### EVENTS AFTER THE REPORTING PERIOD

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

### DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

### FOREIGN CURRENCIES

These financial statements are presented in HK\$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (Continued)

### FOREIGN CURRENCIES (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and joint ventures are currencies other than the HK\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK\$ at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries and a joint venture are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and a joint venture which arise throughout the year are translated into HK\$ at the weighted average exchange rates for the year.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### JUDGEMENTS

##### Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

#### ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

##### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose suitable discount rates in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2025 was approximately HK\$2,638,490,000 (2024: HK\$2,532,832,000). Further details are given in note 16.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### ESTIMATION UNCERTAINTY (Continued)

#### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

#### Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### ESTIMATION UNCERTAINTY (Continued)

##### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was HK\$171,210,000 (2024: HK\$125,043,000). The amount of unrecognised tax losses at 31 December 2025 was HK\$52,655,000 (2024: HK\$39,742,000). Details of unrecognised tax losses as at the end of the reporting period are contained in note 28.

##### Write-down of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the age and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate.

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### ESTIMATION UNCERTAINTY (Continued)

#### Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the year based on changes in circumstances. Further details of the property, plant and equipment are set out in note 14 to the consolidated financial statements.

#### Provisions

Provisions for product warranties granted by the Group on its products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

The Group also makes provision for product liabilities which is based on estimated future costs to be incurred in claims. There are significant estimates included in the projection, which are the discount rate used and assessment on the possibility of outcome of the claims based on historical experience.

#### Defined benefit plans

The Group operates and maintains defined retirement benefit plans. The cost of providing the benefits in the defined retirement benefit plans is actuarially determined by utilising various actuarial assumptions and using the projected unit credit method. These assumptions include, without limitation, the selection of discount rates and healthcare trend rates.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Wheeled goods segment, which engages in the research, design, manufacture and sale of wheeled goods, and accessories, including strollers, jogging strollers and other child conveyances that move on wheels, and accessories under the Group's own brands and third parties' brands. Products in this segment require a same set of technology and manufacturing know-how and infrastructure;
- (b) Car seats segment, which engages in the research, design, manufacture and sale of car safety seats and accessories for child under the Group's own brands and third parties' brands; and
- (c) Other categories segment, which engages in the research, design, manufacture, outsource and sale of other children's products, including apparels, personal care and sanitary products, home textiles, toys, activities, kids ride-on products, home furniture for child and other similar products under the Group's own brands and third parties' brands.

In addition, the Group has defined the geographical areas, namely Europe, Middle East, India and Africa ("EMEIA"), Americas and Asia Pacific ("APAC"), to reflect global market strategies.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment revenue.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 4. OPERATING SEGMENT INFORMATION (Continued)

##### Year ended 31 December 2025

	Wheeled goods	Car seats	Other categories	Consolidated
	(HK\$'000)			
<b>Segment revenue</b>				
Sales to external customers	3,638,030	4,016,004	1,005,173	8,659,207
<b>Segment results</b>	1,914,252	2,116,648	403,091	4,433,991
Other income and gains				62,053
Corporate and other unallocated expenses				(4,084,812)
Other expenses				(2,298)
Finance income				13,003
Finance costs (other than interest on lease liabilities)				(98,209)
Share of profits and losses of the joint venture				500
<b>Profit before tax</b>				324,228
<b>Other segment information:</b>				
Impairment losses recognised/(reversed) in the statement of profit or loss	4,625	6,265	(194)	10,696
Depreciation and amortisation	187,500	204,733	78,231	470,464

#### 4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2024

	Wheeled goods	Car seats	Other categories	Consolidated
	(HK\$'000)			
Segment revenue				
Sales to external customers	3,671,942	3,873,957	1,220,006	8,765,905
Segment results	1,962,189	2,051,555	494,156	4,507,900
Other income and gains				34,432
Corporate and other unallocated expenses				(4,033,563)
Other expenses				(17,590)
Finance income				26,732
Finance costs (other than interest on lease liabilities)				(146,749)
Share of profits and losses of joint ventures				8,408
<b>Profit before tax</b>				<b>379,570</b>
<b>Other segment information:</b>				
Impairment losses recognised/(reversed) in the statement of profit or loss	9,823	9,955	(3,584)	16,194
Depreciation and amortisation	186,486	186,511	89,433	462,430

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 4. OPERATING SEGMENT INFORMATION (Continued)

##### GEOGRAPHICAL INFORMATION

##### (a) Revenue from external customers

	EMEIA market	Americas market	APAC market	Total
	(HK\$'000)			
<b>Year ended 31 December 2025</b>				
<b>Segment revenue:</b>				
Sales to external customers	3,984,561	2,876,838	1,797,808	8,659,207
<b>Year ended 31 December 2024</b>				
<b>Segment revenue:</b>				
Sales to external customers	3,772,373	3,169,593	1,823,939	8,765,905

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

	31 December 2025	31 December 2024
	(HK\$'000)	
APAC	3,668,518	3,593,925
Americas	1,155,174	1,147,712
EMEIA	1,027,318	892,329
<b>Total non-current assets</b>	<b>5,851,010</b>	<b>5,633,966</b>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets, other non-current assets, investment in the joint venture.

##### INFORMATION ABOUT A MAJOR CUSTOMER

During the year ended 31 December 2025, revenue from sales to a major third-party customer was HK\$1,045,173,000 (2024: revenue from sales to a major third-party customer was HK\$1,273,107,000). The revenue from sales to the customers was derived from sales by wheeled goods, car seats and other categories segments, including sales to a group of entities which are known to be under common control with the customers.

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025	2024
	(HK\$'000)	
Revenue from contracts with customers		
Sale of goods	8,632,093	8,734,457
Rendering of testing services	27,114	31,448
<b>Total</b>	<b>8,659,207</b>	<b>8,765,905</b>

### REVENUE FROM CONTRACTS WITH CUSTOMERS

#### (i) Disaggregated revenue information

For the year ended 31 December 2025

Segments	Wheeled goods	Car seats	Other categories	Total
	(HK\$'000)			
<b>Type of goods or services</b>				
Sale of goods	3,638,030	4,016,004	978,059	8,632,093
Rendering of testing services	-	-	27,114	27,114
<b>Total</b>	<b>3,638,030</b>	<b>4,016,004</b>	<b>1,005,173</b>	<b>8,659,207</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	3,638,030	4,016,004	978,059	8,632,093
Services transferred at a point in time	-	-	27,114	27,114
<b>Total</b>	<b>3,638,030</b>	<b>4,016,004</b>	<b>1,005,173</b>	<b>8,659,207</b>
<b>Revenue from contracts with customers</b>				
External customers	3,638,030	4,016,004	1,005,173	8,659,207

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 5. REVENUE, OTHER INCOME AND GAINS (Continued)

##### REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

##### (i) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

Segments	Wheeled goods	Car seats	Other categories	Total
	(HK\$'000)			
<b>Type of goods or services</b>				
Sale of goods	3,671,942	3,873,957	1,188,558	8,734,457
Rendering of testing services	–	–	31,448	31,448
<b>Total</b>	<b>3,671,942</b>	<b>3,873,957</b>	<b>1,220,006</b>	<b>8,765,905</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	3,671,942	3,873,957	1,188,558	8,734,457
Services transferred at a point in time	–	–	31,448	31,448
<b>Total</b>	<b>3,671,942</b>	<b>3,873,957</b>	<b>1,220,006</b>	<b>8,765,905</b>
<b>Revenue from contracts with customers</b>				
External customers	3,671,942	3,873,957	1,220,006	8,765,905

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025	2024
	(HK\$'000)	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	148,126	138,626

## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

### REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sale of goods*

The performance obligation is satisfied upon delivery of goods and payment is generally due with 90 days from delivery.

##### *Rendering of testing services*

The performance obligation is satisfied upon completion of service and short-term advances are normally required before rendering the services.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at 31 December 2025 are as follows:

	2025	2024
	(HK\$'000)	
Amounts expected to be recognised as revenue:		
Within one year	148,540	148,126

All the remaining performance obligations are expected to be satisfied within one year.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 5. REVENUE, OTHER INCOME AND GAINS (Continued)

##### OTHER INCOME AND GAINS

	2025	2024
	(HK\$'000)	
Other income and gains:		
Government grants (note (a))	20,478	17,740
Gain on sales of scrap materials (note (b))	5,613	8,973
Compensation income	2,315	3,325
Service fee income	281	1,732
Net gain on disposal of property, plant and equipment and right-of-use assets (note (c))	1,884	–
Net foreign exchange gain	27,840	–
Gain on wealth investment products	601	–
Others	3,041	2,662
<b>Total</b>	<b>62,053</b>	<b>34,432</b>

Note (a): The amount represents subsidies received from local government authorities in connection with certain financial support to local business enterprises. These government subsidies mainly comprised subsidies for export activities, subsidies for development and other miscellaneous subsidies and incentives for various purposes.

Note (b): The amount represents the gain on sales of aluminium, plastics, cloth and other scrap materials.

Note (c): Included in the net gain on disposal of items of property, plant and equipment and right-of-use assets:

- 1) a gain with an amount of HK\$23,177,000 (2024: Nil) arising from the exchange of a factory building and its associated land use rights in Ninghai for minority of equity interests of Ningbo Goodbaby Child Products Co., Ltd. held by Ninghai Shengsheng Investment Consulting Co., Ltd;
- 2) an expense with an amount of HK\$14,539,000 (2024: Nil) resulting from the payment of land appreciation tax arising from factory demolition compensation;
- 3) other gain or loss on disposal of property, plant and equipment and right-of-use assets.

## 6. FINANCE INCOME

	2025	2024
	(HK\$'000)	
Interest income on bank deposits	13,003	26,732

## 7. FINANCE COSTS

	2025	2024
	(HK\$'000)	
Interest on bank loans, overdrafts and other loans	98,209	146,749
Interest on lease liabilities	10,600	8,742
<b>Total</b>	<b>108,809</b>	<b>155,491</b>

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025	2024
(HK\$'000)			
Cost of inventories sold*		4,209,710	4,241,202
Cost of services provided		15,506	16,803
Depreciation of property, plant and equipment	14	266,736	271,760
Depreciation of right-of-use assets	15(a)	122,560	108,634
Amortisation of intangible assets	17	81,168	82,036
Research and development costs **		445,002	430,483
Lease payments not included in the measurement of lease liabilities	15(c)	13,210	9,856
Auditors' remuneration		7,598	9,479
Employee benefit expense (including directors' remuneration):			
Wages, salaries and other benefits		1,848,216	1,814,887
Share option expense		5,787	5,572
Pension scheme costs (defined benefit plans) (including administrative expense)		109	161
Pension scheme contributions***		99,339	97,538
		1,953,451	1,918,158
Foreign exchange (gain)/loss		(27,840)	2,382
Impairment of trade receivables, net	20	9,566	(1,289)
Provision for inventories		1,130	17,483
Product warranties and liabilities		13,187	14,137
Gain on wealth investment products		(601)	–
Net (gain)/loss on disposal of property, plant and equipment and right-of-use assets		(1,884)	8,209
Loss on disposal of intangible assets		46	447
Bank interest income		(13,003)	(26,732)

\* Cost of inventories sold include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff remuneration, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

\*\* Research and development costs include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 9. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025	2024
	(HK\$'000)	
Fees	3,639	3,512
Other emoluments:		
Salaries, allowances and benefits in kind	23,380	22,526
Performance-related bonuses	13,031	13,625
Equity-settled share option expenses	1,716	1,964
Pension scheme contributions	161	291
Subtotal	38,288	38,406
Total fees and other emoluments	41,927	41,918

### (A) INDEPENDENT NON-EXECUTIVE DIRECTORS

The fees paid to independent non-executive directors during the year were as follows:

	2025	2024
	(HK\$'000)	
Chiang Yun	701	702
Wong Shun Tak*	499	–
Jin Peng	234	234
Shi Xiaoguang**	127	312
So Tak Young**	127	312
Total	1,688	1,560

\* On March 26, 2025, Wong Shun Tak was appointed as an independent non-executive Director of the Company.

\*\* On May 27, 2025, So Tak Young and Shi Xiaoguang retired as an independent non-executive Director of the Company.

There were no other emoluments payable to the independent non-executive directors in 2025 (2024: Nil).

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 9. DIRECTORS' REMUNERATION (Continued)

### (B) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

2025

	Fees	Salaries, allowances and benefits in kind	Performance- related bonuses	Equity-settled share option expenses	Pension scheme contributions	Total remuneration
	(HK\$'000)					
<i>Executive directors:</i>						
Song Zhenghuan	–	4,198	–	94	–	4,292
Martin Pos	–	13,668	11,841	941	–	26,450
Liu Tongyou*	–	5,514	1,190	564	161	7,429
<b>Subtotal</b>	<b>–</b>	<b>23,380</b>	<b>13,031</b>	<b>1,599</b>	<b>161</b>	<b>38,171</b>
<i>Non-executive directors:</i>						
Eric, Ho Kwok Yin	390	–	–	–	–	390
Fu Jingqiu	1,561	–	–	117	–	1,678
<b>Subtotal</b>	<b>1,951</b>	<b>–</b>	<b>–</b>	<b>117</b>	<b>–</b>	<b>2,068</b>
<b>Total</b>	<b>1,951</b>	<b>23,380</b>	<b>13,031</b>	<b>1,716</b>	<b>161</b>	<b>40,239</b>

## 9. DIRECTORS' REMUNERATION (Continued)

### (B) EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS (Continued)

2024

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Equity-settled share option expenses	Pension scheme contributions	Total remuneration
	(HK\$'000)					
<i>Executive directors:</i>						
Song Zhenghuan	–	3,248	–	94	–	3,342
Martin Pos	–	12,151	11,331	941	–	24,423
Liu Tongyou*	–	5,163	2,294	726	157	8,340
Michael, Qu Nan**	–	1,352	–	128	108	1,588
Xia Xinyue***	–	612	–	–	26	638
<b>Subtotal</b>	<b>–</b>	<b>22,526</b>	<b>13,625</b>	<b>1,889</b>	<b>291</b>	<b>38,331</b>
<i>Non-executive directors:</i>						
Eric, Ho Kwok Yin	390	–	–	–	–	390
Fu Jingqiu	1,562	–	–	75	–	1,637
<b>Subtotal</b>	<b>1,952</b>	<b>–</b>	<b>–</b>	<b>75</b>	<b>–</b>	<b>2,027</b>
<b>Total</b>	<b>1,952</b>	<b>22,526</b>	<b>13,625</b>	<b>1,964</b>	<b>291</b>	<b>40,358</b>

\* Liu Tongyou is also the chief executive officer of the Company.

\*\* Michael, Qu Nan resigned as an executive director with effect in 2024.

\*\*\* Xia Xinyue resigned as an executive director with effect in 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: two), details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2024: three) non-directors, highest paid employees for the year are as follows:

	2025	2024
	(HK\$'000)	
Salaries, allowances and benefits in kind	7,980	11,422
Performance related bonuses	6,660	7,899
Equity-settled share option expense	876	899
Pension scheme contributions	298	534
<b>Total</b>	<b>15,814</b>	<b>20,754</b>

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$4,000,001 to HK\$4,500,000	1	–
Over HK\$4,500,001	1	3
<b>Total</b>	<b>2</b>	<b>3</b>

In prior years, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

No amounts were paid by the Group to the directors or highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2024: None).

## 11. INCOME TAX

The Company and its subsidiaries incorporated in the Cayman Islands and the British Virgin Islands (“BVI”), respectively, are exempted from taxation.

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

State income tax and federal income tax of the Group’s subsidiary in the United States have been provided for at the rates of state income tax and federal income tax on the estimated assessable profits of the subsidiary during the year. The state income tax rates are 1% to 12% in the respective states in which the subsidiary operates, and the applicable tax rates of the Group’s subsidiary in the United States are 1% (Arkansas) to 9.8% (Minnesota). The federal income tax rate was lowered to 21% effective from 1 January 2018, as a result of U.S. tax reform enacted in December 2017.

The Group’s subsidiary registered in Japan is subject to income tax based on the taxable income at rates ranging from 15% to 23.2% on a progressive basis.

The Group’s subsidiaries registered in Germany are subject to corporation tax based on the taxable income at the rate of 15.825% and trade income tax on the taxable income at rates ranging from 13.65% to 17.15%.

The Group’s subsidiary registered in the Czech Republic is subject to income tax based on the taxable income at the rate of 21%.

The Group’s subsidiary registered in Canada is subject to Federal income tax based on the taxable income at the rate of 15% and provincial income tax at the rate of 11.5% in Ontario for a total of 26.5%.

The Group’s subsidiary registered in the United Arab Emirates is subject to income tax at the rate of 9% for taxable income above AED375,000.

All of the Group’s subsidiaries registered in the People’s Republic of China (the “PRC”), which only have operations in the Chinese mainland, are subject to PRC enterprise income tax (“EIT”) on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws, at the rate of 25%.

Pursuant to relevant tax rules under the EIT Law and with the approval from the relevant tax authorities in the PRC, two of the Group’s subsidiaries, Goodbaby Child Products Co., Ltd. (“GCPC”) and EQO Testing and Certification Services Co., Ltd. (“EQTC”), are qualified as “High and New Technology Enterprises” and are entitled to a preferential tax rate of 15% from 2023 to 2026.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 11. INCOME TAX (Continued)

Pursuant to the EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings generated after 31 December 2007. If a foreign investor incorporated-in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the Chinese mainland and Hong Kong, the relevant withholding tax rate will be 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008. The applicable tax rate of the Group is 5%.

The major components of income tax of the Group are as follows:

	2025	2024
	(HK\$'000)	
Current income tax	93,684	123,465
Deferred income tax (note 28)	12,193	(100,111)
<b>Income tax expense</b>	<b>105,877</b>	<b>23,354</b>

A reconciliation of the tax expense applicable to profit before tax using the applicable rate for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the tax charge at the effective tax rate is as follows:

	2025	2024
	(HK\$'000)	
Profit before tax	324,228	379,570
Tax calculated at the applicable income tax rate	116,605	53,187
Temporary difference and tax losses utilised from prior years	(20)	(1,861)
Temporary difference and tax losses not recognised	2,663	1,006
Tax credit arising from additional deduction of R&D expenditures of PRC subsidiaries	(27,300)	(25,083)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	17,095	–
Tax effect on non-taxable income	(12,609)	(12,203)
Tax effect on non-deductible expenses	9,443	8,308
<b>Income tax expense</b>	<b>105,877</b>	<b>23,354</b>

## 11. INCOME TAX (Continued)

### PILLAR TWO INCOME TAXES

The Group is within the scope of the OECD Global Anti-Base Erosion (GloBE) Model Rules (hereinafter referred to as “Pillar Two”). If the Group is not eligible for the benefit of any applicable safe harbour mechanism under Pillar Two (such as the transitional Country-by-Country Reporting (CbCR) safe harbour), The Group will be subject to top-up tax in respect of any jurisdiction affected by Pillar Two where the effective tax rate on the Group’s adjusted GloBE income in that jurisdiction is below the 15% minimum tax rate, in accordance with the top-up tax calculation set out in the Pillar Two Rules.

As at 31 December 2025, Pillar Two Rules has come into effect in certain jurisdictions in which the Group operates. Based on information currently available, the Group has assessed the potential exposure in respect of the financial performance for the year, and according to the assessment, the implementation of Pillar Two rules has no material impact on the Group’s results of operations and financial position as of the current reporting period. The Group will continue to monitor legislative developments in the jurisdictions in which it operates and assess their potential future impact on the financial statements.

## 12. DIVIDENDS

The board recommended the payment of a dividend of HK\$0.05 per share for the year ended 31 December 2025 (2024: HK\$0.07 per share).

## 13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,669,040,573 outstanding during the year (2024: 1,668,031,166).

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 13. EARNINGS PER SHARE (Continued)

The calculation of earnings per share is based on:

	2025	2024
	(HK\$'000)	
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	218,597	355,846
	Number of shares	
	2025	2024
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,669,040,573	1,668,031,166
Effect of dilution – weighted average number of ordinary shares:		
Share options	46,505,885	14,467,822
<b>Total</b>	<b>1,715,546,458*</b>	<b>1,682,498,988</b>

\* The diluted earnings per share amounts are based on the profit attributable to ordinary equity holders of the parent of HK\$218,597,000, and the weighted average number of ordinary shares of 1,715,546,458 in issue outstanding during the year.

## 14. PROPERTY, PLANT AND EQUIPMENT

31 DECEMBER 2025

	Buildings and land	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
	(HK\$'000)						
At 31 December 2024 and at 1 January 2025:							
Cost	555,294	1,458,356	19,733	428,568	311,245	66,468	2,839,664
Accumulated depreciation and impairment	(420,018)	(1,020,730)	(16,716)	(337,380)	(225,641)	–	(2,020,485)
<b>Net carrying amount</b>	<b>135,276</b>	<b>437,626</b>	<b>3,017</b>	<b>91,188</b>	<b>85,604</b>	<b>66,468</b>	<b>819,179</b>
At 1 January 2025, net of accumulated depreciation	135,276	437,626	3,017	91,188	85,604	66,468	819,179
Additions	4,571	28,443	486	41,740	38,280	125,084	238,604
Disposals	(1,251)	(2,327)	(88)	(4,705)	(2,222)	–	(10,593)
Depreciation provided during the year	(21,226)	(134,906)	(770)	(49,573)	(60,261)	–	(266,736)
Transfers	8,831	92,705	235	25,688	7,011	(134,470)	–
Exchange realignment	5,697	21,294	113	8,298	4,807	4,318	44,527
<b>At 31 December 2025, net of accumulated depreciation and impairment</b>	<b>131,898</b>	<b>442,835</b>	<b>2,993</b>	<b>112,636</b>	<b>73,219</b>	<b>61,400</b>	<b>824,981</b>
At 31 December 2025:							
Cost	578,573	1,619,455	20,526	512,979	303,400	61,400	3,096,333
Accumulated depreciation and impairment	(446,675)	(1,176,620)	(17,533)	(400,343)	(230,181)	–	(2,271,352)
<b>Net carrying amount</b>	<b>131,898</b>	<b>442,835</b>	<b>2,993</b>	<b>112,636</b>	<b>73,219</b>	<b>61,400</b>	<b>824,981</b>

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

31 DECEMBER 2024

	Buildings and land	Plant and machinery	Motor vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
	(HK\$'000)						
At 31 December 2023 and at 1 January 2024:							
Cost	551,876	1,383,283	21,895	400,288	426,222	120,896	2,904,460
Accumulated depreciation and impairment	(408,264)	(990,301)	(18,949)	(306,901)	(291,110)	–	(2,015,525)
<b>Net carrying amount</b>	<b>143,612</b>	<b>392,982</b>	<b>2,946</b>	<b>93,387</b>	<b>135,112</b>	<b>120,896</b>	<b>888,935</b>
At 1 January 2024, net of accumulated depreciation	143,612	392,982	2,946	93,387	135,112	120,896	888,935
Additions	13,452	53,165	5	37,116	31,051	113,188	247,977
Acquisition of a subsidiary	–	626	–	–	–	123	749
Disposals	(7)	(6,412)	(190)	(597)	(4,820)	–	(12,026)
Depreciation provided during the year	(25,978)	(126,689)	(661)	(47,349)	(71,083)	–	(271,760)
Transfers	9,525	137,873	1,011	16,413	–	(164,822)	–
Exchange realignment	(5,328)	(13,919)	(94)	(7,782)	(4,656)	(2,917)	(34,696)
<b>At 31 December 2024, net of accumulated depreciation and impairment</b>	<b>135,276</b>	<b>437,626</b>	<b>3,017</b>	<b>91,188</b>	<b>85,604</b>	<b>66,468</b>	<b>819,179</b>
At 31 December 2024:							
Cost	555,294	1,458,356	19,733	428,568	311,245	66,468	2,839,664
Accumulated depreciation and impairment	(420,018)	(1,020,730)	(16,716)	(337,380)	(225,641)	–	(2,020,485)
<b>Net carrying amount</b>	<b>135,276</b>	<b>437,626</b>	<b>3,017</b>	<b>91,188</b>	<b>85,604</b>	<b>66,468</b>	<b>819,179</b>

## 15. LEASES

### THE GROUP AS A LESSEE

The Group has lease contracts for various items of plant and machinery, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 10 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 3 and 6 years. Buildings generally have lease term between 1 and 10 years. Furniture and fixtures generally have lease terms between 2 and 5 years, while motor vehicles generally have lease terms between 1 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Total
	(HK\$'000)					
As at 1 January 2024	36,512	218,611	3,454	16,670	1,299	276,546
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	4,314	(1)	(472)	5	3,846
Additions	–	98,375	6,422	18,683	–	123,480
Depreciation charge	(1,477)	(93,034)	(978)	(12,525)	(620)	(108,634)
Exchange realignment	(2,940)	(9,398)	(47)	(1,308)	(59)	(13,752)
As at 31 December 2024 and 1 January 2025	32,095	218,868	8,850	21,048	625	281,486
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(12)	7	–	–	(5)
Additions	–	143,035	–	12,480	116	155,631
Disposals	(343)	–	–	–	–	(343)
Depreciation charge	(1,541)	(105,304)	(3,324)	(11,909)	(482)	(122,560)
Exchange realignment	1,437	15,062	26	2,574	48	19,147
As at 31 December 2025	31,648	271,649	5,559	24,193	307	333,356

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 15. LEASES (Continued)

#### THE GROUP AS A LESSEE (Continued)

##### (b) Lease liabilities

	2025	2024
	(HK\$'000)	
Carrying amount at 1 January	260,449	255,645
New leases	155,631	123,480
Revision of a lease term arising from a change in the non-cancellable period of a lease	(241)	3,488
Interest expense	10,600	8,742
Payments	(129,807)	(119,565)
Exchange realignment	18,809	(11,341)
<b>Carrying amount at 31 December</b>	<b>315,441</b>	<b>260,449</b>
Analysed into:		
Current portion	119,403	95,981
Non-current portion	196,038	164,468

##### (c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025	2024
	(HK\$'000)	
Interest on lease liabilities	10,600	8,742
Depreciation charge of right-of-use assets	122,560	108,634
Expense relating to short-term leases	9,483	7,103
Expense relating to leases of low-value assets	878	9
Variable lease payments not included in the measurement of lease liabilities	2,849	2,744
<b>Total amount recognised in profit or loss</b>	<b>146,370</b>	<b>127,232</b>

(d) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

## 16. GOODWILL

	(HK\$'000)
Cost and net carrying amount at 1 January 2024	2,608,675
Exchange realignment	(75,843)
Cost and net carrying amount at 31 December 2024 and 1 January 2025	2,532,832
Exchange realignment	105,658
<b>Cost and net carrying amount at 31 December 2025</b>	<b>2,638,490</b>

### IMPAIRMENT TESTING OF CASH-GENERATING UNITS ("CGU")

Goodwill is allocated to the following CGU for impairment testing:

	2025	2024
	(HK\$'000)	
Manufacture and export of stroller-related products unit	13,919	13,305
Evenflo unit	613,204	611,778
Columbus unit	203,797	180,371
NICAM unit	5,508	4,870
Oasis Dragon unit	1,802,062	1,722,508
<b>Total</b>	<b>2,638,490</b>	<b>2,532,832</b>

Trademarks with indefinite useful lives are allocated to the following CGU for impairment testing:

	2025	2024
	(HK\$'000)	
Evenflo unit	137,469	137,150
Columbus unit	360,029	318,645
Oasis Dragon unit	1,166,311	1,114,819
<b>Total</b>	<b>1,663,809</b>	<b>1,570,614</b>

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 16. GOODWILL (Continued)

##### IMPAIRMENT TESTING OF CGU (Continued)

The recoverable amount of the Group's CGUs have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The growth rate used to extrapolate the cash flows of the Group's CGUs beyond the five-year period is 2.0% (2024: 2.0%). The pre-tax discount rate applied to the cash flow projections as at 31 December 2025 and 2024 can be found as below.

	Pre-tax discount rate	
	2025	2024
Manufacture and export of stroller-related products unit	16.4%	16.4%
Evenflo unit	12.3%	12.4%
Columbus unit	18.0%	18.1%
NICAM unit	16.7%	16.7%
Oasis Dragon unit	14.5%	14.8%

##### KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATION

Assumptions were used in the value in use calculation of the above cash-generating units for each reporting date. The following describes each key assumption on which senior management has based its cash flow projections to undertake impairment testing of goodwill:

- Budgeted gross margins - The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year. These are increased over the budget period for anticipated efficiency improvements and market expansion.
- Discount rate - The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources. The management believe that any reasonably adverse changes in any of the key assumptions would not cause the carrying amounts of the above cash-generating units to exceed their recoverable amounts.

## 17. OTHER INTANGIBLE ASSETS

31 DECEMBER 2025

	Trademarks	Computer software	Customer relationship	Patents	Total
	(HK\$'000)				
At 31 December 2024 and at 1 January 2025:					
Cost	1,615,340	293,379	521,266	95,616	2,525,601
Accumulated amortisation	(34,700)	(150,982)	(282,646)	(56,804)	(525,132)
<b>Net carrying amount</b>	<b>1,580,640</b>	<b>142,397</b>	<b>238,620</b>	<b>38,812</b>	<b>2,000,469</b>
At 1 January 2025, net of accumulated amortisation	1,580,640	142,397	238,620	38,812	2,000,469
Additions	762	22,119	–	2,395	25,276
Disposals	–	(46)	–	–	(46)
Amortisation provided during the year	(1,779)	(35,320)	(37,394)	(6,675)	(81,168)
Exchange realignment	93,338	6,789	7,244	2,281	109,652
<b>At 31 December 2025, net of accumulated amortisation</b>	<b>1,672,961</b>	<b>135,939</b>	<b>208,470</b>	<b>36,813</b>	<b>2,054,183</b>
At 31 December 2025:					
Cost	1,711,653	339,059	548,459	105,348	2,704,519
Accumulated amortisation	(38,692)	(203,120)	(339,989)	(68,535)	(650,336)
<b>Net carrying amount</b>	<b>1,672,961</b>	<b>135,939</b>	<b>208,470</b>	<b>36,813</b>	<b>2,054,183</b>

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 17. OTHER INTANGIBLE ASSETS (Continued)

##### 31 DECEMBER 2024

	Trademarks	Computer software	Non-competes agreement	Customer relationship	Patents	Total
	(HK\$'000)					
At 31 December 2023 and at 1 January 2024:						
Cost	1,677,627	208,165	7,066	539,847	83,977	2,516,682
Accumulated amortisation	(34,465)	(125,601)	(7,066)	(251,578)	(52,947)	(471,657)
<b>Net carrying amount</b>	<b>1,643,162</b>	<b>82,564</b>	<b>–</b>	<b>288,269</b>	<b>31,030</b>	<b>2,045,025</b>
At 1 January 2024, net of accumulated amortisation	1,643,162	82,564	–	288,269	31,030	2,045,025
Additions	–	97,628	–	–	448	98,076
Acquisition of a subsidiary	–	–	–	–	15,300	15,300
Disposals	–	(447)	–	–	–	(447)
Amortisation provided during the year	(1,814)	(36,347)	–	(37,424)	(6,451)	(82,036)
Exchange realignment	(60,708)	(1,001)	–	(12,225)	(1,515)	(75,449)
<b>At 31 December 2024, net of accumulated depreciation</b>	<b>1,580,640</b>	<b>142,397</b>	<b>–</b>	<b>238,620</b>	<b>38,812</b>	<b>2,000,469</b>
At 31 December 2024:						
Cost	1,615,340	293,379	–	521,266	95,616	2,525,601
Accumulated amortisation	(34,700)	(150,982)	–	(282,646)	(56,804)	(525,132)
<b>Net carrying amount</b>	<b>1,580,640</b>	<b>142,397</b>	<b>–</b>	<b>238,620</b>	<b>38,812</b>	<b>2,000,469</b>

#### 18. OTHER LONG-TERM ASSETS

	2025	2024
	(HK\$'000)	
Deposits of insurance	4,039	4,015
Others	93	–
<b>Total</b>	<b>4,132</b>	<b>4,015</b>

## 19. INVENTORIES

	2025	2024
	(HK\$'000)	
Raw materials	232,448	221,952
Work in progress	19,779	19,437
Finished goods	1,256,378	1,471,048
<b>Total</b>	<b>1,508,605</b>	<b>1,712,437</b>

## 20. TRADE AND BILLS RECEIVABLES

	2025	2024
	(HK\$'000)	
Trade receivables	915,887	1,115,910
Bank acceptance notes	1,997	–
Impairment of trade receivables	(34,872)	(31,458)
<b>Net carrying amount</b>	<b>883,012</b>	<b>1,084,452</b>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is up to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 20. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of the trade receivables and bank acceptance notes of the Group, based on the invoice date net of provision, is as follows:

	2025	2024
	(HK\$'000)	
Within 3 months	843,957	1,051,390
3 to 6 months	19,443	23,987
6 months to 1 year	18,467	6,225
Over 1 year	1,145	2,850
<b>Total</b>	<b>883,012</b>	<b>1,084,452</b>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025	2024
	(HK\$'000)	
At beginning of year	31,458	56,234
Impairment losses, net (note 8)	9,566	(1,289)
Amount written off as uncollectible	(7,622)	(22,399)
Exchange realignment	1,470	(1,088)
<b>At end of year</b>	<b>34,872</b>	<b>31,458</b>

The bank acceptance notes were issued by reputable banks with short-term maturity. Accordingly, the identified impairment loss was not significant as at the end of the year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

## 20. TRADE AND BILLS RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

### AS AT 31 DECEMBER 2025

	Within 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.46%	6.03%	24.66%	95.39%	3.81%
Gross carrying amount (HK\$'000)	845,891	20,690	24,509	24,797	915,887
Expected credit losses (HK\$'000)	3,928	1,247	6,044	23,653	34,872

### AS AT 31 DECEMBER 2024

	Within 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.29%	6.16%	12.53%	90.11%	2.82%
Gross carrying amount (HK\$'000)	1,054,409	25,561	7,117	28,823	1,115,910
Expected credit losses (HK\$'000)	3,019	1,574	892	25,973	31,458

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 21. PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
	(HK\$'000)	
Prepayments	64,940	63,354
Other receivables*	375,315	398,437
Value added tax ("VAT") recoverable	242,814	210,244
Income tax receivable	26,095	19,149
<b>Total</b>	<b>709,164</b>	<b>691,184</b>

\* The other receivables include the government grants amounting to HK\$98,150,000 (2024: HK\$109,444,000) which were recognised in relation to the demolition and relocation of a factory plant in Kunshan.

The above balances are unsecured, interest-free and have no fixed terms of repayment.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

## 22. CASH AND CASH EQUIVALENTS

	Notes	2025	2024
(HK\$'000)			
Cash and bank balances	(i)	1,323,422	1,126,042
Time deposits	(ii)	111,289	–
		<b>1,434,711</b>	<b>1,126,042</b>
Less: Pledged deposits for:			
Certain standby letter of credit and guarantee		(24,570)	(24,470)
Non-pledged time deposits with original maturity of more than three months when acquired		(111,289)	–
Other restricted bank balances		(2,487)	(2,214)
<b>Cash and cash equivalents</b>		<b>1,296,365</b>	<b>1,099,358</b>

Note (i): Cash at banks earns interest at floating rates based on daily bank deposit rates, including which short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note (ii): The time deposits held by the Group as of 31 December 2025 bear interest at 1.20% per annum with a duration of 6 months. These deposits are measured at amortised cost and interest income from these time deposits is measured using the effective interest rate method.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$452,631,000 (2024: HK\$492,296,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 23. DERIVATIVE FINANCIAL INSTRUMENTS

	2025	
	Assets	Liabilities
	(HK\$'000)	
Forward currency contracts	30,533	22,260

	2024	
	Assets	Liabilities
	(HK\$'000)	
Forward currency contracts	20,430	10,711
Foreign currency swaps	–	1,352
Total	20,430	12,063

#### CASH FLOW HEDGE - FOREIGN CURRENCY RISK

Forward currency contracts are designated as hedging instruments in respect of forecasted routine intragroup sales in foreign currencies. The forward currency contract balances vary with the levels of expected foreign currency sales and changes in foreign exchange forward rates.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted sales and purchases and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

## 23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group holds the following foreign exchange forward contracts:

	Maturity					Total
	Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 2 years	
<b>As at 31 December 2025</b>						
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	224,296	448,559	333,967	–	–	1,006,822
Average forward rate (EUR/RMB)	7.9040	8.3023	8.3016	–	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	10,136	10,747	8,273	5,775	1,935	36,866
Average forward rate (CZK/EUR)	0.0396	0.0398	0.0400	0.0402	0.0404	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	37,802	34,888	34,938	17,295	17,295	142,218
Average forward rate (JPY/EUR)	0.0063	0.0062	0.0063	0.0063	0.0063	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	23,346	23,346	23,346	23,346	–	93,384
Average forward rate (EUR/US\$)	1.0981	1.1018	1.1058	1.1094	–	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	35,833	33,302	23,506	13,906	4,588	111,135
Average forward rate (GBP/EUR)	1.1678	1.1576	1.1439	1.1278	1.1165	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	8,059	8,332	5,969	3,589	1,197	27,146
Average forward rate (CHF/EUR)	1.0870	1.0861	1.0891	1.0910	1.0919	
Foreign currency forward contracts (highly probable forecasted sales)						
Notional amounts (HK\$'000)	53,714	52,164	37,330	24,863	7,528	175,599
Average forward rate (PLN/EUR)	0.2271	0.2276	0.2271	0.2269	0.2290	

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 23. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The impacts of the hedging instruments on the statement of financial position are as follows:

	Notional amounts	Carrying amounts	Line item in the statement of financial position
	(HK\$'000)		
<b>As at 31 December 2025</b>			
Foreign currency forward contracts	1,019,138	30,533	Derivative financial instruments (assets)
Foreign currency forward contracts	574,032	(22,260)	Derivative financial instruments (liabilities)

The impacts of the hedged items on the statement of financial position are as follows:

	Change in fair value used for measuring hedge ineffectiveness for the year	Hedging reserve
	(HK\$'000)	
<b>As at 31 December 2025</b>		
Highly probable forecast sales	-	11,701

The effects of the cash flow hedge on the statement of profit or loss and the statement of comprehensive income are as follows:

	Total hedging gains/(losses) recognised in other comprehensive income			Hedge ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Amounts reclassified from other comprehensive income to profit or loss			Line item (gross amount) in the statement of profit or loss
	Gross amounts	Tax effects	Total			Gross amounts	Tax effects	Total	
	(HK\$'000)					(HK\$'000)			
<b>As at 31 December 2025</b>									
Highly probable forecast sales	34,991	(5,150)	29,841	-	Other income and gains	(29,699)	4,455	(25,244)	Revenue

## 24. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025	2024
	(HK\$'000)	
Within 3 months	1,016,665	1,156,016
3 to 12 months	353,143	291,761
1 to 2 years	5,228	3,658
2 to 3 years	680	1,568
Over 3 years	3,062	4,625
<b>Total</b>	<b>1,378,778</b>	<b>1,457,628</b>

The trade and bills payables are non-interest-bearing and normally settled on terms of 60 to 90 days. The carrying amounts of the trade and bills payables approximate to their fair values due to their short term maturity.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 25. OTHER PAYABLES AND ACCRUALS

		2025	2024
		(HK\$'000)	
Other payables	(a)	288,056	236,600
Contract liabilities	(b)	148,540	148,126
Accruals		695,346	652,801
<b>Total</b>		<b>1,131,942</b>	<b>1,037,527</b>

(a) Other payables are non-interest-bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	2025	2024	
		(HK\$'000)	
<b>Short-term advances from customers</b>			
Sale of goods	148,323	148,035	
Rendering of testing services	217	91	
<b>Total</b>	<b>148,540</b>	<b>148,126</b>	

Contract liabilities include short-term advances received to deliver goods and render testing services.

## 26. PROVISION

	Product warranties and liabilities
	(HK\$'000)
Balance at 1 January 2024	74,001
Additional provision	14,137
Amounts utilised	(16,176)
Exchange realignment	(3,987)
Balance at 31 December 2024 and 1 January 2025	67,975
Additional provision	13,187
Amounts utilised	(21,154)
Exchange realignment	5,118
Balance at 31 December 2025	<b>65,126</b>
Portion classified as current liabilities	43,622
Non-current portion	21,504

The Group provides warranties to its customers on certain of its products, under which faulty products are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate. As at 31 December 2025, the amount of product warranties was HK\$39,529,000.

In addition, the Group estimates future cash outflows in relation to the indemnity provided to its customers for damages or injuries caused in connection with the use of the Group's sold products. The amount of cash outflows is estimated based upon an annual review by the management of the Group with patterns of past experience of how the Group discharged its obligation. As at 31 December 2025, the amount of product liabilities was HK\$25,597,000.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 27. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

		As at 31 December 2025		As at 31 December 2024	
		Maturity	(HK\$'000)	Maturity	(HK\$'000)
Current					
Bank credits – secured	Note (a) and note (b)	On demand	38,297	On demand	225,659
Bank credits – unsecured	Note (a)	On demand	4,752	On demand	6,611
Current portion of long-term bank loans – secured	Note (b)	2026	173,197	2025	56,325
Bank borrowings – unsecured		2026	120,660	2025	187,291
<b>Total – current</b>			<b>336,906</b>		<b>475,886</b>
Non-current					
Bank borrowings – secured	Note (b)	2027	820,467	2026-2027	979,171
<b>Total – non-current</b>			<b>820,467</b>		<b>979,171</b>
<b>Total</b>			<b>1,157,373</b>		<b>1,455,057</b>

The carrying amounts of borrowings are denominated in the following currencies:

	2025	2024
	(HK\$'000)	
RMB	111,289	85,101
US\$	993,665	1,036,057
EUR	44,964	326,441
JPY	7,455	7,458
<b>Total</b>	<b>1,157,373</b>	<b>1,455,057</b>

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2025	2024
	(HK\$'000)	
Fixed interest rate	111,289	178,896
Variable interest rate	1,046,084	1,276,161
<b>Total</b>	<b>1,157,373</b>	<b>1,455,057</b>

## 27. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (Continued)

At the end of respective reporting periods, bank borrowings and overdrafts were repayable as follows:

	2025	2024
	(HK\$'000)	
Within one year	336,906	475,886
In the second year	820,467	160,649
In the third year	–	818,522
<b>Total</b>	<b>1,157,373</b>	<b>1,455,057</b>

Note (a): The bank credit facilities amounted to HK\$367,447,000 of which HK\$43,049,000 had been utilised as at the end of the reporting period. The bank credit facilities are revolving facilities with no termination date.

Note (b): As at 31 December 2025, certain of the Group's bank loans are secured by:

- (i) standby letters of credit and letters of guarantee from certain banks issued by a subsidiary of the Group; and
- (ii) the guarantee from the Company.

As at 31 December 2024, certain of the Group's bank loans are secured by:

- (i) standby letters of credit and letters of guarantee from certain banks issued by a subsidiary of the Group; and
- (ii) the guarantee from the Company.

Note (c): The effective interest rates of the bank loans and other borrowings range from 1.15% to 6.21% (2024: 1.20% to 7.56%).

Note (d): The secured syndicated loan with carrying amount of US\$127,750,000 with maturity date in 2027 is subject to certain financial covenants, which are measured with reference to the financial performance of the Group and its certain subsidiary. The Group are required to conduct tests for these covenants assessment twice a year, at the end of each interim and annual period.

The Group regularly monitors its compliance with these covenants and as at 31 December 2024 and 2025, the Group have complied with all financial covenants' tests.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 28. DEFERRED TAX

The movements in deferred tax assets and liabilities of the Group during the year are as follows:

#### DEFERRED TAX ASSETS:

	Write-down of inventories	Leases	Accruals	Losses available for offsetting against future taxable profits	Unrealised profit	Others	Total
	(HK\$'000)						
As at 1 January 2024	6,911	54,764	33,083	147,555	85,889	56,779	384,981
Addition from acquisition	-	-	-	3,800	-	-	3,800
(Charged)/credited to profit or loss (note 11)	1,677	(5,076)	8,498	(17,350)	62,572	28,024	78,345
Credited to other comprehensive income	-	-	-	-	-	49	49
Exchange realignment	123	(2,412)	(227)	(8,962)	(2,089)	1,645	(11,922)
As at 31 December 2024 and 1 January 2025	8,711	47,276	41,354	125,043	146,372	86,497	455,253
(Charged)/credited to profit or loss (note 11)	(2,426)	(909)	(2,468)	34,044	(48,769)	26,093	5,565
Credited to other comprehensive income	-	-	-	-	-	(382)	(382)
Exchange realignment	(4,010)	3,525	(304)	12,123	13,284	2,473	27,091
As at 31 December 2025	2,275	49,892	38,582	171,210	110,887	114,681	487,527

**28. DEFERRED TAX** (Continued)

The movements in deferred tax assets and liabilities of the Group during the year are as follows:  
(Continued)

**DEFERRED TAX LIABILITIES:**

	Withholding tax	Depreciation	Leases	Other intangible assets	Others	Total
	(HK\$'000)					
At 1 January 2024	21,034	23,151	52,107	486,910	11,801	595,003
Charged/(credited) to profit or loss (note 11)	(685)	(6,160)	(5,794)	(12,675)	3,548	(21,766)
Charged to other comprehensive income	–	–	–	–	1,778	1,778
Deferred tax utilised during the year	(14,830)	–	–	–	–	(14,830)
Addition from acquisition	–	–	–	3,750	–	3,750
Exchange realignment	(16)	(623)	(1,534)	(17,701)	(239)	(20,113)
At 31 December 2024 and 1 January 2025	5,503	16,368	44,779	460,284	16,888	543,822
Charged/(credited) to profit or loss (note 11)	17,095	23,347	3	(14,869)	(7,818)	17,758
Charged to other comprehensive income	–	–	–	–	1,313	1,313
Addition from acquisition	–	–	–	–	–	–
Exchange realignment	5	732	2,614	27,351	1,637	32,339
At 31 December 2025	22,603	40,447	47,396	472,766	12,020	595,232

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 28. DEFERRED TAX (Continued)

At 31 December 2025, other than the amount recognised in the consolidated financial statements, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such remaining earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised was HK\$3,253,433,000 at 31 December 2025 (2024: HK\$3,102,098,000).

Pursuant to the board resolutions of GCPC's subsidiaries, all of which are indirectly controlled by GBHK, profits earned by the aforesaid subsidiaries in 2025 will not be appropriated to GBHK as at 31 December 2025 and in the foreseeable future. Hence, the deferred tax liability arising from the withholding tax on profits generated by the aforesaid companies except GCPC in the current year was not applicable as of 31 December 2025.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

For presentation purposes, certain deferred tax assets and liabilities within the same tax jurisdiction have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025	2024
	(HK\$'000)	
Reflected in the consolidated statement of financial position:		
– Deferred tax assets	107,443	125,553
– Deferred tax liabilities	215,148	214,122

The Group has tax losses arising in Germany of HK\$17,470,000 (2024: HK\$16,934,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group has tax losses arising in Hong Kong of HK\$20,145,000 (2024: HK\$19,040,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in the Chinese mainland of HK\$15,040,000 (2024: HK\$3,768,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

## 29. OTHER LIABILITIES

Included in other liabilities is employee compensation of HK\$981,000 (2024: HK\$971,000) of overseas subsidiaries.

## 30. SHARE CAPITAL

	As at 31 December 2025	As at 31 December 2024
	(HK\$'000)	
Issued and fully paid:		
1,672,607,166 (2024: 1,668,031,166) ordinary shares	16,726	16,680

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	Share premium	Total
	('000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
At 1 January 2024	1,668,031	16,680	3,320,411	3,337,091
At 31 December 2024 and 1 January 2025	1,668,031	16,680	3,320,411	3,337,091
At 31 December 2025	1,672,607	16,726	3,324,537	3,341,263

## 31. SHARE OPTION SCHEME

The Company adopted a share option scheme on 5 November 2010 (the "2010 Share Option Scheme"), which was terminated and replaced by another share option scheme (the "2020 Share Option Scheme") approved and adopted at the annual general meeting of the Company held on 25 May 2020.

In view of the amendments to Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which have taken effect from 1 January 2023 and the intention of the Company to provide more flexibility in its long-term planning of granting of share options to incentivize suitable eligible participants, the Company has terminated the 2020 Share Option Scheme and adopted a new share option scheme (the "2025 Share Option Scheme") at the extraordinary general meeting of the Company held on 27 May 2025. No further share options could be granted under the 2010 Share Option Scheme or the 2020 Share Option Scheme following their respective termination, but the provisions of the 2010 Share Option Scheme and the 2020 Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any share option granted prior to their respective termination.

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 31. SHARE OPTION SCHEME (Continued)

The purpose of the share option schemes is to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the share option schemes include full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any Directors (including non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and advisers, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries as described in the share option schemes. The 2010 Share Option Scheme, the 2020 Share Option Scheme and the 2025 Share Option Scheme all have a term of 10 years. Upon termination of the 2010 Share Option Scheme and the 2020 Share Option Scheme mentioned above, no further options may be granted thereunder but the provisions of the 2010 Share Option Scheme and 2020 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to their respective termination.

The maximum number of share options originally permitted to be granted under the 2010 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 28 May 2018. The maximum number of share options originally permitted to be granted under the 2020 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 25 May 2020. The maximum number of share options currently permitted to be granted under the 2025 Share Option Scheme, is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 27 May 2025 (excluding treasury shares, if any). The maximum number of shares issuable under share options to each eligible participant under the 2010 Share Option Scheme, 2020 Share Option Scheme and 2025 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue (excluding treasury shares, if any) as at the date on which the share options are granted to the relevant eligible participants. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors.

Under the 2020 Share Option Scheme, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue on the date of such grant or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Under the 2025 Share Option Scheme, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue (excluding treasury shares, if any) on the date of such grant or such other percentage as may be from time to time, provided under the Listing Rules, on the offer date, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

### 31. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period determined by the Directors, which shall not be less than 12 months from (and including) the date of offer except for employee participants under specified conditions under the 2025 Share Option Scheme, and ends on a date which shall not be later than ten years from the date upon which the share options are deemed to be granted and accepted.

Under the 2020 Share Option Scheme, the exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

Under the 2025 Share Option Scheme, the exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as quoted on the Stock Exchange on the date of offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the offer date.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options that have not been exercised do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 19 June 2020, the Board announced that the Company shall allow holders of the existing share options (the "Existing Share Options") granted on 28 August 2017, 27 March 2018, 28 May 2018 and 23 May 2019 under the 2010 Share Option Scheme to exchange their Existing Share Options for new share options to be granted under the 2020 Share Option Scheme. As at 19 June 2020, none of the above share options was vested.

A total of 96,650,000 Existing Share Options were cancelled under the 2010 Share Option Scheme and replaced by a total of 26,084,500 new share options with an exercise price of HK\$0.96 per share under the 2020 Share Option Scheme (the "Replacement Options").

The exchange ratio of the Replacement Options to Existing Share Options of the 2020 Share Option Scheme was based on their fair values on the modification date, i.e., 19 June 2020.

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 31. SHARE OPTION SCHEME (Continued)

#### (A) 2010 SHARE OPTION SCHEME

The following share options were outstanding under the 2010 Share Option Scheme during the year:

	Weighted average exercise price	Number of options
	HK\$ per share	'000
At 1 January 2024	4.010	100,180
Lapsed during the year	3.878	(35,680)
At 31 December 2024 and 1 January 2025	4.083	64,500
Lapsed during the year	3.793	(18,300)
At 31 December 2025	4.198	46,200

No share options were exercised or cancelled during the years ended 31 December 2025 and 2024.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### 2025

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
4,100	4.54	27 September 2020 to 27 March 2028
6,150	4.54	27 September 2021 to 27 March 2028
10,250	4.54	27 September 2022 to 27 March 2028
620	5.122	28 May 2021 to 27 May 2028
930	5.122	28 May 2022 to 27 May 2028
1,550	5.122	28 May 2023 to 27 May 2028
4,520	3.75	23 May 2022 to 22 May 2029
6,780	3.75	23 May 2023 to 22 May 2029
11,300	3.75	23 May 2024 to 22 May 2029
46,200		

### 31. SHARE OPTION SCHEME (Continued)

#### (A) 2010 SHARE OPTION SCHEME (Continued)

2024

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
2,266	3.75	7 October 2018 to 6 October 2025
2,267	3.75	7 October 2019 to 6 October 2025
2,267	3.75	7 October 2020 to 6 October 2025
4,300	4.54	27 September 2020 to 27 March 2028
6,450	4.54	27 September 2021 to 27 March 2028
10,750	4.54	27 September 2022 to 27 March 2028
620	5.122	28 May 2021 to 27 May 2028
930	5.122	28 May 2022 to 27 May 2028
1,550	5.122	28 May 2023 to 27 May 2028
6,620	3.75	23 May 2022 to 22 May 2029
9,930	3.75	23 May 2023 to 22 May 2029
16,550	3.75	23 May 2024 to 22 May 2029
<b>64,500</b>		

#### (B) 2020 SHARE OPTION SCHEME

	Weighted average exercise price	Number of options
	HK\$ per share	'000
At 1 January 2024	0.941	26,523
Granted during the year	0.485	113,594
Lapsed during the year	0.684	(8,182)
At 31 December 2024 and 1 January 2025	0.564	131,935
Exercised during the year	0.640	(4,576)
Lapsed during the year	0.531	(14,625)
<b>At 31 December 2025</b>	<b>0.566</b>	<b>112,734</b>

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 31. SHARE OPTION SCHEME (Continued)

#### (B) 2020 SHARE OPTION SCHEME (Continued)

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.640 per share (2024: No share options were exercised).

The exercise prices and exercise periods of the above share options outstanding at the end of the reporting period are as follows:

#### 2025

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
46	0.96	28 August 2020 to 27 August 2027
47	0.96	28 August 2021 to 27 August 2027
47	0.96	28 August 2022 to 27 August 2027
1,296	0.96	27 September 2020 to 27 March 2028
1,944	0.96	27 September 2021 to 27 March 2028
3,240	0.96	27 September 2022 to 27 March 2028
132	0.96	28 May 2021 to 27 May 2028
198	0.96	28 May 2022 to 27 May 2028
330	0.96	28 May 2023 to 27 May 2028
2,027	0.96	23 May 2022 to 22 May 2029
3,041	0.96	23 May 2023 to 22 May 2029
5,069	0.96	23 May 2024 to 22 May 2029
461	1.01	11 December 2023 to 10 December 2030
692	1.01	11 December 2024 to 10 December 2030
1,200	1.01	11 December 2025 to 10 December 2030
100	1.042	16 June 2025 to 15 June 2032
150	1.042	16 June 2026 to 15 June 2032
250	1.042	16 June 2027 to 15 June 2032
55,628	0.485	2 July 2025 to 1 July 2034
8,792	0.485	2 July 2026 to 1 July 2034
15,915	0.485	2 July 2027 to 1 July 2034
8,044	0.485	2 July 2028 to 1 July 2034
4,085	0.485	2 July 2029 to 1 July 2034
<b>112,734</b>		

**31. SHARE OPTION SCHEME** (Continued)**(B) 2020 SHARE OPTION SCHEME** (Continued)

The exercise prices and exercise periods of the above share options outstanding at the end of the reporting period are as follows: (Continued)

**2024**

Number of options	Exercise price	Exercise period
'000	HK\$ per share	
46	0.96	28 August 2020 to 27 August 2027
47	0.96	28 August 2021 to 27 August 2027
47	0.96	28 August 2022 to 27 August 2027
1,579	0.96	27 September 2020 to 27 March 2028
2,369	0.96	27 September 2021 to 27 March 2028
3,948	0.96	27 September 2022 to 27 March 2028
148	0.96	28 May 2021 to 27 May 2028
222	0.96	28 May 2022 to 27 May 2028
370	0.96	28 May 2023 to 27 May 2028
2,164	0.96	23 May 2022 to 22 May 2029
3,245	0.96	23 May 2023 to 22 May 2029
5,410	0.96	23 May 2024 to 22 May 2029
612	1.01	11 December 2023 to 10 December 2030
919	1.01	11 December 2024 to 10 December 2030
1,485	1.01	11 December 2025 to 10 December 2030
100	1.042	16 June 2025 to 15 June 2032
150	1.042	16 June 2026 to 15 June 2032
250	1.042	16 June 2027 to 15 June 2032
59,408	0.485	2 July 2025 to 1 July 2034
9,617	0.485	2 July 2026 to 1 July 2034
19,290	0.485	2 July 2027 to 1 July 2034
11,374	0.485	2 July 2028 to 1 July 2034
9,135	0.485	2 July 2029 to 1 July 2034
<b>131,935</b>		

No option was granted during the year ended 31 December 2025 and the Group recognised share option expenses of HK\$5,787,000 during the year ended 31 December 2025.

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 31. SHARE OPTION SCHEME (Continued)

#### (C) 2025 SHARE OPTION SCHEME

No option was granted during the year ended 31 December 2025.

The Group overall recognised a share option expense of HK\$5,787,000 (2024: HK\$5,572,000) for the year ended 31 December 2025.

At the end of the reporting period, the Company had 46,200,000 and 112,734,000 share options outstanding under the 2010 Share Option Scheme and 2020 Share Option Scheme, respectively. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 158,934,000 additional ordinary shares of the Company and additional share capital of HK\$1,589,000 and share premium of HK\$256,117,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 46,200,000 and 112,308,500 share options outstanding under the 2010 Share Option Scheme and 2020 Share Option Scheme respectively, which represented approximately 2.76% and 6.71% of the Company's shares in issue as at that date.

### 32. RESERVES

The changes in the reserves of the Group during the year have been disclosed in the consolidated statement of changes in equity of the Group.

#### STATUTORY RESERVE FUNDS

Statutory reserve funds comprise:

##### (i) Reserve fund

PRC laws and regulations require wholly - foreign-owned enterprises ("WFOE") to provide for the reserve fund by appropriating a part of the net profit (based on the entity's statutory accounts) before dividend distribution. Each subsidiary being WFOE is required to appropriate at least 10% of its net profit after tax to the reserve fund until the balance of this fund reaches 50% of its registered capital. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital.

## 32. RESERVES (Continued)

### STATUTORY RESERVE FUNDS (Continued)

#### (ii) Enterprise expansion fund

In accordance with the relevant regulations and the articles of association of the Group's PRC subsidiaries, appropriations from net profit should be made to the enterprise expansion fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors for the subsidiaries registered in the PRC as foreign invested companies. The percentages to be appropriated to the enterprise expansion fund are determined by the boards of directors of the subsidiaries.

#### (iii) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the Group's PRC subsidiaries, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

### MERGER RESERVE

As at 31 December 2025, the merger reserve represents the following:

- (i) In 2001, the Group acquired GCPC from GCPC's then shareholders through the issue of the Company's shares to GCPC's then shareholders. The difference between the nominal value of the Company's share of the paid-up capital of GCPC and the par value of the Company's shares issued amounting to HK\$108,281,000 was recognised in the merger reserve account.
- (ii) In 2007, Geoby Electric Vehicle Co., Ltd. ("GPCL") was established to take over certain operations from the Group and the net asset value of the discontinued operation over the consideration received amounting to HK\$1,362,000 was recognised as a deemed distribution in the merger reserve account.

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 32. RESERVES (Continued)

##### MERGER RESERVE (Continued)

As at 31 December 2025, the merger reserve represents the following: (Continued)

(iii) The Group acquired the wooden products and E-car businesses through acquiring a 100% equity interest in PCPC in June 2010 and this acquisition was accounted for using the pooling of interests method. Prior to the establishment of PCPC on 5 November 2008, the wooden products and E-car businesses were carried out by a fellow subsidiary, GPCL. Upon establishment, PCPC acquired all the assets and liabilities related to the wooden products and E-car businesses from GPCL at their respective book values and continued the wooden products and E-car businesses afterwards. Accordingly, the retained earnings of HK\$11,357,000 in respect of the wooden products and E-car businesses generated prior to the establishment of PCPC were capitalised in the merger reserve account in 2008.

(iv) In 2010, the Group disposed of its equity interests in Goodbaby (China) Commercial Co., Ltd. ("GCCL"), Shanghai Goodbaby Fashion Co., Ltd. ("SHFS"), Shanghai Online Service Co., Ltd. ("SGOL"), Ricky Bright Limited ("RCBL"), Mothercare Goodbaby China Retail Limited ("MGCR") and Mothercare-Goodbaby Retailing Co., Ltd. ("MGRL") to G-Baby Holdings Limited ("GBHL") for a consideration of HK\$287,936,000 in aggregate. The consideration over the net asset value of the discontinued operations amounting to HK\$35,699,000 was recognised as a deemed contribution in the merger reserve account.

##### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net gain or loss on the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges.

### 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (A) MAJOR NON-CASH TRANSACTIONS

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$155,631,000 (2024: HK\$123,480,000) and HK\$155,631,000 (2024: HK\$123,480,000), respectively, in respect of lease arrangements for plant and equipment.

During the year, the Group acquired the remaining non-controlling interest in Ningbo Goodbaby Child Products Co., Ltd. by transferring land and other assets with a carrying amount of HK\$1,378,000 and a fair value of HK\$30,271,000. The carrying amount of the acquired non-controlling interest was HK\$20,058,000. Transaction-related taxes amounting to HK\$6,533,000 were paid during the year.

#### (B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

##### 2025

	Interest-bearing bank loans and other borrowings	Lease liabilities
	(HK\$'000)	
At 1 January 2025	1,455,057	260,449
Changes from financing cash flows	(434,803)	(129,807)
New leases	–	155,631
Interest expense	98,209	10,600
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(241)
Foreign exchange realignment	(38,910)	18,809
<b>At 31 December 2025</b>	<b>1,157,373</b>	<b>315,441</b>

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

#### (B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES: (Continued)

2024

	Interest-bearing bank loans and other borrowings	Lease liabilities
	(HK\$'000)	
At 1 January 2024	2,793,847	255,645
Changes from financing cash flows	(1,354,290)	(119,565)
New leases	–	123,480
Interest expense	58,168	8,742
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	3,488
Foreign exchange realignment	(42,668)	(11,341)
<b>At 31 December 2024</b>	<b>1,455,057</b>	<b>260,449</b>

#### (C) TOTAL CASH OUTFLOW FOR LEASES:

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025	2024
	(HK\$'000)	
Within operating activities	13,210	9,856
Within financing activities	129,807	119,565
<b>Total</b>	<b>143,017</b>	<b>129,421</b>

### 34. CONTINGENT LIABILITIES

In the ordinary course of business, the Group may from time to time be involved in legal proceedings and litigations. The Group records a liability when the Group believes that it is both probable that a loss has been incurred by the Group and the amount can be reasonably estimated. With respect to the Group's outstanding legal matters, notwithstanding that the outcome of such legal matters is inherently unpredictable and subject to uncertainties, the Group believes that, based on its current knowledge, the amount or range of reasonably possible loss will not, either individually or in the aggregate, have a material adverse effect on the Group's business, financial position, results of operations, or cash flows.

### 35. PLEDGE OF ASSETS

Details of the Group's assets pledged for business operation are included in notes 22 and 27 to the financial statements.

### 36. COMMITMENTS

The Group had the following capital commitments as at 31 December:

	2025	2024
	(HK\$'000)	
Property, plant and equipment	24,211	10,750
Other intangible assets	7,013	2,513
<b>Total</b>	<b>31,224</b>	<b>13,263</b>

### 37. RELATED PARTY TRANSACTIONS AND BALANCES

#### (A) NAME AND RELATIONSHIP

Name of related party	Relationship with the Group
Mr. Song Zhenghuan ("Mr. Song")	Director and one of the ultimate shareholders of the Company
Goodbaby China Holdings Limited ("CAGB")	Controlled by Mr. Song and his spouse
Goodbaby Group Pingxiang Co., Ltd. ("GGPX")	Wholly owned by GGCL (Controlled by Mr. Song and his spouse)
Suzhou Goodbaby New Retail Technology Co., Ltd. ("GCQT") (Former name is Suzhou Goodbaby Qingtao Technology Service Co., Ltd.) (note (a))	Joint venture before 2 April, 2024
Goodbaby Mechatronics s.r.o. ("GBMS")	Joint venture

Note (a): Suzhou Goodbaby Qingtao Technology Service Co., Ltd. ("GCQT") was established on 21 May 2019, in Jiangsu Province, the PRC, with a 51% equity interest beneficially held by the Group and defined as a joint venture. As at 2 April 2024, the Group entered an agreement with Suzhou Qingtao New Energy Technology Co., Ltd. to acquire additional 49% shares of GCQT at a cash consideration of HK\$7,430,852. Upon completion, GCQT became a wholly owned subsidiary of the Company and was consolidated into the consolidated financial statements of the Group. Considered the cash and bank balances acquired, the net cash outflow of the Group in respect of the acquisition amounted to HK\$6,670,610. The company was renamed as Suzhou Goodbaby New Retail Technology Co., Ltd. in September 2024 and it added wholesale and retail of children's products as one of its principal activities after the acquisition.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 37. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

#### (B) RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2025	2024
	(HK\$'000)	
Sales of goods to related parties (note (a))		
CAGB and its subsidiaries <sup>#</sup>	1,045	2,896
GCQT	–	3
	<b>1,045</b>	<b>2,899</b>
Purchase of goods from related parties (note (b))		
CAGB and its subsidiaries	–	1,138
GCQT	–	154
	<b>–</b>	<b>1,292</b>
Service charge from related parties (note (c))		
GCQT	–	858
GBMS	360	318
	<b>360</b>	<b>1,176</b>
Service expense to related parties (note (d))		
GBMS	4,642	4,550

Note (a): The sales of goods were made according to the prices and terms mutually agreed between the related parties.

Note (b): The purchase of goods from the related party was made according to the prices and terms agreed with the related party.

Note (c): The service charge from the related party was made according to the prices and terms agreed with the related party.

Note (d): The service expense to related parties was made according to the prices and terms agreed with the related party.

<sup>#</sup> The related party transactions marked with # above constituted continuing connected transactions under Chapter 14A of the Listing Rules. During the year ended 31 December 2025, these transactions were conducted on normal commercial terms or better and exempted from the announcement, annual reporting, annual review, circular and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 37. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

#### (C) OUTSTANDING BALANCES WITH RELATED PARTIES

The amounts due from related parties are unsecured, interest-free and repayable in 120 days.

	2025	2024
	(HK\$'000)	
Amounts due from related parties:		
CAGB and its subsidiaries	1,339	545
Lease liabilities due to a related party (note (a)):		
CAGB and its subsidiaries	9,444	–
GGPX	31,065	46,188
Amounts due to related parties:		
GBMS	2,908	1,909

Note (a): The Group has entered into lease agreements in respect of the leasing of certain warehouse and plant from GGPX and CAGB and its subsidiaries. At 30 August 2024, the Group and GGPX renewed the lease agreements to extend the lease term until 31 December 2027 and subsequently, on 25 August 2025, entered into a supplemental agreement to amend the leased area and the annual rental amounts under the 2024 First Lease Agreement. At 31 December 2025, the Group recognised right-of-use assets of HK\$29,497,000 and lease liabilities of HK\$31,065,000 for GGPX. At 30 August 2025, the Group and CAGB and its subsidiaries signed the lease agreements. At 31 December 2025, the Group recognised right-of-use assets of HK\$9,349,000 and lease liabilities of HK\$9,444,000 for CAGB and its subsidiaries. The transactions were made according to the prices and terms agreed with the related parties.

#### (D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2025	2024
	(HK\$'000)	
Short term employee benefits	57,946	59,736
Equity-settled share option expense	2,755	2,930
Post-employment benefits	751	873
Total compensation paid to key management personnel	61,452	63,539

Further details of directors' remuneration are included in note 9 to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	(HK\$'000)			
<b>Financial assets</b>				
Derivative financial instruments	30,533	20,430	30,533	20,430
<b>Financial liabilities</b>				
Derivative financial instruments	22,260	12,063	22,260	12,063
Interest-bearing bank loans and other borrowings	1,157,373	1,455,057	1,157,373	1,455,057
<b>Total</b>	<b>1,179,633</b>	<b>1,467,120</b>	<b>1,179,633</b>	<b>1,467,120</b>

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables, current interest-bearing bank loans and other borrowings, trade and bills payables, other liabilities, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The carrying amount of the non-current interest-bearing bank loans and other borrowings of the Group approximates to their fair value because the loans have a floating interest rate.

The finance manager of each subsidiary of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group's finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivative financial instruments, i.e., forward currency contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

#### FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

##### Assets measured at fair value:

	31 December 2025	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
		(HK\$'000)		
Derivative financial instruments	30,533	-	30,533	-

	31 December 2024	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
		(HK\$'000)		
Derivative financial instruments	20,430	-	20,430	-

During the year ended 31 December 2025 and the year ended 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

#### FAIR VALUE HIERARCHY (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:  
(Continued)

#### Liabilities measured at fair values:

	31 December 2025	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
(HK\$'000)				
Derivative financial instruments	22,260	-	22,260	-

	31 December 2024	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
(HK\$'000)				
Derivative financial instruments	12,063	-	12,063	-

## 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

### FAIR VALUE HIERARCHY (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:  
(Continued)

#### Liabilities for which fair values are disclosed:

	31 December 2025	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
		(HK\$'000)		
Interest-bearing bank loans and other borrowings	1,157,373	-	1,157,373	-

	31 December 2024	Fair value measurement using		
		Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
		(HK\$'000)		
Interest-bearing bank loans and other borrowings	1,455,057	-	1,455,057	-

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

### FINANCIAL ASSETS

As at 31 December 2025

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
(HK\$'000)			
Trade and bills receivables (note 20)	–	883,012	883,012
Financial assets included in prepayments and other receivables (note 21)	–	375,315	375,315
Due from related parties	–	1,339	1,339
Derivative financial instruments	30,533	–	30,533
Other long-term assets (note 18)	–	4,132	4,132
Pledged deposits	–	27,057	27,057
Cash and cash equivalents	–	1,296,365	1,296,365
<b>Total</b>	<b>30,533</b>	<b>2,587,220</b>	<b>2,617,753</b>

As at 31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
(HK\$'000)			
Trade receivables (note 20)	–	1,084,452	1,084,452
Financial assets included in prepayments and other receivables (note 21)	–	398,437	398,437
Due from related parties	–	545	545
Derivative financial instruments	20,430	–	20,430
Other long-term assets (note 18)	–	4,015	4,015
Pledged deposits	–	26,684	26,684
Cash and cash equivalents	–	1,099,358	1,099,358
<b>Total</b>	<b>20,430</b>	<b>2,613,491</b>	<b>2,633,921</b>

### 39. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

#### FINANCIAL LIABILITIES

##### As at 31 December 2025

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	(HK\$'000)		
Financial liabilities included in other payables and accruals (note 25)	–	288,056	288,056
Trade and bills payables	–	1,378,778	1,378,778
Interest-bearing bank loans and other borrowings	–	1,157,373	1,157,373
Lease liabilities	–	315,441	315,441
Derivative financial instruments	22,260	–	22,260
Due to related parties	–	2,908	2,908
<b>Total</b>	<b>22,260</b>	<b>3,142,556</b>	<b>3,164,816</b>

##### As at 31 December 2024

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	(HK\$'000)		
Financial liabilities included in other payables and accruals (note 25)	–	236,600	236,600
Trade and bills payables	–	1,457,628	1,457,628
Interest-bearing bank loans and other borrowings	–	1,455,057	1,455,057
Lease liabilities	–	260,449	260,449
Derivative financial instruments	12,063	–	12,063
Due to related parties	–	1,909	1,909
<b>Total</b>	<b>12,063</b>	<b>3,411,643</b>	<b>3,423,706</b>

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing bank loans and other borrowings, trade and bills payables, other payables and other liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial investments such as trade and bills receivables, other receivables, cash and cash equivalents and amounts due from related parties, which arise directly from its operations.

It is, and has been throughout the year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

#### INTEREST RATE RISK

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The interest rates and terms of repayment of borrowings are disclosed in note 27.

The Group has not used any interest swaps to hedge its exposure to interest rate risk. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in interest rate	(Decrease/ increase in profit before tax
		(HK\$'000)
Year ended 31 December 2025	+5%/–5%	(5,440)/5,440
Year ended 31 December 2024	+5%/–5%	(7,775)/7,775

A reasonably possible change of 5% in the interest rates with all other variables held constant has no impact on the Group's equity other than retained earnings.

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure. Such exposure arises from sales or purchases by operating units in currencies other than the units' functional currencies. The Group requires its operating units to use foreign currency forward contracts to eliminate the foreign currency exposures on any individual transactions, for which payment is anticipated more than three months after the Group has entered into a firm commitment for a sale or purchase. The foreign currency forward contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

The Group manages its foreign currency risk by entering into foreign currency forward contracts to hedge its exposure to fluctuations on the translation into RMB of its foreign operations of sales in the US\$ or EUR and the translation into EUR of its foreign operations of sales in various currencies, as described in note 23. It is the Group's policy to ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at a fixed rate where necessary to address short term imbalances. Management will continue to monitor foreign exchange exposure and will continue to consider hedging significant foreign currency exposure by using financial instruments such as foreign currency forward contracts.

The operating units' functional currencies of the Group are RMB, EUR and US\$, while the currencies which have significant transactional currency exposures are US\$ and EUR. The Group's exposure to foreign currency changes for all other currencies is not material. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and EUR exchange rates against RMB, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

# NOTES TO FINANCIAL STATEMENTS

## YEAR ENDED 31 DECEMBER 2025

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

#### FOREIGN CURRENCY RISK (Continued)

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax
	%	(HK\$'000)
Year ended 31 December 2025		
If US\$ strengthens against RMB	5%	31,840
If US\$ weakens against RMB	(5%)	(31,840)
If EUR strengthens against RMB	5%	16,937
If EUR weakens against RMB	(5%)	(16,937)
Year ended 31 December 2024		
If US\$ strengthens against RMB	5%	25,983
If US\$ weakens against RMB	(5%)	(25,983)
If EUR strengthens against RMB	5%	17,936
If EUR weakens against RMB	(5%)	(17,936)

#### CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

#### Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### CREDIT RISK (Continued)

##### Maximum exposure and year-end staging (Continued)

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	(HK\$'000)				
Trade and bills receivables*	-	-	-	883,012	883,012
Financial assets included in prepayments and other receivables					
– Normal**	277,106	-	-	98,209	375,315
Pledged deposits					
– Not yet past due	27,057	-	-	-	27,057
Cash and cash equivalents					
– Not yet past due	1,296,365	-	-	-	1,296,365
<b>Total</b>	<b>1,600,528</b>	<b>-</b>	<b>-</b>	<b>981,221</b>	<b>2,581,749</b>

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### CREDIT RISK (Continued)

#### Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	(HK\$'000)				
Trade receivables*	-	-	-	1,084,452	1,084,452
Financial assets included in prepayments and other receivables					
– Normal**	398,437	-	-	-	398,437
Pledged deposits					
– Not yet past due	26,684	-	-	-	26,684
Cash and cash equivalents					
– Not yet past due	1,099,358	-	-	-	1,099,358
<b>Total</b>	<b>1,524,479</b>	<b>-</b>	<b>-</b>	<b>1,084,452</b>	<b>2,608,931</b>

\* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Concentrations of credit risk are managed by customer and geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different regions.

#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### LIQUIDITY RISK

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's objective when managing liquidity risk are to maintain sufficient reserves of cash and flexibility through the use of interest-bearing loans and adequate committed credit facilities. Also, the Group's policy is to regularly monitor current and expected liquidity requirements, in particular those relating to capital expenditure and repayments of debts. At the end of the reporting period, management expected that the Group had no significant liquidity risk in the foreseeable future. The Group's policy is that all the borrowings should be approved by the chief financial officer.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments:

##### 31 December 2025

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	(HK\$'000)					
Interests-bearing bank loans and other borrowings	52,420	111,289	173,197	820,467	–	1,157,373
Lease liabilities	–	33,613	88,188	191,704	7,580	321,085
Trade and bills payables	992,871	385,907	–	–	–	1,378,778
Derivative financial instruments	–	12,667	9,405	188	–	22,260
Due to related parties	2,908	–	–	–	–	2,908
Other payables	288,056	–	–	–	–	288,056
<b>Total</b>	<b>1,336,255</b>	<b>543,476</b>	<b>270,790</b>	<b>1,012,359</b>	<b>7,580</b>	<b>3,170,460</b>

# NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2025

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### LIQUIDITY RISK (Continued)

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each reporting period based on contractual undiscounted payments: (Continued)

#### 31 December 2024

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	(HK\$'000)					
Interests-bearing bank loans and other borrowings	240,665	178,896	56,325	979,171	–	1,455,057
Lease liabilities	–	25,561	74,530	165,100	10,868	276,059
Trade and bills payables	1,156,016	301,612	–	–	–	1,457,628
Derivative financial instruments	–	4,741	7,094	228	–	12,063
Due to related parties	1,909	–	–	–	–	1,909
Other payables	236,600	–	–	–	–	236,600
<b>Total</b>	<b>1,635,190</b>	<b>510,810</b>	<b>137,949</b>	<b>1,144,499</b>	<b>10,868</b>	<b>3,439,316</b>

### CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank loans and other borrowings, trade and bills payables, other payables and accruals, and less monetary assets, including cash and cash equivalents, pledged time deposits and financial assets at fair value through profit and loss. Capital represents equity attributable to owners of the parent and less hedging reserve.

**40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)**CAPITAL MANAGEMENT** (Continued)

The gearing ratios at the end of the reporting periods were as follows:

	2025	2024
	(HK\$'000)	
Trade and bills payables	1,378,778	1,457,628
Other payables and accruals	1,131,942	1,037,527
Interest-bearing bank loans and other borrowings	1,157,373	1,455,057
Less: Monetary assets	1,434,711	1,126,042
<b>Net debt</b>	<b>2,233,382</b>	<b>2,824,170</b>
Equity attributable to owners of the parent	6,188,308	5,789,855
Less: Hedging reserve	11,653	7,056
<b>Adjusted capital</b>	<b>6,176,655</b>	<b>5,782,799</b>
<b>Capital and net debt</b>	<b>8,410,037</b>	<b>8,606,969</b>
<b>Gearing ratio</b>	<b>27%</b>	<b>33%</b>

## NOTES TO FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2025

#### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2025	31 December 2024
	(HK\$'000)	
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	3,417,993	3,835,730
<b>Total non-current assets</b>	<b>3,417,993</b>	<b>3,835,730</b>
<b>CURRENT ASSETS</b>		
Other receivables	361	349
Due from subsidiaries	509,806	112,230
Cash and cash equivalents	16,355	6,912
<b>Total current assets</b>	<b>526,522</b>	<b>119,491</b>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	691	–
Accrued expenses	78	97
Due to a subsidiary	988,419	816,888
<b>Total current liabilities</b>	<b>989,188</b>	<b>816,985</b>
<b>NET CURRENT LIABILITIES</b>	<b>(462,666)</b>	<b>(697,494)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,955,327</b>	<b>3,138,236</b>
<b>Net assets</b>	<b>2,955,327</b>	<b>3,138,236</b>
<b>EQUITY</b>		
Share capital	16,695	16,680
Reserves (note)	2,938,632	3,121,556
<b>Total equity</b>	<b>2,955,327</b>	<b>3,138,236</b>

#### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium	Share option reserve	Accumulated losses	Total
	(HK\$'000)			
Balance at 1 January 2024	3,320,411	204,343	(605,379)	2,919,375
Profit for the year	–	–	183,944	183,944
Other comprehensive income for the year	–	–	12,665	12,665
Equity-settled share option arrangements	–	5,572	–	5,572
Balance at 31 December 2024 and 1 January 2025	3,320,411	209,915	(408,770)	3,121,556
Loss for the year	–	–	(45,524)	(45,524)
Other comprehensive loss for the year	–	–	(29,292)	(29,292)
Final 2024 dividend declared	–	–	(116,776)	(116,776)
Share option exercised	4,126	(1,245)	–	2,881
Equity-settled share option arrangements	–	5,787	–	5,787
<b>As at 31 December 2025</b>	<b>3,324,537</b>	<b>214,457</b>	<b>(600,362)</b>	<b>2,938,632</b>

#### 42. EVENTS AFTER THE REPORTING PERIOD

During the period from the end of the reporting period to the date of approval of these financial statements, GBHK repaid a certain portion of a syndicated loan amounting to US\$80,250,000.

#### 43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

## FIVE YEAR FINANCIAL SUMMARY

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
	2025	2024	2023	2022	2021
	(HK\$'000)				
<b>Results</b>					
Revenue	8,659,207	8,765,905	7,927,326	8,292,152	9,692,137
Cost of sales	(4,225,216)	(4,258,005)	(3,959,612)	(4,936,271)	(5,696,909)
<b>Gross profit</b>	4,433,991	4,507,900	3,967,714	3,355,881	3,995,228
Other income and gains	62,053	34,432	129,413	165,429	80,800
Selling and distribution expenses	(2,475,819)	(2,456,521)	(2,266,661)	(2,072,449)	(2,476,241)
Administrative expenses	(1,598,393)	(1,568,300)	(1,461,562)	(1,345,590)	(1,426,458)
Other expenses	(2,298)	(17,590)	(539)	(2,437)	(7,266)
<b>Operating Profit</b>	419,534	499,921	368,365	100,834	166,063
Finance income	13,003	26,732	48,199	42,971	35,074
Finance costs	(108,809)	(155,491)	(215,552)	(137,906)	(90,594)
Share of profits and losses of a joint venture	500	8,408	(4,192)	(4,621)	1,277
Share of profits and losses of an associate	–	–	(390)	(85)	(8)
<b>Profit before tax</b>	324,228	379,570	196,430	1,193	111,812
Income tax (expense)/credit	(105,877)	(23,354)	12,031	38,935	15,749
<b>Profit for the year</b>	218,351	356,216	208,461	40,128	127,561
Attributable to:					
Owners of the parent	218,597	355,846	203,496	33,487	123,817
Non-controlling interests	(246)	370	4,965	6,641	3,744
	<b>218,351</b>	<b>356,216</b>	<b>208,461</b>	<b>40,128</b>	<b>127,561</b>

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025	2024	2023	2022	2021
	(HK\$'000)				
Total assets	10,536,796	10,403,582	11,373,454	11,714,695	13,171,712
Total liabilities	(4,343,030)	(4,587,965)	(5,745,721)	(6,157,042)	(7,074,208)
Non-controlling interests	(5,458)	(25,762)	(25,368)	(40,975)	(36,553)
	<b>6,188,308</b>	<b>5,789,855</b>	<b>5,602,365</b>	<b>5,516,678</b>	<b>6,060,951</b>



## A Leading Juvenile Products Brand Company

Goodbaby International Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)  
[www.gbinternational.com.hk](http://www.gbinternational.com.hk)  
Stock Code: 1086

