

## FINANCIAL INFORMATION

*You should read the following discussion and analysis in conjunction with our combined financial statements included in the Accountants’ Report in Appendix I to this document, together with the respective accompanying notes. Our combined financial information has been prepared in accordance with HKFRS Accounting Standards. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.*

### OVERVIEW

We are an integrated green home services provider and a pioneer in advocating and advancing green and healthy living environments. Our journey began in 1995 at the foothills of Mount Mogan, where a close connection to nature shaped our commitment of “*Bring Your Home to Life in Mount Mogan* (讓家住進莫干山)” — to deliver healthy, high-quality green home products that bring the natural livability of Mount Mogan into everyday living spaces. For over three decades, we have built our “*Moganshan* (莫干山)” brand into a nationally recognized brand in China, trusted by consumers for the health, reliability, and quality of product offerings. According to CIC, we were the third-largest green wood-based panel provider and top 15 green customized home furnishings provider in China in terms of revenue in 2024.

During the Track Record Period, we primarily generated revenue from:

- (i) **Product offerings:** we offer a wide range of wood-based panels and customized home furnishings.
- (ii) **IP licensing:** we license qualified OEM Partners the rights to use our product designs and related intellectual property, trademarks, and production process know-how to manufacture certain products bearing our trademarks, which they then sell to distributors with whom we have distribution agreements.

We have established an extensive sales and distribution network. As of September 30, 2025, we had 875 distributors, covering all provinces in China and 45 overseas countries and regions. At the same time, we continue to deepen relationships with direct sales customers, guiding them from initial brand discovery and product experience to long-term engagement and loyalty.

---

## FINANCIAL INFORMATION

---

Our revenue increased by 1.8% from RMB3,394.2 million in 2023 to RMB3,455.6 million in 2024, and remained relatively stable for the nine months ended September 30, 2024 and 2025, amounting to RMB2,548.6 million and RMB2,518.8 million, respectively. We also maintained sound profitability. Our net profit increased by 0.3% from RMB320.0 million in 2023 to RMB320.8 million in 2024, and increased by 14.5% from RMB244.3 million for the nine months ended September 30, 2024 to RMB279.7 million during the same period in 2025.

### **BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

The historical financial information has been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The preparation of the historical financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to make judgments, estimates and assumptions in the process of applying our Group’s accounting policies. Judgments made by management in the application of HKFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 2 to the Accountants’ Report in Appendix I to this document.

### **MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

#### **Market Demand for Our Products**

During the Track Record Period, we mainly generated revenue from (i) the sale of wood-based panels and customized home furnishings, and (ii) IP licensing. Our results of operations have been, and are expected to continue to be, largely driven by market demand for our products and our ability to respond effectively to evolving customer preferences and industry trends.

According to CIC, the market size of China’s green wood-based panels increased from RMB230.7 billion in 2019 to RMB310.6 billion in 2024, representing a CAGR of 6.1%, and is expected to further grow at a CAGR of 5.7% to reach RMB409.0 billion in 2029. Meanwhile, the market size of China’s green customized home furnishings increased from RMB195.1 billion in 2019 to RMB322.0 billion in 2024, representing a CAGR of 10.5%, and is expected to continue its growth momentum at a CAGR of 9.4% to reach RMB504.1 billion in 2029. Such growth is underpinned by increasingly stringent governmental requirements on environmental protection and low-carbon development, rising consumer living standards, and heightened awareness of healthy and sustainable lifestyles, all of which have driven, and will continue to drive, robust demand for green home products. Leveraging our well-established offering portfolio, strong research and development capabilities, and leading market position, we are well positioned to capitalize on these favorable industry trends by continuously upgrading existing products and launching new offerings.

---

## FINANCIAL INFORMATION

---

At the same time, consumer behavior and the industry landscape have undergone changes during the Track Record Period, influenced by structural adjustments in real estate-related laws and regulations in China. For instance, despite a slowdown in construction projects undertaken by medium-to-large enterprises, market demand for wood-based panels and customized home furnishings continues to be supported by multiple motivations, such as the continued advancement of the national *Beautiful Countryside Construction* initiative and substantial demand for secondary renovations and partial refurbishments, which has increasingly been driven by small-to-medium enterprises, such as decoration and renovation companies. Furthermore, as housing stock ages, the demand for renovation and decoration has remained stable and resilient to economic fluctuations. End consumers also place greater importance on healthy living, cost efficiency, and sustainability during the renovation and decoration process.

In response to these trends, and building on our strengths in branding, product offerings, distribution channels, research and development, information technology capabilities, and economies of scale accumulated over the years, we have proactively implemented a series of measures, which include optimizing our product offering and offering mix, refining our sales strategies to better meet market demand, and adopting technologies to enhance production efficiency and operational efficiency. These measures, together with prevailing industry trends, have impacted our results of operations, including contributing to the growth of our customized home furnishings and IP licensing businesses. We believe that these measures will continue to support our long-term growth and competitiveness.

### **Our Ability to Expand Product Offering and Offering Mix**

#### ***Product Offering***

We have continued to expand our product portfolio, which has driven our revenue growth and is expected to continue to drive our revenue growth in the future. We offer a broad range of wood-based panels with differentiated functional attributes and aesthetic designs, enabling us to address the diverse preferences and application needs of consumers. Building on our core wood-based panel offerings, we have expanded into customized home furnishings to provide more integrated, end-to-end solutions to customers.

Our ability to expand our product portfolio depends on our ability to leverage consumer insights and our research and development capabilities. During the Track Record Period, we focused on reducing formaldehyde emissions from our wood-based panels and progressively upgraded our products from E<sub>1</sub>-grade and E<sub>0</sub>-grade panels to E<sub>NF</sub>-grade panels and, more recently, to HE<sub>NF</sub>-grade panels. We also launched our “*Beyond Seen* (未見)” series which features 16 distinct designs and “*Mountain Colors* (中國山色)” series which features 36 distinct designs. These series include a wide range of solid colors that allow for flexible combinations, as well as refined textures and patterns developed using proprietary pressing techniques, enabling consumers to accommodate a broad range of interior design styles, from traditional Chinese aesthetics to modern and Western styles.

---

## FINANCIAL INFORMATION

---

### *Offering Mix*

Our ability to optimize offering mix is critical to our long-term revenue growth and profitability. Our wood-based panels, customized home furnishings and IP licensing offerings are designed to serve different market needs and are subject to different pricing dynamics and cost structures, resulting in distinct gross profit margin profiles. In particular, our customized home furnishings and IP licensing offerings generate higher gross profit margins than our wood-based panels.

During the Track Record Period, the revenue contribution from our higher gross profit margin offerings increased steadily. Revenue generated from customized home furnishings increased by 9.3% from RMB642.9 million in 2023 to RMB703.0 million in 2024, and further increased by 35.7% from RMB474.8 million in the nine months ended September 30, 2024 to RMB644.2 million during the same period in 2025. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from customized home furnishings accounted for 18.9%, 20.3%, 18.6% and 25.6% of our revenue, respectively. Revenue generated from our IP licensing increased by 2.6% from RMB347.4 million in 2023 to RMB356.4 million in 2024, and increased by 23.8% from RMB247.5 million in the nine months ended September 30, 2024 to RMB306.4 million during the same period in 2025. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from our IP licensing accounted for 10.2%, 10.3%, 9.7% and 12.2% of our revenue, respectively.

At the same time, our overall gross profit margin improved during the Track Record Period, increasing from 22.2% in 2023 to 22.4% in 2024, and further increasing from 21.9% in the nine months ended September 30, 2024 to 25.7% during the same period in 2025. As we continue to optimize our offering portfolio and expand business segments with higher gross profit margins, we expect to continue to drive revenue growth and enhance our long-term profitability.

### **Our Ability to Enhance Sales and Marketing Efficiency**

Our revenue and business growth hinges upon our ability to effectively grow and manage our sales and distribution network, which comprises:

- **Distributors.** Consistent with industry practice, we primarily market and sell our products through distributors. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from our distributors amounted to RMB2,692.7 million, RMB2,592.7 million, RMB1,971.1 million and RMB1,630.3 million, respectively, accounting for 90.3%, 85.6%, 87.6% and 76.0% of our revenue from product offerings during the same periods, respectively. As of September 30, 2025, we collaborated with 875 distributors. Our distributor network enables us to enhance market penetration, broaden geographic coverage and improve product accessibility to end customers.

---

## FINANCIAL INFORMATION

---

- Direct sales channel. During the Track Record Period, we have established and maintained stable relationships with direct sales customers, across a range of industries, such as decoration and renovation companies. Leveraging our increasingly comprehensive product portfolio, growing brand recognition and enhanced product competitiveness, we have been able to expand our direct sales customer base while deepening collaboration with existing customers, thereby driving the rapid growth of our direct sales business. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, revenue generated from our direct sales channel amounted to RMB290.6 million, RMB436.0 million, RMB280.2 million and RMB515.1 million, respectively, accounting for 9.7%, 14.4%, 12.4% and 24.0% of our revenue from product offerings during the same periods, respectively.

In addition, we have continued to invest in branding and marketing initiatives to enhance brand awareness and drive product sales, which we believe is critical to our long-term revenue growth, business expansion and profitability. We adopt an integrated marketing strategy, including offline participation in major industry exhibitions and conferences, as well as a variety of online promotional activities across multiple online platforms.

During the Track Record Period, selling and distribution expenses accounted for a significant portion of our total operating expenses. Our selling and distribution expenses amounted to RMB200.1 million, RMB217.2 million, RMB155.1 million and RMB176.5 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, representing 5.9%, 6.3%, 6.1% and 7.0% of our revenue during the same periods, respectively. We seek to continue improving the efficiency of our marketing and branding efforts by optimizing our marketing channels to reach target customers in a more cost-effective manner and by encouraging word-of-mouth referrals to further expand our customer base.

### **Our Ability to Manage Cost of Sales**

Our cost of sales is a key factor influencing our profitability and overall results of operations. In 2023 and 2024, and the nine months ended September 30, 2024 and 2025, we incurred cost of sales of RMB2,640.2 million, RMB2,680.6 million, RMB1,990.5 million and RMB1,872.3 million, respectively, accounted for 77.8%, 77.6%, 78.1% and 74.3% of revenue at the same periods, which were primarily in line with the growth of our sales.

To meet market demand, we engaged OEM Suppliers to manufacture the majority of our wood-based panels and floorings during the Track Record Period. See “Business — Production — Our OEM Suppliers” for more information. As a result, OEM outsourcing production costs represented the largest component of our cost of sales, accounting for 76.0%, 75.6%, 77.5% and 72.3% of our cost of sales in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Accordingly, fluctuations in OEM outsourcing production costs could have a material impact on our cost of sales and profitability.

---

## FINANCIAL INFORMATION

---

In this regard, we have implemented various cost control initiatives, which have contributed to maintaining a relatively stable cost of sales during the Track Record Period. Additionally, we established a supply chain management company to encourage our OEM Suppliers and OEM Partners to procure raw materials through us on a centralized basis in 2025. We plan to further expand centralized procurement to cover a broader range of raw material categories, supported by standardized supplier selection and bidding procedures, which we believe will enhance cost control by strengthening our bargaining power, improving procurement efficiency and pricing coordination, while also strengthening quality control of our OEM-produced products. We required our OEM Suppliers and OEM Partners to strictly comply with the production standards and guidelines we established across multiple aspects of the manufacturing process, thereby enhancing production efficiency and effectively controlling the unit costs of our products.

In addition, we procure a variety of raw materials for our own productions, including timber, impregnated paper and consumables, such as edge banding, adhesives, and hardware fittings, which were used in our operations. To secure supply chain stability, cost efficiency, and quality compliance, we have established long-standing and stable business relationships with major suppliers and enhanced centralized procurement activities, which helped maintain a stable supply of key raw materials and contributed to the stability of our production costs during the Track Record Period. Our ability to effectively manage these costs will continue to be a significant factor influencing our financial performance.

### **MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES**

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider (i) our selection of key accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

## FINANCIAL INFORMATION

We believe that the (i) material accounting policy information in relation to the recognition of revenue and other income, inventories, cash and cash equivalents, property, plant and equipment and depreciation, trade and other receivables, contract assets and contract liabilities, among others, as detailed in Note 2 of the Accountants’ Report in Appendix I to this document and (ii) accounting judgments and estimates, as set forth in details in Note 3 to the Accountants’ Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our combined financial statements.

### REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The following table sets forth a summary of our results of operations in absolute amount and as percentages of our revenue for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
<b>Revenue</b> . . . . .	<b>3,394,217</b>	<b>100.0</b>	<b>3,455,617</b>	<b>100.0</b>	<b>2,548,574</b>	<b>100.0</b>	<b>2,518,816</b>	<b>100.0</b>
Cost of sales . . . . .	(2,640,167)	(77.8)	(2,680,589)	(77.6)	(1,990,518)	(78.1)	(1,872,334)	(74.3)
<b>Gross profit</b> . . . . .	<b>754,050</b>	<b>22.2</b>	<b>775,028</b>	<b>22.4</b>	<b>558,056</b>	<b>21.9</b>	<b>646,482</b>	<b>25.7</b>
Other income . . . . .	42,863	1.3	46,253	1.3	37,776	1.5	32,644	1.3
Selling and distribution expenses . . . . .	(200,118)	(5.9)	(217,189)	(6.3)	(155,105)	(6.1)	(176,465)	(7.0)
Administrative expenses . . .	(139,636)	(4.1)	(135,472)	(3.9)	(91,993)	(3.6)	(111,398)	(4.4)
Research and development costs . . . . .	(42,023)	(1.2)	(46,214)	(1.3)	(31,019)	(1.2)	(34,766)	(1.4)
Impairment loss on trade and other receivables and contract assets . . . . .	(6,631)	(0.2)	(6,233)	(0.2)	(4,915)	(0.2)	(4,549)	(0.2)
Other net (loss)/gain . . . . .	(91)	(0.0)	7,577	0.2	7,442	0.3	11,888	0.5
<b>Profit from operations</b> . . .	<b>408,414</b>	<b>12.0</b>	<b>423,750</b>	<b>12.2</b>	<b>320,242</b>	<b>12.5</b>	<b>363,836</b>	<b>14.3</b>
Finance costs . . . . .	(1,225)	(0.0)	(4,101)	(0.1)	(2,791)	(0.1)	(3,135)	(0.1)
Share of (loss)/profit of an associate . . . . .	-	-	(550)	(0.0)	(180)	(0.0)	4,494	0.2
<b>Profit before taxation</b> . . .	<b>407,189</b>	<b>12.0</b>	<b>419,099</b>	<b>12.1</b>	<b>317,271</b>	<b>12.4</b>	<b>365,195</b>	<b>14.4</b>
Income tax . . . . .	(87,164)	(2.6)	(98,330)	(2.8)	(72,994)	(2.8)	(85,476)	(3.4)
<b>Profit for the year/period</b> .	<b>320,025</b>	<b>9.4</b>	<b>320,769</b>	<b>9.2</b>	<b>244,277</b>	<b>9.5</b>	<b>279,719</b>	<b>11.0</b>
<b>Other comprehensive income for the year/period, net of income tax</b> . . . . .	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year/period</b> . . . . .	<b>320,025</b>	<b>9.4</b>	<b>320,769</b>	<b>9.2</b>	<b>244,277</b>	<b>9.5</b>	<b>279,719</b>	<b>11.0</b>

## FINANCIAL INFORMATION

### Revenue

During the Track Record Period, we mainly generated revenue from (i) the sale of wood-based panels and customized home furnishings, and (ii) intellectual property licensing, which grants OEM Partners the right to manufacture and sell products bearing our trademarks.

### Revenue by Business Segment

The following table sets forth a breakdown of our revenue by business segment, in absolute amounts and as percentages of our revenue, for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
<b>Product offering</b>								
– Wood-based panels . . . . .	2,340,389	69.0	2,325,671	67.3	1,776,477	69.7	1,501,273	59.6
– Customized home furnishings . . . . .	642,936	18.9	703,030	20.3	474,769	18.6	644,201	25.6
<b>Subtotal . . . . .</b>	<b>2,983,325</b>	<b>87.9</b>	<b>3,028,701</b>	<b>87.6</b>	<b>2,251,246</b>	<b>88.3</b>	<b>2,145,474</b>	<b>85.2</b>
<b>IP licensing . . . . .</b>	347,370	10.2	356,427	10.3	247,495	9.7	306,371	12.2
<b>Others<sup>(1)</sup> . . . . .</b>	63,522	1.9	70,489	2.1	49,833	2.0	66,971	2.6
<b>Total . . . . .</b>	<b>3,394,217</b>	<b>100.0</b>	<b>3,455,617</b>	<b>100.0</b>	<b>2,548,574</b>	<b>100.0</b>	<b>2,518,816</b>	<b>100.0</b>

*Note:*

- (1) Primarily include (i) service fees from our OEM Partners for providing planning and design support, technical support during production, quality control or upgrading of production lines, (ii) service fees from our distributors for marketing and promotional initiatives, and (iii) rental income generated from the leasing of our properties and equipment.

The following table sets out a breakdown of our sales volume and average selling price of our major products for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	<i>'000</i>	<i>RMB</i>	<i>'000</i>	<i>RMB</i>	<i>'000</i>	<i>RMB</i>	<i>'000</i>	<i>RMB</i>
Wood-based panels . . . . .	22,515	98.3	21,645	101.1	16,345	102.6	14,873	94.5
Customized home furnishings . . . . .	102	3,858.6	140	3,634.0	93	3,616.6	163	3,219.8

---

## FINANCIAL INFORMATION

---

**Comparison between nine months ended September 30, 2025 and 2024.** Our revenue remained relatively stable at RMB2,548.6 million in the nine months ended September 30, 2024 and RMB2,518.8 million during the same period in 2025.

- *Wood-based panels.* Our revenue from sales of wood-based panels decreased by 15.5% from RMB1,776.5 million in the nine months ended September 30, 2024 to RMB1,501.3 million during the same period in 2025, primarily due to (i) changes in end consumer needs, which led to a decrease in sales volume of this business segment, (ii) the adoption of relatively competitive pricing strategies for our wood-based panel products in response to the decreasing price of raw material, and (iii) changes in product mix within this segment, as wood-based panels with more competitive pricing accounted for an increasing proportion of our sales, in line with consumption trends.
- *Customized home furnishings.* Our revenue from sales of customized home furnishings increased by 35.7% from RMB474.8 million in the nine months ended September 30, 2024 to RMB644.2 million during the same period in 2025, primarily due to (i) the increasing market demand for our customized home furnishing products, supported by our strong brand reputation and comprehensive offering portfolio, (ii) our strong capability in expanding our sales channel network, particularly through expanded collaboration with decoration and renovation companies, and (iii) the enhanced sales and marketing efforts, which further strengthened our market reach.
- *IP licensing.* Our revenue from IP licensing increased by 23.8% from RMB247.5 million in the nine months ended September 30, 2024 to RMB306.4 million during the same period in 2025, primarily due to (i) the increasing market demand for our products from small-to-medium enterprise end consumers, (ii) the increasing number of OEM Partners with whom we cooperate, and (iii) the enhanced sales and marketing efforts, which further strengthened our market reach.

**Comparison between 2024 and 2023.** Our revenue increased by 1.8% from RMB3,394.2 million in 2023 to RMB3,455.6 million in 2024.

- *Wood-based panels.* Our revenue from sales of wood-based panels remained relatively stable at RMB2,340.4 million in 2023 and RMB2,325.7 million in 2024, which was in line with the stable market demand and consistent quality of our products.
- *Customized home furnishings.* Our revenue from sales of customized home furnishings increased by 9.3% from RMB642.9 million in 2023 to RMB703.0 million in 2024, primarily due to (i) the increasing market demand for our customized home furnishing products, supported by our strong brand reputation and comprehensive offering portfolio, (ii) our capability in expanding our sales channel

## FINANCIAL INFORMATION

network, particularly following the commencement of our collaboration with decoration and renovation companies in 2024, and (iii) the enhanced sales and marketing efforts, which further strengthened our market reach.

- *IP licensing.* Our revenue from IP licensing increased by 2.6% from RMB347.4 million in 2023 to RMB356.4 million in 2024, primarily due to (i) the increasing market demand for our products from small-to-medium enterprise end consumers, (ii) the increasing number of OEM Partners with whom we cooperate, and (iii) the enhanced sales and marketing efforts, which further strengthened our market reach.

### *Revenue by Geographical Locations*

During the Track Record Period, we primarily generated revenue from Chinese Mainland. The following table sets forth a breakdown of our revenue by geographical locations, in absolute amounts and as percentages of our revenue, for the periods indicated:

	Year Ended December 31,				Nine Months ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
Chinese Mainland . . . . .	3,361,953	99.0	3,406,181	98.6	2,513,153	98.6	2,478,010	98.4
Others <sup>(1)</sup> . . . . .	32,264	1.0	49,436	1.4	35,421	1.4	40,806	1.6
<b>Total . . . . .</b>	<b><u>3,394,217</u></b>	<b><u>100.0</u></b>	<b><u>3,455,617</u></b>	<b><u>100.0</u></b>	<b><u>2,548,574</u></b>	<b><u>100.0</u></b>	<b><u>2,518,816</u></b>	<b><u>100.0</u></b>

*Note:*

- (1) Others primarily included North America, South America, Europe and other regions in Asia-Pacific.

### **Cost of Sales**

Our cost of sales primarily includes (i) OEM outsourcing production costs, which primarily include procurement costs of finished products of the majority of our wood-based panels and floorings from OEM Suppliers, and (ii) in-house production costs, which primarily consist of procurement costs of timber, impregnated paper and consumables, such as edge banding, adhesives and hardware fittings, for production of our customized home furnishings (excluding floorings) and certain types of wood-based panels produced at our own production bases.



## FINANCIAL INFORMATION

The following table sets forth a breakdown of our gross profit and gross profit margin by products for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>							
<b>Product offering</b>								
– Wood-based panels . . . . .	218,858	9.4	205,935	8.9	161,242	9.1	135,867	9.1
– Customized home furnishings . . . . .	128,783	20.0	147,088	20.9	102,493	21.6	142,800	22.2
<b>IP licensing . . . . .</b>	<b>344,139</b>	<b>99.1</b>	<b>353,432</b>	<b>99.2</b>	<b>245,367</b>	<b>99.1</b>	<b>303,939</b>	<b>99.2</b>
<b>Others<sup>(1)</sup> . . . . .</b>	<u>62,270</u>	<u>98.0</u>	<u>68,573</u>	<u>97.3</u>	<u>48,954</u>	<u>98.2</u>	<u>63,876</u>	<u>95.4</u>
<b>Total/Overall . . . . .</b>	<u><b>754,050</b></u>	<u><b>22.2</b></u>	<u><b>775,028</b></u>	<u><b>22.4</b></u>	<u><b>558,056</b></u>	<u><b>21.9</b></u>	<u><b>646,482</b></u>	<u><b>25.7</b></u>

*Note:*

- (1) Primarily include (i) service fees from our OEM Partners for providing planning and design support, technical support during production, quality control or upgrading of production lines, (ii) service fees from our distributors for marketing and promotional initiatives, and (iii) rental income generated from the leasing of our properties and equipment.

As a result of the foregoing, our gross profit generally increased during the Track Record Period, primarily driven by higher gross profit from IP licensing and customized home furnishings, in line with the revenue growth of these offerings and their relatively higher gross margins due to their lower costs.

**Comparison between nine months ended September 30, 2025 and 2024.** Our gross profit margin increased from 21.9% in the nine months ended September 30, 2024 to 25.7% during the same period in 2025.

- *Wood-based panels.* Our gross profit margin of wood-based panels remained stable at 9.1% for the nine months ended September 30, 2024 and the same period in 2025.
- *Customized home furnishings.* Our gross profit margin of customized home furnishings increased slightly from 21.6% in the nine months ended September 30, 2024 to 22.2% during the same period in 2025, primarily due to a shift in product mix within this business segment as we promoted additional one-stop whole-home customization solution with higher margins.
- *IP licensing.* Our gross profit margin of IP licensing remained relatively stable at 99.1% in the nine months ended September 30, 2024 and 99.2% during the same period in 2025.

## FINANCIAL INFORMATION

**Comparison between 2024 and 2023.** Our gross profit margin remained relatively stable at 22.2% in 2023 and 22.4% in 2024.

- *Wood-based panels.* Our gross profit margin of wood-based panels decreased from 9.4% in 2023 to 8.9% in 2024, primarily due to a shift in product mix within this business segment as we sold additional types of wood-based panels with lower margins.
- *Customized home furnishings.* Our gross profit margin of customized home furnishings increased slightly from 20.0% in 2023 to 20.9% in 2024, primarily due to a shift in product mix within this business segment as we promoted additional one-stop whole-home customization solution with higher margins.
- *IP licensing.* Our gross profit margin of IP licensing remained relatively stable at 99.1% in 2023 and 99.2% in 2024.

### Other Income

Our other income primarily consists of (i) compensation income received from suppliers who failed to meet our quality standards and guidelines and distributors who failed to achieve sales targets, (ii) interest income on bank deposits, (iii) government grants, representing subsidies and benefits received from local governments in China, (iv) additional deduction for value-added tax (“VAT”), and (v) others. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our other income represented 1.3%, 1.3%, 1.5% and 1.3% of our revenue, respectively.

The following table sets forth a breakdown of our other income, both in absolute amounts and as percentages of our other income for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
Compensation income . . . . .	11,203	26.1	12,425	26.9	9,965	26.4	14,108	43.2
Interest income . . . . .	20,761	48.4	19,742	42.7	16,592	43.9	9,473	29.0
Government grants . . . . .	5,710	13.3	8,140	17.6	6,981	18.5	4,294	13.2
Additional deduction for								
VAT . . . . .	3,932	9.2	4,494	9.7	3,187	8.4	1,651	5.1
Others . . . . .	1,257	3.0	1,452	3.1	1,051	2.8	3,118	9.5
<b>Total . . . . .</b>	<b><u>42,863</u></b>	<b><u>100.0</u></b>	<b><u>46,253</u></b>	<b><u>100.0</u></b>	<b><u>37,776</u></b>	<b><u>100.0</u></b>	<b><u>32,644</u></b>	<b><u>100.0</u></b>

## FINANCIAL INFORMATION

**Comparison between nine months ended September 30, 2025 and 2024.** Our other income decreased by 13.6% from RMB37.8 million in 2024 to RMB32.6 million in 2025, primarily due to the decline in interest income as a result of lower interest rates and reduced cash balances following the dividend distribution in May 2025, partially offset by compensation income received from suppliers who failed to meet our quality standards and guidelines and distributors who failed to achieve sales targets.

**Comparison between 2024 and 2023.** Our other income increased by 7.9% from RMB42.9 million in 2023 to RMB46.3 million in 2024, primarily attributable to the increase in government grants received from local governments in China.

### Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) advertising and promotion expenses, (ii) employee compensation, (iii) business and office expenses, (iv) depreciation and amortization, and (v) others.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our selling and distribution expenses represented 5.9%, 6.3%, 6.1%, and 7.0%, respectively, of our revenue. The slight increases were primarily due to our efforts to expand our market presence.

The following table sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as percentages of our selling and distribution expenses, for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
Advertising and promotion expenses . . . . .	101,212	50.6	113,294	52.2	80,027	51.6	79,817	45.2
Employee compensation . . . . .	68,840	34.4	69,592	32.0	51,296	33.1	68,880	39.0
Business and office expenses . . . . .	22,751	11.4	26,372	12.1	19,232	12.4	17,089	9.7
Depreciation and amortization . . . . .	3,376	1.7	3,163	1.5	1,319	0.9	681	0.4
Others <sup>(1)</sup> . . . . .	3,939	1.9	4,768	2.2	3,231	2.0	9,998	5.7
<b>Total . . . . .</b>	<b><u>200,118</u></b>	<b><u>100.0</u></b>	<b><u>217,189</u></b>	<b><u>100.0</u></b>	<b><u>155,105</u></b>	<b><u>100.0</u></b>	<b><u>176,465</u></b>	<b><u>100.0</u></b>

*Note:*

(1) Others primarily included storage expenses and renovation and installation expenses.

## FINANCIAL INFORMATION

**Comparison between nine months ended September 30, 2025 and 2024.** Our selling and distribution expenses increased by 13.8% from RMB155.1 million in the nine months ended September 30, 2024 to RMB176.5 million during the same period in 2025, primarily due to (i) the increase in employee compensation for our sales and marketing teams as a result of an increase in the number of sales personnel, and (ii) an increase in renovation and installation expenses in line with the sales of our customized home furnishing products, which was partially offset by the decrease in the business and office expenses due to declined publicity supplies costs.

**Comparison between 2024 and 2023.** Our selling and distribution expenses increased by 8.5% from RMB200.1 million in 2023 to RMB217.2 million in 2024, primarily due to the increases in advertising and promotion expenses in line with our enhanced sales and marketing efforts.

### Administrative Expenses

Our administrative expenses consist of (i) employee compensation, (ii) business and office expenses, (iii) depreciation and amortization, (iv) tax and surcharges, (v) traveling expenses, (vi) professional service fees, (vii) share-based compensation, and (viii) others. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our administrative expenses represented 4.1%, 3.9%, 3.6%, and 4.4%, respectively, of our revenue.

The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our administrative expenses, for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
Employee compensation . . .	71,084	50.9	72,409	53.4	51,175	55.6	63,273	56.8
Business and office expenses	25,383	18.2	24,836	18.3	18,418	20.0	20,740	18.6
Depreciation and amortization . . . . .	14,456	10.4	14,550	10.7	9,789	10.6	11,383	10.2
Taxes and surcharges . . . .	12,700	9.1	13,288	9.8	9,960	10.8	7,075	6.4
Traveling expenses . . . . .	4,880	3.5	5,241	3.9	3,447	3.7	3,761	3.4
Professional service fees . .	4,067	2.9	13,150	9.7	11,055	12.0	3,545	3.2
Share-based compensation . .	5,685	4.1	(11,135)	(8.2)	(12,253)	(13.3)	(432)	(0.4)
Others <sup>(1)</sup> . . . . .	1,381	0.9	3,133	2.4	402	0.6	2,053	1.8
<b>Total . . . . .</b>	<b><u>139,636</u></b>	<b><u>100.0</u></b>	<b><u>135,472</u></b>	<b><u>100.0</u></b>	<b><u>91,993</u></b>	<b><u>100.0</u></b>	<b><u>111,398</u></b>	<b><u>100.0</u></b>

*Note:*

(1) Others primarily included environmental protection costs and consumables.

## FINANCIAL INFORMATION

**Comparison between nine months ended September 30, 2025 and 2024.** Our administrative expenses increased by 21.1% from RMB92.0 million in the nine months ended September 30, 2024 to RMB111.4 million during the same period in 2025, primarily due to the increases in (i) employee compensation, attributable primarily to the rising administrative staff headcounts to support our business, and (ii) business and office expenses in line with our business expansion.

**Comparison between 2024 and 2023.** Our administrative expenses slightly decreased by 3.0% from RMB139.6 million in 2023 to RMB135.5 million in 2024, primarily due to the decrease in share-based compensation following the reversal of certain previously recognized equity incentive expenses.

### Research and Development Costs

Our research and development costs consist of (i) R&D material costs, (ii) employee compensation, (iii) utilities costs, (iv) depreciation allocated to our assets for research and development purposes, (v) technical service fees and (vi) others.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development costs amounted to RMB42.0 million, RMB46.2 million, RMB31.0 million and RMB34.8 million, representing 1.2%, 1.3%, 1.2% and 1.4%, respectively, of our revenue.

The following table sets out a breakdown of our research and development costs, both in absolute amounts and as percentages of our research and development costs, for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(Unaudited)</i>							
R&D material costs . . . . .	15,017	35.7	20,042	43.4	12,669	40.8	14,696	42.3
Employment compensation . . . . .	17,310	41.2	17,157	37.1	12,883	41.5	13,408	38.6
Utilities costs . . . . .	2,671	6.4	2,643	5.7	1,946	6.3	1,203	3.5
Depreciation . . . . .	1,864	4.4	1,372	3.0	1,021	3.3	909	2.6
Technical service fees . . . . .	2,130	5.1	1,898	4.1	979	3.2	2,198	6.3
Others <sup>(1)</sup> . . . . .	3,031	7.2	3,102	6.7	1,521	4.9	2,353	6.7
<b>Total . . . . .</b>	<b><u>42,023</u></b>	<b><u>100.0</u></b>	<b><u>46,214</u></b>	<b><u>100.0</u></b>	<b><u>31,019</u></b>	<b><u>100.0</u></b>	<b><u>34,766</u></b>	<b><u>100.0</u></b>

*Note:*

(1) Others primarily included testing fees and professional service fees.

---

## FINANCIAL INFORMATION

---

**Comparison between nine months ended September 30, 2025 and 2024.** Our research and development costs increased by 12.1% from RMB31.0 million in the nine months ended September 30, 2024 to RMB34.8 million during the same period in 2025. The increase was in line with our continued focus on our research and development activities, which was primarily due to (i) higher raw and auxiliary materials costs under R&D material costs, and (ii) the increased technical service fees as we expanded collaboration with external research institutions.

**Comparison between 2024 and 2023.** Our research and development costs increased by 10.0% from RMB42.0 million in 2023 to RMB46.2 million in 2024, primarily due to higher raw and auxiliary materials costs under R&D material costs in line with our continued focus on our research and development activities.

### **Impairment Loss on Trade and Other Receivables and Contract Assets**

During the Track Record Period, our impairment loss on trade and other receivables and contract assets remained relatively stable at RMB6.6 million, RMB6.2 million, RMB4.9 million, and RMB4.5 million for the years ended 2023 and 2024, and the nine months ended September 30, 2024 and 2025, respectively.

### **Other Net (Loss)/Gain**

Our other net (loss)/gain primarily consists of (i) fair value gains on financial assets at fair value through profit or loss (“**FVPL**”), (ii) net foreign exchange gain, (iii) net gain on disposal of leases, (iv) net (loss)/gain on disposal of property, plant and equipment, and (v) others.

In 2023 and 2024, and the nine months ended September 30, 2024 and 2025, our other net (loss)/gains represented 0.0%, 0.2%, 0.3% and 0.5%, respectively, of our revenue.

**Comparison between nine months ended September 30, 2025 and 2024.** Our other net gain increased by 59.7% from RMB7.4 million in 2024 to RMB11.9 million in 2025, primarily due to an increase in net realized and unrealized gains on financial assets measured at FVPL, which was mainly attributable to continued gains on transferable certificates of deposit and low-risk wealth management products we previously purchased.

**Comparison between 2024 and 2023.** Our other net loss of RMB91.0 thousand in 2023 changed to other net gain of RMB7.6 million in 2024, primarily driven by an increase in net realized and unrealized gains on financial assets at FVPL, which was mainly attributable to our increased purchase of transferable certificates of deposit and low-risk wealth management products in 2024.

---

## FINANCIAL INFORMATION

---

### Finance Costs

Our finance costs mainly consist of interest on (i) discounted bills, and (ii) lease liabilities. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our finance costs amounted to RMB1.2 million, RMB4.1 million, RMB2.8 million and RMB3.1 million, representing 0.0%, 0.1%, 0.1% and 0.1%, respectively, of our revenue.

*Comparison between nine months ended September 30, 2025 and 2024.* Our finance costs increased by 12.3% from RMB2.8 million in the nine months ended September 30, 2024 to RMB3.1 million during the same period in 2025, primarily due to an increase in interest on discounted bills in line with our sales growth and business expansion.

*Comparison between 2024 and 2023.* Our finance costs increased significantly by 234.8% from RMB1.2 million in 2023 to RMB4.1 million in 2024, primarily due to an increase in interest on discounted bills in line with our sales growth and business expansion.

### Share of (Loss)/Profit of an Associate

Share of (loss)/profit of an associate primarily consists of our share of profits or losses of an associate we invested in.

We recorded a share of profits of an associate of RMB4.5 million in the nine months ended September 30, 2025, compared to a share of losses of RMB0.2 million during the same period in 2024, primarily related to the improved results of operations of the associate.

We recognized a share of loss of an associate of RMB0.6 million in 2024, primarily because the associate we invested in was at its early stages of establishment.

### Income Tax

Our income tax amounted to RMB87.2 million, RMB98.3 million, RMB73.0 million and RMB85.5 million in 2022, 2023 and the nine months ended September 30, 2024 and 2025, respectively. Our effective tax rates in 2022, 2023 and the nine months ended September 30, 2024 and 2025, calculated as our income tax expense divided by our profit before taxation, were 21.4%, 23.5%, 23.0% and 23.4%, respectively. As of the Latest Practicable Date, we did not have any dispute with any tax authority.

We have been subject to varying tax rates in different jurisdictions during the Track Record Period. See Note 7 to the Accountants’ Report in Appendix I to this document for more details.

### *Cayman Island*

We are incorporated as an exempted company and as such is not subject to Cayman Islands taxation any income tax in the Cayman Islands pursuant to the rules and regulations of the Cayman Islands.

---

## FINANCIAL INFORMATION

---

### *Chinese Mainland*

The income tax provision of our Group in respect of its operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof, except for the subsidiaries below:

- Certain subsidiaries in the Chinese Mainland were entitled to a preferential the CIT rate of 5% as it was accredited as small and micro business; and
- Certain subsidiaries in the Chinese Mainland were approved as “High and New Technology Enterprises,” and they were subject to a preferential corporate income tax rate of 15%.

**Comparison between nine months ended September 30, 2025 and 2024.** Our income tax increased by 17.1% from RMB73.0 million in the nine months ended September 30, 2024 to RMB85.5 million during the same period in 2025, which was generally in line with the increase in profit before tax.

**Comparison between 2024 and 2023.** Our income tax increased by 12.8% from RMB87.2 million in 2023 to RMB98.3 million in 2024, which was generally in line with the increase in profit before tax, primarily due to (i) a substantial dividend declared by one of our subsidiaries in 2024, and (ii) an increase in government grants we received in 2024.

### **Profit for the Year/Period**

As a result of the foregoing, our profit for the year increased by 0.2% from RMB320.0 million in 2023 to RMB320.8 million in 2024. Our profit further increased by 14.5% from RMB244.3 million in the nine months ended September 30, 2024 to RMB279.7 million during the same period in 2025.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the Track Record Period, we have historically financed our operations mainly through cash generated from our operating activities, supplemented by investing activities. As of September 30, 2025, we had RMB280.3 million of cash and cash equivalents. Our cash and cash equivalents comprise cash at bank and on hand. See Note 23(a) to the Accountants’ Report in Appendix I to this document for more details.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net [REDACTED] from the [REDACTED].

## FINANCIAL INFORMATION

Taking into account the net [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of this document.

### Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
Net cash generated from operating activities . . . . .	558,086	416,590	324,384	448,378
Net cash generated from/(used in) investing activities . . . . .	135,415	(1,096,615)	(1,215,747)	84,338
Net cash (used in)/generated from financing activities . . . . .	(1,787)	56,144	286,244	(619,648)
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>691,714</b>	<b>(623,881)</b>	<b>(605,119)</b>	<b>(86,932)</b>
Cash and cash equivalents at the beginning of the year/period . . . . .	298,803	990,673	990,673	367,104
Effect of foreign exchange rate changes . . . . .	156	312	198	129
<b>Cash and cash equivalents at end of year/period . . . . .</b>	<b>990,673</b>	<b>367,104</b>	<b>385,752</b>	<b>280,301</b>

### Operating Activities

Our net cash flows from operating activities reflect our profit before tax adjusted for: (i) non-cash or non-operating items such as depreciation of property, plant and equipment, depreciation of right-of-use assets, and provision of impairment loss on trade and other receivables and contract assets, (ii) the effects of movement in working capital such as (increase)/decrease in inventories, (increase)/decrease in trade and other receivables, increase/(decrease) in contract liabilities and increase in trade and other payables, and (iii) other cash items such as income tax paid.

Our net cash generated from operating activities in the nine months ended September 30, 2025 was RMB448.4 million, which primarily consisted of profit before taxation of RMB365.2 million, adjusted for (i) non-cash or non-operating items such as depreciation of property, plant

---

## FINANCIAL INFORMATION

---

and equipment of RMB25.3 million, provision of impairment loss on trade and other receivables and contract assets of RMB4.5 million, and provision of impairment loss on inventories of RMB3.7 million; (ii) effects of movement in working capital such as an increase in trade and other payables of RMB301.5 million, and a decrease in inventories of RMB46.0 million; and (iii) income tax paid of RMB78.4 million.

Our net cash generated from operating activities in 2024 was RMB416.6 million, which primarily consisted of profit before taxation of RMB419.1 million, adjusted for (i) non-cash or non-operating items such as depreciation of property, plant and equipment of RMB36.4 million, net loss on disposal of property, plant and equipment of RMB6.8 million, and provision of impairment loss on inventories of RMB4.8 million; (ii) effects of movement in working capital such as an increase in contract liabilities of RMB40.3 million, and a decrease in trade and other receivables of RMB25.4 million; and (iii) income tax paid of RMB91.2 million.

Our net cash generated from operating activities in 2023 was RMB558.1 million, which primarily consisted of profit before taxation of RMB407.2 million, adjusted for (i) non-cash or non-operating items such as depreciation of property, plant and equipment of RMB35.0 million, provision of impairment loss on trade and other receivables and contract assets of RMB6.6 million, and equity-settled share-based payment expenses of RMB5.7 million; (ii) effects of movement in working capital such as an increase in trade and other payables of RMB227.0 million, and an increase in contract liabilities of RMB23.3 million; and (iii) income tax paid of RMB94.8 million.

### *Investing Activities*

In the nine months ended September 30, 2025, our net cash generated from investing activities amounted to RMB84.3 million, which primarily resulted from proceeds from redemption of financial assets measured at FVPL of RMB4,423.6 million, partially offset by payments for purchase of financial assets measured at FVPL of RMB4,235.0 million, payment for the purchase of property, plant and equipment and intangible assets of RMB59.3 million and payments for purchase of time deposits of RMB50.0 million.

In 2024, our net cash used in investing activities amounted to RMB1,096.6 million, which primarily resulted from payments for purchase of financial assets measured at FVPL of RMB3,273.4 million and payments for purchase of time deposits of RMB415.0 million, partially offset by proceeds from redemption of financial assets measured at FVPL of RMB2,583.3 million and proceeds from redemption of time deposits of RMB60.0 million.

In 2023, our net cash generated from investing activities amounted to RMB135.4 million, which primarily resulted from proceeds from redemption of financial assets measured at FVPL of RMB280.2 million, partially offset by payment for the purchase of property, plant and equipment, right-of-use assets and intangible assets of RMB71.4 million and payments for purchase of financial assets measured at FVPL of RMB75.4 million.

## FINANCIAL INFORMATION

### *Financing Activities*

In the nine months ended September 30, 2025, our net cash used in financing activities amounted to RMB619.6 million, which primarily resulted from dividends paid to equity shareholders of RMB807.5 million and repayment of bank loans of RMB210.0 million, partially offset by proceeds from bank loans of RMB398.3 million.

In 2024, our net cash generated from financing activities amounted to RMB56.1 million, which primarily resulted from proceeds from bank loans of RMB288.2 million, partially offset by repayment of bank loans of RMB230.0 million.

In 2023, our net cash used in financing activities amounted to RMB1.8 million, which primarily resulted from capital element of lease rentals paid of RMB1.7 million and interest element of lease rentals paid of RMB83.0 thousand.

### SELECTED BALANCE SHEET ITEMS

#### Net Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated:

	As of December 31,		As of	As of
	2023	2024	September 30,	November 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
<b>Current assets</b>				
Inventories . . . . .	335,977	350,898	301,215	279,895
Contract assets . . . . .	9,983	10,656	11,540	10,225
Trade and other receivables . .	132,313	104,928	261,088	386,824
Financial assets measured at fair value through other comprehensive income (“FVOCI”) . . . . .	1,572	1,947	1,038	97
Financial assets measured at FVPL . . . . .	–	507,960	345,121	526,216
Restricted cash . . . . .	4,724	11,759	12,436	7,378
Time deposits . . . . .	–	–	41,092	41,269
Cash and cash equivalents . . .	990,673	367,104	280,301	46,852
<b>Total current assets . . . . .</b>	<b><u>1,475,242</u></b>	<b><u>1,355,252</u></b>	<b><u>1,253,831</u></b>	<b><u>1,298,756</u></b>

## FINANCIAL INFORMATION

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
<b>Current liabilities</b>				
Trade and other payables . . . .	678,398	672,726	967,936	1,652,926
Contract liabilities . . . . .	211,308	251,650	210,603	203,385
Bank loans . . . . .	–	59,887	249,507	209,788
Lease liabilities . . . . .	1,818	413	764	995
Current taxation . . . . .	28,507	32,024	37,203	26,594
<b>Total current liabilities . . . . .</b>	<b><u>920,031</u></b>	<b><u>1,016,700</u></b>	<b><u>1,466,013</u></b>	<b><u>2,093,688</u></b>
<b>Net Current Assets/ (Liabilities) . . . . .</b>	<b><u>555,211</u></b>	<b><u>338,552</u></b>	<b><u>(212,182)</u></b>	<b><u>(794,932)</u></b>

Our net current assets decreased by 39.0% from RMB555.2 million as of December 31, 2023 to RMB338.6 million as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents of RMB623.6 million, and (ii) a decrease in trade and other receivables of RMB27.4 million, partially offset by an increase in financial assets measured at FVPL of RMB508.0 million.

We recorded net current liabilities of RMB212.2 million as of September 30, 2025, as compared to net current assets of RMB338.6 million as of December 31, 2024. Such changes were primarily due to (i) a decrease in financial assets measured at FVPL of RMB162.8 million, and (ii) a decrease in cash and cash equivalents of RMB86.8 million, partially offset by an increase in trade and other receivables of RMB156.2 million.

Our net current liabilities increased by 274.6% from RMB212.2 million as of September 30, 2025 to RMB794.9 million as of November 30, 2025, primarily due to the distribution of dividends to our shareholders of RMB708.7 million in October 2025, partially offset by an increase in financial assets measured at FVPL of RMB181.1 million.

Our net current liabilities position during the Track Record Period was primarily due to the distribution of dividends to our shareholders of RMB807.5 million in May 2025, which was non-recurring in nature. Our Directors are of the view that we have generated stable operating cash inflows and expect our operating cash inflows to scale up following our business expansion. In addition, our non-current assets provide a solid foundation to support our business operations and enhance our overall financial flexibility and financing capacity. We will also maintain sound relationships with banks and other financial institutions to obtain financial facilities to support our business operations as required. Taking into account the foregoing, we expect our net current liabilities position to be improved over the next twelve months.

## FINANCIAL INFORMATION

### *Inventories*

Our current portion of inventories primarily consist of (i) raw materials of wood-based panels, (ii) semi-finished products and work in progress, primarily related to customized home furnishings, and (iii) finished products. The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Raw materials . . . . .	47,150	37,206	42,008
Semi-finished products and work in progress . . . . .	227,015	260,830	205,197
Finished products . . . . .	67,312	59,315	60,754
Less: write down of inventories . . . . .	<u>(5,500)</u>	<u>(6,453)</u>	<u>(6,744)</u>
<b>Total</b> . . . . .	<b><u>335,977</u></b>	<b><u>350,898</u></b>	<b><u>301,215</u></b>

Our inventories increased by 4.4% from RMB336.0 million as of December 31, 2023 to RMB350.9 million as of December 31, 2024, primarily due to the increased inventory storage of semi-finished products and work in progress in line with our sales growth, partially offset by a decrease in raw materials and finished products.

Our inventories decreased by 14.2% from RMB350.9 million as of December 31, 2024 to RMB301.2 million as of September 30, 2025, primarily due to the decrease in semi-finished products and work in progress as a result of the reduced property development projects that require renovation related to customized home furnishings, partially offset by an increase in raw materials.

The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2023	2024	2025
	Inventory turnover days <sup>(1)</sup> . . . . .	46.7	46.9

*Note:*

- (1) Inventory turnover days were calculated based on the average of opening and closing balance of inventories for the relevant period, divided by cost of sales for the same period and multiplied by 360 days for the year and 270 days for the period.

## FINANCIAL INFORMATION

Our inventory turnover days remained relatively stable in 2023, 2024 and the nine months ended September 30, 2025.

As of November 30, 2025, RMB105.1 million, or 34.1% of our inventories as of September 30, 2025, had been settled.

### *Trade and Other Receivables*

The balance of our trade and other receivables mainly represented (i) trade receivables, (ii) bills receivables, carried at amortized cost, (iii) prepayments, (iv) tax recoverable, and (v) other receivables and deposits. The following table sets forth our trade and other receivables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Trade receivables			
– Third parties . . . . .	45,221	48,763	99,987
– Related parties . . . . .	–	–	98
Less: loss allowance of trade receivables . . . . .	(7,147)	(10,091)	(15,433)
Bills receivable, carried at amortized cost . . . . .	53,762	35,361	32,986
<b>Trade and bills receivables measured at amortized cost . . . . .</b>	<b>91,836</b>	<b>74,033</b>	<b>117,638</b>
Prepayments . . . . .	34,123	21,117	20,577
Tax recoverable . . . . .	202	2,099	4,476
Other receivables and deposits			
– Third parties . . . . .	15,416	12,266	121,956
– Related parties . . . . .	–	4,900	4,900
Less: loss allowance of other receivables and deposits . . . . .	(9,264)	(9,487)	(8,459)
<b>Total . . . . .</b>	<b>132,313</b>	<b>104,928</b>	<b>261,088</b>

Our balance of trade and other receivables decreased by 20.7% from RMB132.3 million as of December 31, 2023 to RMB104.9 million as of December 31, 2024, primarily due to (i) our enhanced control and management over bill receivable, and (ii) the settlement of certain prepayments in relation to the A-Share Listing Attempt.

## FINANCIAL INFORMATION

Our balance of trade and other receivables increased by 148.8% from RMB104.9 million as of December 31, 2024 to RMB261.1 million as of September 30, 2025, primarily due to an increase in other receivables and deposits of RMB109.7 million following the establishment of the supply chain management company, as part of our efforts to enhance quality control over the procurement of raw materials, where we encourage our OEM Suppliers and OEM Partners to procure raw materials directly through us on a centralized basis, and we sold raw materials to both our OEM Suppliers and OEM Partners with a credit term ranging from 40 to 60 days, some of which was not yet due for settlement as of September 30, 2025.

The following table sets forth an aging analysis of the trade and bills receivables measured at amortized cost as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Within one year . . . . .	89,701	68,764	111,677
One year to two years . . . . .	2,130	4,986	5,769
Two years to three years . . . . .	5	283	192
Over three years . . . . .	—	—	—
<b>Total . . . . .</b>	<b>91,836</b>	<b>74,033</b>	<b>117,638</b>

The following table sets forth our trade receivable turnover days during the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2023	2024	2025
	Trade receivable turnover days <sup>(1)</sup> . . . . .	3.6	4.9

*Note:*

- (1) Trade receivable turnover days were calculated based on the average of opening and closing balance of trade receivables for the relevant period, divided by the revenue for the same period and multiplied by 360 days for the year and 270 days for the period.

During the Track Record Period, the turnover days of trade receivables were within the range of credit period granted to our customers. Our trade receivable turnover days remained relatively stable at 3.6 days in 2023 and 4.9 days in 2024. Our trade receivables turnover days further increased to 8.0 days in the nine months ended September 30, 2025, in line with our increased trade receivables primarily due to (i) an increase in trade receivables upon completion of certain property development projects that require renovation, and (ii) an increase in trade receivables following the establishment of the supply chain management company.

## FINANCIAL INFORMATION

During the Track Record Period, we did not experience any significant losses associated with our trade and other receivables and the fluctuations in the amount of our trade and other receivables did not have any material adverse impact on our liquidity or cash flows.

As of November 30, 2025, RMB51.2 million, or 51.2% of our trade receivables as of September 30, 2025, had been settled.

### *Financial Assets Measured at FVPL — Current*

Our current financial assets measured at FVPL consist of (i) transferable certificate of deposit, and (ii) wealth management products and structured deposits. The following table sets forth our current financial assets measured at FVPL as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>
Transferable certificate of deposit . . . . .	–	64,305	65,121
Wealth management products and structured deposits . . . . .	–	<u>443,655</u>	<u>280,000</u>
<b>Total</b> . . . . .	<u>–</u>	<u><b>507,960</b></u>	<u><b>345,121</b></u>

Our current financial assets measured at FVPL increased from nil as of December 31, 2023 to RMB508.0 million as of December 31, 2024, primarily due to an increase in wealth management products and structured deposits. Our financial assets measured at FVPL decreased by 32.1% from RMB508.0 million as of December 31, 2024 to RMB345.1 million as of September 30, 2025, primarily due to the redemption of certain wealth management products upon maturity without renewal. See Note 22 to the Accountants’ Report set out in Appendix I to this document for more details.

When selecting financial products for investment, we adhere strictly to the following criteria:

- We carefully assess and ensure the legality and regulatory compliance of the financial products, their issuing institutions and the channels through which we purchase such products. Specifically, our treasury personnel verify the authenticity, legitimacy and public availability of product details through official channels or websites of the issuing institutions. The issuing institutions must be duly licensed, reputable and highly ranked within the financial industry. Transactions for the purchase of these financial products must be executed through the official branches or approved online platforms of the issuing or distributing institutions, and our treasury personnel require proper documentation to evidence all transactions to safeguard our interests;

## FINANCIAL INFORMATION

- To mitigate concentration risk and enhance portfolio diversification, we allocate our investments across multiple institutions. Our finance director periodically reviews and adjusts our exposure limits to these financial product investments based on evolving market conditions and the financial strength and creditworthiness of counterparties;
- We exercise preference over financial products issued by institutions with robust internal control structures and established corporate governance practices, thereby reducing the potential risks arising from internal misconduct or fraud within such institutions; and
- Provided that the aforementioned criteria are met, we compare the available financial products and prioritize those with higher yields to optimize our investment returns.

We have adopted internal guidelines and considerations for selecting among various types of financial products for investment. We make our decisions to invest in these products selectively, typically only when we have surplus liquidity and seek incremental yield enhancement. These products are chosen primarily when they are at low risk, issued by highly reputable institutions with strong internal controls, and provide clear explanation of underlying asset classes and risk profiles. We carefully evaluate the liquidity, transparency, and creditworthiness of the issuing institutions before investing.

### *Trade and Other Payables*

Our trade and other payables mainly represented (i) trade payables, (ii) bills payable, (iii) deposits, (iv) payables for equipment and construction, (v) accrued payroll and other benefits, (vi) other tax payables, (vii) other payables and accruals, and (viii) amounts due to related parties. The following table sets forth our trade and other payables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Trade payables . . . . .	318,586	279,286	356,504
Bills payable . . . . .	126,248	147,952	231,744
Deposits . . . . .	94,657	119,545	121,132
Payables for equipment and construction . . . . .	43,043	15,614	9,743
Accrued payroll and other benefits . . . .	61,904	62,939	56,846
Other tax payables . . . . .	24,107	22,602	20,010
Other payables and accruals . . . . .	9,761	21,386	120,961
Amounts due to related parties . . . . .	92	3,402	50,996
– Trade . . . . .	27	2,867	10,483
– Non-trade . . . . .	65	535	40,513
<b>Total . . . . .</b>	<b>678,398</b>	<b>672,726</b>	<b>967,936</b>

## FINANCIAL INFORMATION

Our trade and other payables remained relatively stable at RMB678.4 million as of December 31, 2023 and RMB672.7 million as of December 31, 2024. Our trade and other payables increased by 43.9% from RMB672.7 million as of December 31, 2024 to RMB967.9 million as of September 30, 2025, primarily due to an increase in other payables and accruals of RMB99.6 million following the establishment of the supply chain management company to support our business development and enhance supply chain operations. The supply chain management company was granted by our suppliers a credit term of approximately 60 days, some of which was not yet due for settlement as of September 30, 2025.

The following table sets forth an aging analysis of our trade payables and bills payable as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Within one year . . . . .	442,191	420,313	579,601
Over one year . . . . .	<u>2,643</u>	<u>6,925</u>	<u>8,647</u>
<b>Total</b> . . . . .	<b><u>444,834</u></b>	<b><u>427,238</u></b>	<b><u>588,248</u></b>

The following table sets forth our trade payable turnover days during the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2023	2024	2025
	Trade payable turnover days <sup>(1)</sup> . . . . .	38.0	40.1

*Note:*

- (1) Trade payable turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant period, divided by cost of sales for the same period and multiplied by 360 days for the year and 270 days for the period.

---

## FINANCIAL INFORMATION

---

Our trade payable turnover days remained relatively stable at 38.0 days in 2023 and 40.1 days in 2024, and increased to 45.8 days in the nine months ended September 30, 2025, primarily due to an increase in trade payables as a result of longer average credit terms granted by our suppliers.

Our Directors confirm that we did not have any material defaults in payment of trade and other payables during the Track Record Period and up to the Latest Practicable Date.

As of November 30, 2025, approximately RMB288.2 million, or 80.8% of trade payables as of September 30, 2025, had been settled.

As of the Latest Practicable Date, all non-trade payables due to related parties had been settled.

### ***Contract Liabilities***

Our contract liabilities mainly include advance payments made by customers while the underlying goods are yet to be provided. Our contract liabilities increased by 19.1% from RMB211.3 million as of December 31, 2023, to RMB251.7 million as of December 31, 2024, primarily due to (i) the increased sales of our wood-based panels and customized furniture products, and (ii) an increase in advance payments made by customers related to more property development projects that require renovation related to customized home furnishings.

Our contract liabilities decreased by 16.3% from to RMB251.7 million as of December 31, 2024, to RMB210.6 million as of September 30, 2025, which was in line with (i) the fluctuations of our wood-based panel business, and (ii) the decrease in advance payments made by customers related to reduced property development projects that require renovation related to customized home furnishings. See Note 20(b) to the Accountants’ Report set out in Appendix I to this document for more details.

### ***Bank Loans***

Our bank loans increased from nil as of December 31, 2023 to RMB59.9 million as of December 31, 2024, and further increased by 316.6% to RMB249.5 million as of September 30, 2025, which was in line with our business growth.

### ***Current Taxation***

Our current taxation increased by 12.3% from RMB28.5 million as of December 31, 2023 to RMB32.0 million as of December 31, 2024, and further increased by 16.2% from RMB32.0 million as of December 31, 2024 to RMB37.2 million as of September 30, 2025, primarily due to the increase in our income tax expenses arising from higher taxable profits.

## FINANCIAL INFORMATION

### Non-Current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	435,760	338,902	336,287
Right-of-use assets . . . . .	83,771	73,659	99,195
Intangible assets . . . . .	4,277	4,098	2,911
Investment property . . . . .	–	72,454	69,436
Interests in an associate . . . . .	–	14,150	28,444
Financial assets measured at FVPL . . . . .	62,337	254,758	227,015
Deferred tax assets . . . . .	3,303	4,423	5,317
Time deposits . . . . .	–	359,724	377,370
Other non-current assets . . . . .	1,413	–	386
<b>Total non-current assets</b> . . . . .	<u>590,861</u>	<u>1,122,168</u>	<u>1,146,361</u>
<b>Non-current liabilities</b>			
Lease liabilities . . . . .	413	–	285
Deferred income . . . . .	5,117	5,597	4,590
Deferred tax liabilities . . . . .	414	5,361	7,755
<b>Total non-current liabilities</b> . . . . .	<u>5,944</u>	<u>10,958</u>	<u>12,630</u>
<b>Net Non-Current Asset</b> . . . . .	<u><u>584,917</u></u>	<u><u>1,111,210</u></u>	<u><u>1,133,731</u></u>

## FINANCIAL INFORMATION

### *Property, Plant and Equipment*

Our property, plant and equipment consist of (i) plant and buildings, (ii) equipment and machinery, (iii) office equipment, (iv) motor vehicles, (v) leasehold improvements, and (vi) construction in progress. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Plant and buildings . . . . .	331,563	240,060	229,241
Equipment and machinery . . . . .	93,002	86,439	79,860
Office equipment . . . . .	8,468	7,615	7,028
Motor vehicles . . . . .	1,551	1,956	2,234
Leasehold improvements . . . . .	253	–	–
Construction in progress . . . . .	923	2,832	17,924
<b>Total</b> . . . . .	<b>435,760</b>	<b>338,902</b>	<b>336,287</b>

Our property, plant and equipment decreased by 22.2% from RMB435.8 million as of December 31, 2023 to RMB338.9 million as of December 31, 2024, and further decreased by 0.8% to RMB336.3 million as of September 30, 2025. The changes were primarily due to (i) the demolition of plant and buildings and disposal of certain equipment and machineries for the upgrade and optimization of production lines, and (ii) the reclassification of part of plant and buildings to investment property following the centralization of office operations, as certain premises were no longer required for self-use and were subsequently leased.

### *Right-of-Use Assets*

Our right-of-use assets primarily consist of (i) land use rights, and (ii) plant and buildings. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Land use rights . . . . .	81,618	73,146	98,324
Plant and buildings . . . . .	2,153	513	871
<b>Total</b> . . . . .	<b>83,771</b>	<b>73,659</b>	<b>99,195</b>

## FINANCIAL INFORMATION

Our right-of-use assets decreased by 12.1% from RMB83.8 million as of December 31, 2023 to RMB73.7 million as of December 31, 2024, primarily due to the reclassification of part of land use rights to investment property following the lease of certain properties due to the centralization of office operations.

Our right-of-use assets increased by 34.7% from RMB73.7 million as of December 31, 2024 to RMB99.2 million as of September 30, 2025, primarily because we obtained the land use rights for a new parcel of land.

### *Intangible Assets*

Our other intangible assets consist of trademarks and software. The following table sets forth the breakdown of our intangible assets as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Trademarks . . . . .	–	–	–
Software . . . . .	<u>4,277</u>	<u>4,098</u>	<u>2,911</u>
<b>Total</b> . . . . .	<b><u>4,277</u></b>	<b><u>4,098</u></b>	<b><u>2,911</u></b>

Our intangible assets decreased by 4.2% from RMB4.3 million as of December 31, 2023 to RMB4.1 million as of December 31, 2024, primarily due to the amortization, which was partially offset by an increase in software. Our intangible assets decreased by 29.0% from RMB4.1 million as of December 31, 2024 to RMB2.9 million as of September 30, 2025, primarily due to the amortization.

### *Investment Property*

Our investment property consists of (i) land use rights, and (ii) plant and buildings. The following table sets forth the breakdown of our investment property as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Land use rights . . . . .	–	6,389	6,239
Plant and buildings . . . . .	–	<u>66,065</u>	<u>63,197</u>
<b>Total</b> . . . . .	–	<b><u>72,454</u></b>	<b><u>69,436</u></b>

## FINANCIAL INFORMATION

Our investment property increased from nil as of December 31, 2023 to RMB72.5 million as of December 31, 2024, primarily due to the reclassification of part of property, plant and right-of-use assets following the lease of certain properties due to the centralization of office operations. Our investment property decreased by 4.2% from RMB72.5 million as of December 31, 2024 to RMB69.4 million as of September 30, 2025, primarily due to amortization.

### *Financial Assets Measured at FVPL — Non-Current*

Our non-current financial assets measured at FVPL consist of transferable certificate of deposit. Our non-current financial assets measured at FVPL increased significantly by 308.7% from RMB62.3 million as of December 31, 2023 to RMB254.8 million as of December 31, 2024, primarily due to the increased purchase of transferable certificates of deposit from commercial banks. Our non-current financial assets measured at FVPL decreased by 10.9% from RMB254.8 million as of December 31, 2024 to RMB227.0 million as of September 30, 2025, primarily due to the reclassification of certain transferable certificates of deposit to current financial assets measured at FVPL, with the maturity of which remaining within 12 months.

See Note 22 to the Accountants’ Report set out in Appendix I to this document for more details.

## INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
<b>Current</b>				
Bank loans . . . . .	–	59,887	249,507	209,788
Lease liabilities . . . . .	1,818	413	764	995
<b>Non-current</b>				
Lease liabilities . . . . .	413	–	285	1,024
<b>Total</b> . . . . .	<b>2,231</b>	<b>60,300</b>	<b>250,556</b>	<b>211,807</b>

## FINANCIAL INFORMATION

### Bank Loans

As of December 31, 2023 and 2024, and as of September 30, 2025 and as of November 30, 2025, we had outstanding aggregate bank loans of nil, RMB59.9 million, RMB249.5 million and RMB209.8 million, respectively. See “— Selected Balance Sheet Items — Net Current Assets/Liabilities — Bank loans.” Subsequent to November 30, 2025, we incurred additional RMB500.0 million bank loans as of December 29, 2025 to supplement our working capital. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB1,067.1 million.

### Lease Liabilities

As of December 31, 2023 and 2024, and as of September 30, 2025 and November 30, 2025, we have current and non-current lease liabilities of RMB2.2 million, RMB0.4 million, RMB1.0 million and RMB2.0 million, respectively. See “— Selected Balance Sheet Items — Net Current Assets/Liabilities” and “— Selected Balance Sheet Items — Non-current Assets/Liabilities — Lease Liabilities — Non-Current.”

The following table sets forth the repayable conditions of our lease liabilities as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Within one year or on demand . . . . .	1,818	413	764
After one year but within two years . . .	413	—	285
<b>Total . . . . .</b>	<b><u>2,231</u></b>	<b><u>413</u></b>	<b><u>1,049</u></b>

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of November 30, 2025. Our Directors confirm that there has been no material adverse change in our indebtedness since November 30, 2025 and up to the Latest Practicable Date.

### CONTINGENT LIABILITIES

As of December 31, 2023 and 2024, and September 30, 2025, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

## FINANCIAL INFORMATION

### CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures primarily consisted of payment for the purchase of property, plant and equipment, right-of-use assets and intangible asset.

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Payment for the purchase of property, plant and equipment, right-of-use assets and intangible assets . . . . .	71,435	46,839	59,344
<b>Total . . . . .</b>	<b><u>71,435</u></b>	<b><u>46,839</u></b>	<b><u>59,344</u></b>

We funded our capital expenditures during the Track Record Period mainly with cash flow generated from operating activities. We expect to fund our future capital expenditures with our operating cash flows and net [REDACTED] from the [REDACTED]. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

### CAPITAL COMMITMENTS

We had the following capital commitments as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Contracted, but not provided for: Purchase of property, plant and equipment . . . . .	42,779	28,222	15,678
<b>Total . . . . .</b>	<b><u>42,779</u></b>	<b><u>28,222</u></b>	<b><u>15,678</u></b>

---

## FINANCIAL INFORMATION

---

### OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

### RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time. See Note 33 to the Accountants’ Report in Appendix I to this document for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance.

### DIVIDENDS

Dividend distribution to our Shareholders is recognized as a liability in the period in which the dividends are approved by our Shareholders or Directors, as appropriate. As of the Latest Practicable Date, we did not have a formal dividend policy or pre-determined dividend payout ratio.

After completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

During the Track Record Period, we declared dividend of nil, nil and RMB807.5 million with respect to 2023, 2024 and the nine months ended September 30, 2025.

### [REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commissions and other fees (such as the discretionary incentive fee) incurred in connection with the [REDACTED]. We estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (or HK\$ [REDACTED], representing [REDACTED]% of the gross [REDACTED] from the [REDACTED]) (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no

## FINANCIAL INFORMATION

exercise of the [REDACTED]), of which (i) approximately RMB[REDACTED], directly due to the [REDACTED] of our [REDACTED], will be subsequently charged to equity upon completion of the proposed [REDACTED], (ii) RMB[REDACTED] has been expensed in our combined statements of profit or loss for the nine months ended September 30, 2025 and (iii) approximately RMB[REDACTED] is expected to be expensed in our combined statements of profit or loss after September 30, 2025.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated:

	As of/Year Ended December 31,		As of/Nine Months Ended September 30,
	2023	2024	2025
			<i>(Unaudited)</i>
Gross profit margin . . . . .	22.2%	22.4%	25.7%
Net profit margin . . . . .	9.4%	9.3%	11.1%
Return on equity <sup>(1)</sup> . . . . .	32.7%	24.8%	23.6%
Return on total assets <sup>(2)</sup> . . . . .	17.8%	14.1%	11.5%
Current ratio <sup>(3)</sup> . . . . .	1.6	1.3	0.9

*Notes:*

- (1) Return on equity was calculated based on profit for the year/period of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
- (2) Return on total assets was calculated based on profit for the year/period of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (3) Current ratio was calculated dividing current assets by current liabilities as of the dates indicated.

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

#### Credit Risk

We are exposed to credit risk in relation to our trade receivables and contract assets and other receivables. We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit evaluations. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. See Note 31(a) to the Accountants’ Report set out in Appendix I to this document for more details.

---

## FINANCIAL INFORMATION

---

### Liquidity Risk

We regularly review our liquidity requirements compliance with lending covenants and relationship with finance providers to ensure that we have sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

See Note 31(b) to the Accountants’ Report set forth in Appendix I to this document for the maturity profile of our financial liabilities as of December 31, 2023 and 2024, and September 30, 2025.

### Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. See Note 31(d) to the Accountants’ Report set forth in Appendix I to this document for a sensitivity analysis of a reasonably possible change in the USD and EUR exchange rates, with all other variables held constant, of our profit after tax for each period of the Track Record Period.

## PROPERTY VALUATION

Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd., an independent property valuer, has valued the property interests of our Group, comprising our operations, as of December 31, 2025. Texts of this letter and valuation particular issued are contained in Appendix III to this document.

The following table sets forth the reconciliation of the carrying values of these property interests as reflected in our consolidated balance sheet as of September 30, 2025 included in Appendix I to this document with our Property Valuer’s valuation of the same property interests as of December 31, 2025 as set out in Appendix III to this document.

	<i>RMB’000</i>
Net book value as of September 30, 2025 . . . . .	32,669
Depreciation for the three months ended December 31, 2025 . . . . .	(427)
Additions . . . . .	–
Unaudited net book value as of December 31, 2025 <sup>(1)</sup> . . . . .	32,242
Valuation surplus . . . . .	768
Valuation as of December 31, 2025 . . . . .	33,010

*Note:*

(1) Unaudited net book value as of December 31, 2025 was calculated based on our management account.

## **FINANCIAL INFORMATION**

---

### **UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS**

See Appendix II to this document for details.

### **NO MATERIAL ADVERSE CHANGE**

Our Directors confirm that up to the date of this document there had been no material adverse change in our financial, operational or prospects since September 30, 2025, being the latest balance sheet date of our combined financial statements as set out in the Accountants’ Report in Appendix I to this document.

### **DISCLOSURE REQUIRED UNDER LISTING RULES**

Except as otherwise disclosed in this document, our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.