*The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with all applicable IFRS Accounting Standards (the "**IFRS**"), which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are the fastest growing and a leading oral care products group in China, focusing on a full range of oral care product offerings. We were the third-largest group in China's oral care products market in terms of retail sales value in 2025 and achieved the highest retail sales value through online channels in 2025 among oral care products groups in China, according to Frost & Sullivan. From 2023 to 2025, we recorded the highest CAGR in retail sales value among China's top five oral care products groups, significantly outperforming the industry average. We build a diverse portfolio of household and personal care products designed to provide trusted efficacy, sleek design, premium quality and daily joy for our consumers. Our products span toothpastes, mouthwash, toothbrushes, mouth sprays and others.

We have achieved rapid growth throughout the Track Record Period. Our total revenue increased from RMB1,096.2 million in 2023 to RMB1,369.1 million in 2024, and further to RMB2,498.5 million in 2025, representing a CAGR of 51.0% from 2023 to 2025. Additionally, our profit for the year has decreased from RMB41.6 million in 2023 to RMB34.2 million in 2024. We recorded loss for the year of RMB18.3 million in 2025. Our adjusted net profit (non-IFRS measures) increased from RMB53.6 million in 2023 to RMB66.3 million in 2024, and further increased to RMB154.9 million in 2025.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the IASB. For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period. See Note 1 to the Accountants' Report set out in Appendix I to this document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition are influenced by various general factors that affect consumer demands and market conditions for our products, including macroeconomic trends, industry dynamics, and competitive landscape. Any negative change in these conditions may adversely impact our results of operations. In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Our Ability to Attract and Retain Consumers

Our growth and profitability depend on our ability to attract new consumers and drive repeat purchases. The size and engagement of our consumer base directly affect our sales growth, revenue visibility and operating performance.

As the market trend shifts rapidly, we are committed to identifying and responding to changes in consumer preferences, thereby cultivating a fast-growing and loyal consumer base. The continued expansion of our consumer base supports sales growth and boosts revenue. During the Track Record Period, the repeat customers' contribution to our retail sales value in a month on Douyin has reached 43%, which supported revenue contribution from existing consumers and improved the efficiency of our marketing and sales efforts by reducing reliance on new consumer acquisition. As a result, our ability to expand our consumer base and maintain consumer stickiness directly affects our revenue growth and profitability.

Our ability to attract and retain consumers depends on, among other things, our ability to identify and respond to evolving consumer preferences, maintain effective brand positioning, offer products that meet consumer needs and deliver a consistent consumer experience across sales channels. If we are unable to respond to market trends or maintain consumer engagement and repeat purchases, our sales growth may slow, our selling and distribution efficiency may decline and our profitability may be adversely affected.

Our Ability to Expand Product Offerings

Our ability to continuously develop and launch products that respond to evolving consumer preferences is a key factor affecting our revenue growth, product mix and financial condition. While basic oral care products contributed the majority of our revenue during the Track Record Period, we also expanded our product offerings to other personal care categories in order to broaden our consumer reach and capture demand across more scenarios.

The breadth and pace of our product launches affect our ability to address changing consumer demand, enrich our product portfolio and expand into adjacent sub-categories. As of the Latest Practicable Date, we offer over 500 SKUs, with a pipeline of more than 300 SKUs in reserve, providing abundant choices across functional segments, fragrance profiles, and sensory experiences. Successful product launches contributed to our revenue growth by increasing sales volume and improving product coverage across channels.

The commercialization of newly launched products depends on factors including market acceptance, consumer adoption, pricing and promotional execution and channel penetration. Certain sub-categories may remain at an early stage of development and require time to build consumer awareness and demand, and newly launched products may not achieve expected sales contribution within the anticipated time frame. If we are unable to effectively identify market opportunities, optimize our product portfolio or convert product development efforts into commercially successful products, our growth prospects and financial performance may be adversely affected.

Our Ability to Manage and Expand Our Sales and Distribution Network

Our results of operations are significantly affected by our ability to manage and expand our sales and distribution network across e-commerce platforms and distributor channels. The scale, efficiency and channel mix of our sales network directly affect our revenue growth and gross margins.

During the Track Record Period, we generated most of our revenue from e-commerce platforms, while the contribution from distributor channels increased as we expanded our offline footprint. According to Frost & Sullivan, we recorded the highest amount of online retail sales value in 2025 in China's oral care products industry, and we achieved a CAGR of 38.7% from 2023 to 2025. As of the Latest Practicable Date, our products have been distributed to over 110,000 offline retail outlets. Expansion of our sales and distribution network may increase product visibility, improve market coverage and support revenue growth.

At the same time, our ability to expand and manage our sales and distribution network in a cost-effective manner may affect our pricing and margin performance. In particular, the expansion of offline distribution channels may require additional investments in market development and channel support during the initial ramp-up stage, which may adversely affect our gross profit margins in the short term. As our sales and distribution network matures, we may improve cost efficiency and operating efficiency through enhanced channel execution, more disciplined allocation of channel resources and optimization of channel support arrangements. If we fail to do so, our financial performance may be adversely affected.

Our Ability to Efficiently Manage Our Supply Chain

Our growth and gross profit margin depend in part on our ability to efficiently manage our supply chain as our business scales. Our supply chain management directly affects our cost of sales and, accordingly, our gross profit margin performance.

Our cost of sales consists primarily of cost of goods and logistics expenses, with cost of goods representing the largest component during the Track Record Period. Our ability to manage procurement, supplier relationships, logistics arrangements and inventory turnover affects product availability, fulfillment efficiency and cost control. Any supply disruption, increase in raw material or logistics costs, or inefficiency in procurement, inventory planning or fulfillment may increase our cost of sales and adversely affect our gross profit margin. Conversely, more efficient supply chain management may improve our cost efficiency and support gross profit margin performance. If we fail to efficiently manage our supply chain and control our cost of sales, our gross profit margin and results of operations may be adversely affected.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our financial statements, including revenue recognition, credit losses and impairment of assets and inventories. In the application of our accounting policies, our management is required to make judgments, estimates and assumptions that affect the application of accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis.

Our significant accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants' Report set out in Appendix I to this document.

DISCUSSION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	**1,096,193**	**1,369,071**	**2,498,538**
Cost of sales	(305,922)	(413,009)	(701,267)
Gross profit	**790,271**	**956,062**	**1,797,271**
Other income and net gain	14,835	16,863	18,561
Selling and distribution expenses	(685,145)	(834,955)	(1,534,456)
Administrative expenses	(30,004)	(38,861)	(176,805)
Research and development expenses	(17,824)	(16,875)	(19,390)
Impairment losses under expected credit loss model ("**ECL**"), net of reversal	(295)	(223)	(599)
Profit from operations	**71,838**	**82,011**	**84,582**
Finance costs	(317)	(276)	(491)
Changes in the carrying amount of the redemption liabilities	(11,118)	(30,756)	(56,900)
Share of loss of interests in an associate	—	(64)	—
Profit before taxation	**60,403**	**50,915**	**27,191**
Income tax	(18,779)	(16,687)	(45,442)
Profit/(loss) for the year	**41,624**	**34,228**	**(18,251)**
Other comprehensive income for the year (after tax and reclassification adjustments)			
Exchange differences on translation of financial statements of a subsidiary	—	59	(51)
Total comprehensive income for the year	**41,624**	**34,287**	**(18,302)**

Non-IFRS Measures

We use adjusted net profit/loss (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS, to supplement our consolidated financial statements which are presented under IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items and provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for equity settled share-based payment expenses, changes in the amount of redemption liabilities and **[REDACTED]** expenses. Equity-settled share-based payment expenses are non-cash in nature. Changes in the carrying amount of the redemption liabilities are neither related to the ordinary course of our business nor indicative of our ongoing core operating performance. The **[REDACTED]** expenses are non-recurring expenses and we do not expect to record further **[REDACTED]** expenses after the **[REDACTED]**.

The following table sets forth a reconciliation of our profit/(loss) for the year to adjusted net profit (non-IFRS measure) for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit/(loss) for the year	41,624	34,228	(18,251)
Adjusted for:			
Changes in the carrying amount of the redemption liabilities	11,118	30,756	56,900
Equity-settled share-based payment expenses	816	1,322	114,798
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Income tax effect of above items	—	—	(469)
Adjusted net profit for the year (Non-IFRS measures)	**53,558**	**66,306**	**154,855**

Revenue

Revenue by Product Lines

Our revenue primarily derives from (i) sales of basic oral care products, including toothpastes and toothbrushes, (ii) sales of professional and cosmetic oral care products, mainly including mouthwash, and (iii) sales of other personal care products. The following table sets forth a breakdown of our revenue by product lines in absolute amount and as percentages of the total revenue, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Basic oral care	951,804	86.8	1,264,612	92.4	2,321,625	92.9
Professional and cosmetic oral care	144,389	13.2	104,459	7.6	168,859	6.8
Other personal care[(1)]	—	—	—	—	8,054	0.3
Total	**1,096,193**	**100.0**	**1,369,071**	**100.0**	**2,498,538**	**100.0**

Note:

(1) In 2025, other personal care primarily included hair and body care products under our "About Focus (小箭头)" brand.

Revenue by Sales Channels

During the Track Record Period, we primarily generated revenue from sales through (i) online channels, including sales from our self-operated stores and online distributors, and (ii) offline channels, mainly including sales through our offline distributors and retailers. The following table sets forth a breakdown of our revenue by sales channels in absolute amount and as percentages of the total revenue, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Online Channels	1,036,418	94.5	1,206,676	88.1	2,005,903	80.3
Online direct sales	979,636	89.3	1,073,685	78.4	1,777,267	71.1
Online distribution	56,782	5.2	132,991	9.7	228,636	9.2
Offline Channels	59,775	5.5	162,395	11.9	492,635	19.7
Distributors	47,742	4.4	139,304	10.2	457,352	18.3
Retailers	12,033	1.1	23,091	1.7	35,283	1.4
Total	**1,096,193**	**100.0**	**1,369,071**	**100.0**	**2,498,538**	**100.0**

We classify revenue generated from Chinese Mainland and other countries or regions based on the location of the contracting entity involved in each transaction. During the Track Record Period, 99.4%, 99.5% and 99.9% of our total revenue were generated from Chinese Mainland.

Cost of Sales

Our cost of sales consists primarily of (i) cost of goods, (ii) logistics expenses, and (iii) others. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of the total cost of sales, for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Cost of goods	236,397	77.3	341,372	82.7	589,779	84.1
Logistics expenses	67,681	22.1	69,530	16.8	109,245	15.6
Others	1,844	0.6	2,107	0.5	2,243	0.3
Total	**305,922**	**100.0**	**413,009**	**100.0**	**701,267**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by product lines for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in thousands, except for percentages)					
Basic oral care	697,750	73.3%	890,623	70.4%	1,683,935	72.5%
Professional and cosmetic oral care	92,521	64.1%	65,439	62.6%	109,923	65.1%
Other personal care	—	—	—	—	3,413	42.4%
Overall	**790,271**	**72.1%**	**956,062**	**69.8%**	**1,797,271**	**71.9%**

Other Income and Net Gain

Our other income and net gain consist primarily of (i) interest income, (ii) compensation income, (iii) government grants, and (iv) gains on disposal and fair value changes of wealth management products. The following table sets forth a breakdown of our other income and net gain by nature, in absolute amounts for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Interest income	7,886	9,410	7,644
Compensation income	340	873	6,220
Government grants	5,850	7,912	1,839
Gain on disposal of wealth management products	23	105	1,004
Others	736	(1,437)	1,854
Total	**14,835**	**16,863**	**18,561**

Selling and Distribution Expenses

Our selling and distribution expenses consist primarily of (i) marketing expenses, mainly including e-commerce platform marketing expenses, branding and celebrity endorsement fees, and e-commerce platform service fees, (ii) staff costs, and (iii) share-based payment expenses, both of which were incurred for our sales and marketing personnel. The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of the total selling and marketing expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Marketing expenses	570,350	83.2	719,713	86.2	1,373,697	89.5
Staff costs	81,035	11.8	68,557	8.2	94,072	6.1
Share-based payment expenses	318	0.1	570	0.1	965	0.1
Others[(1)]	33,442	4.9	46,115	5.5	65,722	4.3
Total	**685,145**	**100.0**	**834,955**	**100.0**	**1,534,456**	**100.0**

Note:

(1) Others mainly represent office and travel expenses.

Administrative Expenses

Our administrative expenses consist primarily of (i) share-based payment expenses, (ii) business development expenses, (iii) taxes and surcharges, (iv) staff costs, and (v) **[REDACTED]** expenses. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Share-based payment expenses	498	1.7	752	1.9	113,832	64.4
Business development expenses	9,463	31.5	15,184	39.1	24,866	14.1
Taxes and surcharges	8,772	29.2	9,303	23.9	17,533	9.9
Staff costs	8,706	29.0	9,632	24.8	12,124	6.9
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[(1)]	2,565	8.6	3,990	10.3	6,573	3.6
Total	**30,004**	**100.0**	**38,861**	**100.0**	**176,805**	**100.0**

Note:

(1) Others mainly represent depreciation and amortization, rents, and utility expenses.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs incurred for our R&D personnel, (ii) product development fees and (iii) depreciation and amortization in connection with our office premises and software. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the years indicated:

	For the Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Staff costs	8,221	46.1	9,831	58.3	10,078	52.0
Products development fees	8,603	48.3	5,953	35.3	8,149	42.0
Depreciation and amortization	741	4.2	776	4.6	756	3.9
Others[(1)]	259	1.4	315	1.8	407	2.1
Total	**17,824**	**100.0**	**16,875**	**100.0**	**19,390**	**100.0**

Note:

(1) Others mainly represent office and travel expenses, rents, and utility expenses.

Impairment Losses under ECL Model, Net of Reversal

Our impairment losses under ECL model, net of reversal, represent expected credit losses on our trade and other receivables. We recorded impairment losses under ECL model, net of reversal of RMB0.3 million, RMB0.2 million and RMB0.6 million in 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs represent interest on lease liabilities. We recorded finance costs of RMB0.3 million, RMB0.3 million and RMB0.5 million in 2023, 2024 and 2025, respectively.

Changes in the Carrying Amount of the Redemption Liabilities

Changes in the carrying amount of redemption liabilities represent changes in the amortized cost of the special rights granted to certain of our investors. We recorded changes in the carrying amount of the redemption liabilities of RMB11.1 million, RMB30.8 million and RMB56.9 million in 2023, 2024 and 2025.

Income Tax

We recorded our income tax of RMB18.8 million, RMB16.7 million, and RMB45.4 million in 2023, 2024 and 2025, respectively.

Chinese Mainland

In accordance with the relevant regulations of the EIT Law of the Chinese Mainland, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

Our certain subsidiaries met the criteria required for preferential income tax rate granted to small and low profit-making enterprise in the Chinese Mainland and were entitled to a preferential income tax rate of 5% of taxable income for the first RMB3 million for the Track Record Period.

Our subsidiaries established in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone are entitled to a preferential income tax rate of 15%.

Hong Kong

The applicable profits tax rate of our subsidiaries incorporated in Hong Kong was 8.25% for the first HK$2.0 million of assessable profit and 16.5% for profit proceeding HK$2.0 million.

Profit/(loss) for the year

We recorded profit for the year of RMB 41.6 million in 2023 and RMB34.2 million in 2024. We recorded loss for the year of RMB18.3 million in 2025.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

Our revenue increased by 82.5% from RMB1,369.1 million in 2024 to RMB2,498.5 million in 2025, primarily driven by the rapid growth across our product lines, complemented by the increase of transaction volume of our online direct sales from approximately 26.0 million in 2024 to approximately 46.5 million in 2025.

- *Basic oral care.* Our revenue generated from basic oral care products increased by 83.6% from RMB1,264.6 million in 2024 to RMB2,321.6 million in 2025, primarily driven by (i) the strong market reception of our newly launched products, supported by increasing brand recognition, and (ii) the expansion of our offline sales network, with the number of offline distributors increasing from 818 as of December 31, 2024 to 1,105 as of December 31, 2025.

- *Professional and Cosmetic Oral Care.* Our revenue generated from professional and cosmetic oral care products increased by 61.6% from RMB104.5 million in 2024 to RMB168.9 million in 2025, primarily driven by (i) the strong market reception of our newly launched products, supported by increasing brand recognition, and (ii) the expansion of our offline sales network.

- *Other personal care.* Our revenue generated from other personal care products increased from nil in 2024 to RMB8.1 million in 2025 primarily due to the launch of hair and body products under our brand "About Focus (小箭头)."

Cost of Sales

Our cost of sales increased by 69.8% from RMB413.0 million in 2024 to RMB701.3 million in 2025, primarily due to the rapid growth of our sales performance. The increase was mainly due to (i) the increase in cost of goods from RMB341.4 million in 2024 to RMB589.8 million in 2025, and (ii) the increase in logistics expenses from RMB69.5 million in 2024 to RMB109.2 million in 2025, both driven by the increased sales of our products.

Gross Profit and Gross Profit Margin

Our gross profit increased by 88.0% from RMB956.1 million in 2024 to RMB1,797.3 million in 2025. Our overall gross profit margin increased from approximately 69.8% in 2024 to approximately 71.9% in 2025.

- *Basic oral care.* Gross profit from basic oral care products increased from RMB890.6 million in 2024 to RMB1,683.9 million in 2025. Its gross profit margin increased from 70.4% in 2024 to 72.5% in 2025, primarily attributable to (i) strengthened brand recognition, which enabled us to proactively optimize our product portfolio, and (ii) cost efficiencies achieved through economies of scale.

- *Professional and Cosmetic Oral Care.* Gross profit from professional and cosmetic oral care products increased from RMB65.4 million in 2024 to RMB109.9 million in 2025. Its gross profit margin increased from 62.6% in 2024 to 65.1% in 2025, primarily due to (i) the improved gross margin of mouthwash, and (ii) cost efficiencies achieved through economies of scale.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 83.8% from RMB835.0 million in 2024 to RMB1,534.5 million in 2025, primarily due to the increase in marketing expenses from RMB719.7 million in 2024 to RMB1,373.7 million in 2025, driven by our continued investment in channel expansion and brand building to capture growth opportunities, in line with our revenue growth.

Administrative Expenses

Our administrative expenses increased significantly from RMB38.9 million in 2024 to RMB176.8 million in 2025, primarily due to the increase in share-based payment expenses from RMB0.8 million in 2024 to RMB113.8 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 14.8% from RMB16.9 million in 2024 to RMB19.4 million in 2025, primarily due to the increase in product development fees from RMB6.0 million in 2024 to RMB8.1 million in 2025, attributable to our expansion into R&D for newly launched products.

Other Income and Net Gain

Our other income and net gain increased from RMB16.9 million in 2024 to RMB18.6 million in 2025, primarily due to an increase in compensation income from RMB0.9 million in 2024 to RMB6.2 million in 2025.

Impairment Losses under ECL Model, Net of Reversal

Our impairment losses under ECL model, net of reversal increased from RMB0.2 million in 2024 to RMB0.6 million in 2025, primarily due to the increased balance of trade and other receivables.

Finance Costs

Our finance costs increased from RMB0.3 million in 2024 to RMB0.5 million in 2025, primarily due to higher lease liability brought by newly leased office to match with the expansion of our business.

Changes in the Carrying Amount of the Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased from RMB30.8 million in 2024 to RMB56.9 million in 2025, primarily due to the fluctuation in the amortized costs of the special rights granted to certain of our investors.

Income Tax

Our income tax expense increased significantly from RMB16.7 million in 2024 to RMB45.4 million in 2025 primarily due to our profit growth, driven by the expansion of our business.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded a loss for the year of RMB18.3 million in 2025, compared to a profit for the year of RMB34.2 million in 2024.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 24.9% from RMB1,096.2 million in 2023 to RMB1,369.1 million in 2024, primarily driven by the increased sales of oral care products.

- *Basic oral care.* Our revenue generated from basic oral care products increased by 32.9% from RMB951.8 million in 2023 to RMB1,264.6 million in 2024, driven by (i) the strong market reception of our newly launched products, supported by increasing brand recognition, and (ii) the expansion of our offline sales network, with the number of offline distributors increasing from 622 as of December 31, 2023 to 818 as of December 31, 2024.

- *Professional and Cosmetic Oral Care.* Our revenue generated from professional and cosmetic oral care products decreased by 27.7% from RMB144.4 million in 2023 to RMB104.5 million in 2024, primarily due to our strategic adjustment of product mix, under which we discontinued the sales of certain product categories.

Cost of Sales

Our cost of sales increased by 35.0% from RMB305.9 million in 2023 to RMB413.0 million in 2024, primarily driven by the increase in cost of goods from RMB236.4 million in 2023 to RMB341.4 million in 2024, driven by our business growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 21.0% from RMB790.3 million in 2023 to RMB956.1 million in 2024. Our overall gross profit margin decreased from 72.1% in 2023 to 69.8% in 2024.

- *Basic oral care.* Gross profit from oral care products increased from RMB697.7 million in 2023 to RMB890.6 million in 2024. Its gross profit margin decreased from 73.3% in 2023 to 70.4% in 2024, primarily due to the expenditures incurred for our strategic expansion of offline channels.

- *Professional and Cosmetic Oral Care.* Gross profit from professional cosmetic care products decreased from RMB92.5 million in 2023 to RMB65.4 million in 2024. Its gross profit margin kept stable at 64.1% in 2023 and 62.6% in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 21.9% from RMB685.1 million in 2023 to RMB835.0 million in 2024, primarily due to the increase in marketing expenses from RMB570.3 million in 2023 to RMB719.7 million in 2024, driven by our continued investment in channel expansion and brand building to capture growth opportunities, in line with our revenue growth.

Administrative Expenses

Our administrative expenses increased by 29.7% from RMB30.0 million in 2023 to RMB38.9 million in 2024, primarily due to the increase in office and travel expenses from RMB6.3 million in 2023 to RMB11.0 million in 2024.

Research and Development Expenses

Our research and development expenses kept relatively stable at RMB17.8 million in 2023 and RMB16.9 million in 2024.

Other Income and Net Gain

Our other income and net gain increased from RMB14.8 million in 2023 to RMB16.9 million in 2024, primarily due to the increases in government grants from RMB5.9 million in 2023 to RMB7.9 million in 2024 and interest income from RMB7.9 million in 2023 to RMB9.4 million in 2024.

Impairment Losses under ECL Model, Net of Reversal

Our impairment losses under ECL model, net of reversal decreased from RMB0.3 million in 2023 to RMB0.2 million in 2024.

Finance Costs

Our finance costs kept stable at RMB0.3 million in 2023 and 2024, respectively.

Changes in the Carrying Amount of the Redemption Liabilities

Our changes in the carrying amount of redemption liabilities increased from RMB11.1 million in 2023 to RMB30.8 million in 2024, primarily due to the fluctuation in amortized costs of the special rights granted to certain of our investors.

Income Tax

Our income tax decreased from RMB18.8 million in 2023 to RMB16.7 million in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year decreased from RMB41.6 million in 2023 to RMB34.2 million in 2024.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	3,160	8,770	8,523
Right-of-use assets	7,630	13,213	16,792
Intangible assets	1,908	2,393	1,947
Deposits, prepayments and other receivables	1,313	2,410	1,761
Financial assets measured at FVPL	303	5,525	5,942
Financial assets measured at amortised cost	91,151	164,935	31,304
Deferred tax assets	37,397	20,710	9,488
Total non-current assets	142,862	217,956	75,757
Current assets			
Financial assets measured at amortised cost	191,286	15,084	138,340
Financial assets measured at FVPL	—	108,134	136,191
Inventories	44,634	81,768	117,550
Trade receivables	29,242	43,176	97,585
Deposits, prepayments and other receivables	18,088	31,929	57,384
Cash and cash equivalents	75,952	168,169	223,072
Total current assets	359,202	448,260	770,122
Current liabilities			
Trade and other payables	107,038	191,597	285,103
Contract liabilities	15,072	23,552	47,377
Current taxation	—	—	32,328
Lease liabilities	4,251	5,062	7,256
Redemption liabilities	548,447	579,203	581,944
Total current liabilities	674,808	799,414	954,008
Net current liabilities	(315,606)	(351,154)	(183,886)
Total assets less current liabilities	(172,744)	(133,198)	(108,129)
Non-current liabilities			
Lease liabilities	4,526	8,463	10,195
Deferred tax liabilities	—	—	1,892
Total non-current liabilities	4,526	8,463	12,087
NET LIABILITIES	(177,270)	(141,661)	(120,216)
CAPITAL AND RESERVES			
Paid-in capital/share capital	3,370	3,370	3,538
Reserves	(180,640)	(145,031)	(121,634)
Total deficit attributable to equity shareholders of the Company	(177,270)	(141,661)	(118,096)
Non-controlling interests	—	—	(2,120)
TOTAL DEFICIT	(177,270)	(141,661)	(120,216)

Property, Plant and Equipment

Our property, plant and equipment consists of vehicle, leasehold improvements, electronic equipment and office equipment. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Vehicle	993	5,233	3,716
Leasehold improvements	1,807	2,952	3,698
Electronic equipment	357	516	592
Office equipment	3	69	517
Total	**3,160**	**8,770**	**8,523**

Our property, plant and equipment increased from RMB3.2 million as of December 31, 2023 to RMB8.8 million as of December 31, 2024, primarily due to the purchase of transportation equipment to satisfy our operational requirements. Our property, plant and equipment decreased to RMB8.5 million as of December 31, 2025, primarily due to the depreciation of the assets.

Right-of-Use Assets

Right-of-use assets represent leased buildings for our operations. Our right-of-use assets increased from RMB7.6 million as of December 31, 2023 to RMB13.2 million as of December 31, 2024, primarily due to the newly leased office premises, driven by our business growth, and further to RMB16.8 million as of December 31, 2025.

Inventories

Our inventories consist of (i) finished goods, (ii) raw materials, (iii) goods in transit, and (iv) packaging and consumables. The following table sets forth the breakdown of our inventories as of the date indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	26,605	51,059	70,332
Raw materials	12,028	24,805	40,938
Goods in transit	4,043	4,112	1,809
Packaging and consumables	1,958	1,792	4,471
Total	**44,634**	**81,768**	**117,550**

Our inventories increased from RMB44.6 million as of December 31, 2023 to RMB81.8 million as of December 31, 2024 and further to RMB117.6 million as of December 31, 2025, primarily due to the increased raw materials and finished goods balances, in anticipation of the rapidly rising demands for our products.

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

	As of December 31,		
	2023	2024	2025
Inventory turnover days[1]	54	67	61

Note:

(1) Inventory turnover days are equal to the average of the beginning and ending inventory balances of a year divided by cost of goods for that year and multiplied by 360.

Our inventory turnover days amounted to 54, 67, and 61 days in 2023, 2024 and 2025. The increase in inventory turnover days from 2023 to 2024 was primarily due to the increased inventories in line with our business growth.

As of February 28, 2026, approximately RMB72.2 million, or 61.4% of our inventories outstanding as of December 31, 2025, had been subsequently settled.

Trade Receivables

Trade receivables represent amounts owed by our customers for goods sold, for which payment has not been received. The following table sets forth the breakdown of our trade receivables, net of credit losses allowance, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	29,396	43,553	98,509
Less: Loss allowance	(154)	(377)	(924)
Total	**29,242**	**43,176**	**97,585**

Our trade receivables, net of losses allowance, increased from RMB29.2 million as of December 31, 2023 to RMB43.2 million as of December 31, 2024, and further to RMB97.6 million as of December 31, 2025, primarily driven by the increased sales of our products.

The following table sets forth the aging analysis of our trade receivables based on the date of revenue recognition for the years indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 3 months	29,106	41,741	95,901
Over 3 months	290	1,812	2,608
Total	**29,396**	**43,553**	**98,509**

The following table sets forth our trade receivables turnover days for the years indicated:

	As of December 31,		
	2023	2024	2025
Trade receivables turnover days(1)	8	10	10

Note:

(1) Trade receivables turnover days are equal to the average of the beginning and ending trade receivables balances of a year divided by revenue for that year and multiplied by 360.

Our trade receivables turnover days kept relatively stable at 8 days, 10 days and 10 days in 2023, 2024 and 2025, and remained at a relatively low level, primarily because direct sales to consumers accounted for a substantial portion of our revenue, which generally involves shorter collection cycles.

As of February 28, 2026, approximately RMB87.7 million, or 89.9% of our trade receivables outstanding as of December 31, 2025, had been subsequently settled.

Deposits, Prepayments and Other Receivables

The following table sets forth the breakdown of our prepayments and other receivables as of the date indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Prepayments for marketing expenses	6,625	17,692	26,279
Prepayments for others	2,944	3,043	4,893
Prepayments for **[REDACTED]** expenses	[REDACTED]	[REDACTED]	[REDACTED]
Deposits	6,038	8,024	14,540
Input value-added tax ("**VAT**") recoverable	3,447	5,140	9,939
Corporate income tax recoverable	139	—	—
Other receivables	208	440	1,738
	19,401	34,339	59,145

Our deposits, prepayments and other receivables increased from RMB19.4 million as of December 31, 2023 to RMB34.3 million as of December 31, 2024, and further increase to RMB59.1 million as of December 31, 2025, primarily due to the consistent increase in prepayments for our marketing initiatives, to enhance our brand recognition and market acceptance.

Trade and Other Payables

The following table sets forth the breakdown of our trade and other payables as of the date indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	78,899	167,297	233,999
Deposits	905	1,105	2,225
Refund liabilities	674	656	557
VAT and other tax payables	13,617	11,537	33,465
Accrued salaries and employee benefits	11,508	10,702	13,498
Other payables and accrued charges	1,435	300	1,359
Total	**107,038**	**191,597**	**285,103**

Our trade and payables increased from RMB107.0 million as of December 31, 2023 to RMB191.6 million as of December 31, 2024, and further to RMB285.1 million as of December 31, 2025 primarily due to the consistent increase in trade payables, driven by our increased demands for raw materials in line with the rapid growth of our products sales.

The following table sets forth the aging analysis of trade payables based on invoice date:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 3 months	78,203	158,417	224,621
Over 3 months	696	8,880	9,378
Total	**78,899**	**167,297**	**233,999**

The following table sets forth our trade payables turnover days for the years indicated:

	As of December 31,		
	2023	2024	2025
Trade payables turnover days(1)	64	107	103

Note:

(1) Trade payables turnover days are equal to the average of the beginning and ending trade payables balances of a year divided by cost of sales for that year and multiplied by 360.

Our trade payables turnover days increased from 64 days in 2023 to 107 days in 2024, primarily due to extended credit terms granted by our suppliers, driven by our enhanced business reputation and long-term cooperation with them. Our trade payables turnover days decreased to 103 days in 2025, primarily due to our proactive settlement of certain trade payables.

As of February 28, 2026, approximately RMB208.8 million, or 89.2% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities mainly represent prepayments received from distributors for purchasing our products. Our contract liabilities increased from RMB15.1 million as of December 31, 2023 to RMB23.6 million as of December 31, 2024, and further to RMB47.4 million as of December 31, 2025, primarily due to the expansion of our distribution network.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary uses of cash are to fund our procurement of raw materials, research and development activities and sales initiatives. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from cash generated from our operations and equity financing. After the **[REDACTED]**, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and **[REDACTED]** from the **[REDACTED]**. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB76.0 million, RMB168.2 million, and RMB223.1 million, respectively. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Current Assets and Current Liabilities

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current assets				
Financial assets measured at FVPL	—	108,134	136,191	135,020
Inventories	44,634	81,768	117,550	120,765
Trade receivables	29,242	43,176	97,585	86,706
Deposits, prepayments and other receivables	18,088	31,929	57,384	88,837
Financial assets measured at amortised cost	191,286	15,084	138,340	128,340
Cash and cash equivalents	75,952	168,169	223,072	137,686
Total current assets	**359,202**	**448,260**	**770,122**	**697,354**
Current liabilities				
Trade and other payables	107,038	191,597	285,103	164,524
Contract liabilities	15,072	23,552	47,377	35,251
Current taxation	—	—	32,328	41,528
Lease liabilities	4,251	5,062	7,256	6,810
Redemption liabilities	548,447	579,203	581,944	585,568
Total current liabilities	**674,808**	**799,414**	**954,008**	**833,681**
Net current liabilities	**(315,606)**	**(351,154)**	**(183,886)**	**(136,327)**

Our net current liabilities decreased from RMB183.9 million as of December 31, 2025 to RMB136.3 million as of February 28, 2026, primarily due to (i) a decrease in trade and other payables from RMB285.1 million as of December 31, 2025 to RMB164.5 million as of February 28, 2026, attributable to our proactive settlement measures, and (ii) an increase in deposits, prepayments and other receivables from RMB57.4 million as of December 31, 2025 to RMB88.8 million as of February 28, 2026.

Our net current liabilities decreased from RMB351.2 million as of December 31, 2024 to RMB183.9 million as of December 31, 2025, primarily due to (i) an increase in trade receivables from RMB43.2 million as of December 31, 2024 to RMB97.6 million as of December 31, 2025, driven by the increased sales of our products, and (ii) an increase in cash and cash equivalents from RMB168.2 million as of December 31, 2024 to RMB223.1 million as of December 31, 2025.

Our net current liabilities increased from RMB315.6 million as of December 31, 2023 to RMB351.2 million as of December 31, 2024, primarily due to (i) an increase in financial assets measured at FVPL from nil to RMB108.1 million in relation to our wealth management products, and (ii) an increase in cash and cash equivalents from RMB76.0 million as of December 31, 2023 to RMB168.2 million as of December 31, 2024.

Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash generated from operating activities	117,692	110,472	201,166
Net cash used in investing activities	(91,133)	(14,003)	(9,957)
Net cash used in financing activities	(2,964)	(4,319)	(136,251)
Net increase in cash and cash equivalents	**23,595**	**92,150**	**54,958**
Cash and cash equivalents at 1 January	52,357	75,952	168,169
Effect of foreign exchange rate changes	—	67	(55)
Cash and cash equivalents at the end of the year	**75,952**	**168,169**	**223,072**

Net Cash Generated from Operating Activities

For the year ended December 31, 2025, our net cash generated from operating activities was RMB201.2 million, mainly due to our profit before tax of RMB27.2 million, adjusted by (i) equity-settled share-based payment expenses of RMB114.8 million and changes in the carrying amount of the redemption liabilities of RMB56.9 million, and (ii) changes in working capital, including an increase in trade and other payables of RMB93.5 million and an increase in contract liabilities of RMB23.8 million. These adjustments were partially offset by (i) an increase in trade receivables of RMB55.0 million, and (ii) an increase in inventories of RMB37.6 million.

For the year ended December 31, 2024, our net cash generated from operating activities was RMB110.5 million, mainly due to our profit before tax of RMB50.9 million, adjusted by (i) changes in the carrying amount of the redemption liabilities of RMB30.8 million, and (ii) changes in working capital, including an increase in trade and other payables of RMB84.6 million and an increase in contract liabilities of RMB8.5 million. These adjustments were partially offset by (i) an increase in inventories of RMB38.8 million, and (ii) an increase in trade receivables of RMB14.2 million.

For the year ended December 31, 2023, our net cash generated from operating activities was RMB117.7 million, mainly due to our profit before tax of RMB60.4 million, adjusted by (i) changes in the carrying amount of the redemption liabilities of RMB11.1 million, and (ii) changes in working capital, including an increase in trade and other payables of RMB66.8 million and an increase in contract liabilities of RMB14.2 million. These adjustments were partially offset by (i) an increase in inventories of RMB19.5 million, and (ii) an increase in trade receivables of RMB10.3 million.

Net Cash Used in Investing Activities

For the year ended December 31, 2025, our net cash used in investing activities was RMB10.0 million, mainly due to (i) purchases of wealth management products of RMB290.7 million, and (ii) purchases of financial assets measured at amortized cost of RMB10.0 million, and (iii) payments for purchase of property, plant and equipment, and intangible assets of RMB2.1 million, partially offset by redemption of financial assets measured at amortized cost of RMB25.0 million and redemption of wealth management products of RMB263.7 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB14.0 million, mainly due to (i) purchases of wealth management products of RMB179.0 million, (ii) purchases of financial assets measured at amortized cost of RMB232.0 million, and (iii) payments for purchase of property, plant and equipment, and intangible assets of RMB11.6 million, partially offset by redemption of financial assets measured at amortized cost of RMB327.0 million and redemption of wealth management products of RMB71.0 million.

For the year ended December 31, 2023, our net cash used in investing activities was RMB91.1 million, mainly due to (i) purchases of financial assets measured at amortized cost of RMB120.0 million, (ii) payments for purchase of property, plant and equipment, and intangible assets of RMB3.2 million, partially offset by redemption of financial assets measured at amortized cost of RMB30.0 million and redemption of wealth management products of RMB0.7 million.

Net Cash Used in Financing Activities

For the year ended December 31, 2025, our net cash used in financing activities was RMB136.3 million, mainly due to dividends paid of RMB130.0 million.

For the year ended December 31, 2024, our net cash used in financing activities was RMB4.3 million, mainly due to capital element of lease rentals paid of RMB4.0 million.

For the year ended December 31, 2023, our net cash used in financing activities was RMB3.0 million, mainly due to (i) capital element of lease rentals paid of RMB2.6 million, and (ii) interest element of lease rentals paid of RMB0.3 million.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents, available equity financing and bank facilities, cash flows generated from our operating activities and the estimated **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our present requirement and for at least the next 12 months from the date of this Document.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of lease liabilities and redemption liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current				
Lease liabilities	4,251	5,062	7,256	6,810
Redemption liabilities	548,447	579,203	581,944	585,568
Non-current				
Lease liabilities	4,526	8,463	10,195	4,444
Total	**557,224**	**592,728**	**599,395**	**596,822**

Lease Liabilities

Our lease liabilities primarily arise from our leases of offices. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had a total of current and non-current lease liabilities of RMB8.8 million, RMB13.5 million, RMB17.5 million and RMB11.3 million, respectively.

Redemption Liabilities

We recognized redemption liabilities in connection with certain special rights granted to investors as redemption liabilities. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we recorded redemption liabilities of RMB548.4 million, RMB579.2 million, RMB581.9 million and RMB585.6 million.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the February 28, 2026. Our Directors confirm that there are no material covenants and undertakings on outstanding debts, guarantees, pledge of key assets or other contingent obligations, and breaches during the Track Record Period and up to the Latest Practicable Date that will affect our ability to undertake additional debt or equity financing as a result of the breaches.

Our Directors confirm that there have been no material changes in our indebtedness since February 28, 2026, being the latest practicable date for determining our indebtedness, up to the date of this document. Our Directors also confirm that there have been no material defaults on trade and non-trade payables and borrowings, and/or breaches of covenants during the Track Record Period and up to the date of this document.

CAPITAL EXPENDITURES

Our capital expenditures are primarily related to the purchase of property, plant and equipment and intangible assets. In 2023, 2024 and 2025, our payment for purchase of property, plant and equipment and intangible assets amounted to RMB3.2 million, RMB11.6 million, and RMB2.1 million, respectively. We expect to finance our planned capital expenditures primarily with our existing cash as well as **[REDACTED]** from the **[REDACTED]**. See "Future Plans and Use of **[REDACTED]**." We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

Capital commitments represent capital expenditure we contracted but not yet provided for the purchase of items of property, plant and equipment As of December 31, 2023, 2024 and 2025, we did not have any capital commitments.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our material related party transactions, see Note 30 to the Accountants' Report set out in Appendix I to this Document.

Our Directors are of the view that each of the material related party transactions set out in Note 30 to the Accountants' Report set out in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our material related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates and for the years indicated:

	As of/For the Year Ended December 31,		
	2023	2024	2025
Revenue growth	N/A	24.9%	82.5%
Gross profit margin(1)	72.1%	69.8%	71.9%
Non-IFRS net profit margin(2)	4.9%	4.8%	6.2%

Notes:

(1) Calculated by dividing gross profit by revenue for a specific year.

(2) Calculated by dividing adjusted net profit for the year (non-IFRS measures) by revenue for such year.

MARKET RISK DISCLOSURE

Our activities expose us to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. See Note 28 to the Accountants' Report set out in Appendix I to this document for further details.

DIVIDEND

We did not declare or pay any dividend in 2023 and 2024, respectively. In 2025, we declared and paid dividends of RMB130.0 million. However, we cannot assure that we will pay any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. As advised by our PRC Legal Adviser, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK$**[REDACTED]** (including **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per Share), which represent **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]**, assuming no Shares are **[REDACTED]** pursuant to the **[REDACTED]** and **[REDACTED]**. The above **[REDACTED]** expenses are comprised of (i) **[REDACTED]** expenses of HK$**[REDACTED]**, and (ii) **[REDACTED]** expenses of HK$**[REDACTED]**, including (a) the legal advisors and the reporting accountants' expenses of HK$**[REDACTED]**, and (b) other fees and expenses of HK$**[REDACTED]**. During the Track Record Period, we incurred **[REDACTED]** expenses of HK$**[REDACTED]**, HK$**[REDACTED]** of which was charged to our consolidated statements of profit or loss, and HK$**[REDACTED]** of which was attributable to the issue of Shares and will be deducted from equity upon **[REDACTED]**. We expect to incur additional **[REDACTED]** expenses of approximately HK$**[REDACTED]** after the Track Record Period, approximately HK$**[REDACTED]** of which is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** of which is attributable to the issue of Shares and will be deducted from equity upon **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED]

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position prospects since December 31, 2025, and up to the date of this document and there is no event since December 31, 2025, which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.