The following is the text of a report set out on pages I-1 to I-66, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN XIAOKUO TECHNOLOGY CO., LTD. (深圳小闊科技股份有限公司) AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen Xiaokuo Technology Co., Ltd. (the "**Company**", 深圳小闊科技股份有限公司) and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-66, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-66 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the **[REDACTED]** of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 27(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[REDACTED]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	**RMB'000**	**RMB'000**	**RMB'000**
Revenue	*4*	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	*5*	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	*6(a)*	(317)	(276)	(491)
Changes in the carrying amount of the redemption liabilities	*24*	(11,118)	(30,756)	(56,900)
Share of loss of interests in an associate		—	(64)	—
Profit before taxation	*6*	60,403	50,915	27,191
Income tax	*7(a)*	(18,779)	(16,687)	(45,442)
Profit/(loss) for the year		41,624	34,228	(18,251)
Attributable to:				
Equity shareholders of the Company		41,624	34,228	(15,341)
Non-controlling interests		—	—	(2,910)
		41,624	34,228	(18,251)
Earnings/(loss) per share	*10*			
Basic and diluted (RMB)		12.35	10.16	(4.50)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
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)
Attributable to:			
Equity shareholders of the Company	41,624	34,287	(15,392)
Non-controlling interests	—	—	(2,910)
	41,624	34,287	(18,302)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at 31 December		
		2023	**2024**	**2025**
	Note	**RMB'000**	**RMB'000**	**RMB'000**
Non-current assets				
Property, plant and equipment	*11*	3,160	8,770	8,523
Right-of-use assets	*12*	7,630	13,213	16,792
Intangible assets	*13*	1,908	2,393	1,947
Deposits, prepayments and other receivables	*19(b)*	1,313	2,410	1,761
Financial assets measured at fair value through profit or loss ("**FVPL**")	*15*	303	5,525	5,942
Financial assets measured at amortised cost	*16*	91,151	164,935	31,304
Deferred tax assets	*26(b)*	37,397	20,710	9,488
		142,862	217,956	75,757
Current assets				
Financial assets measured at amortised cost	*16*	191,286	15,084	138,340
Financial assets measured at FVPL	*15*	—	108,134	136,191
Inventories	*17(a)*	44,634	81,768	117,550
Trade receivables	*19(a)*	29,242	43,176	97,585
Deposits, prepayments and other receivables	*19(b)*	18,088	31,929	57,384
Cash and cash equivalents	*20(a)*	75,952	168,169	223,072
		359,202	448,260	770,122
Current liabilities				
Trade and other payables	*21*	107,038	191,597	285,103
Contract liabilities	*22*	15,072	23,552	47,377
Current taxation	*26(a)*	—	—	32,328
Lease liabilities	*23*	4,251	5,062	7,256
Redemption liabilities	*24*	548,447	579,203	581,944
		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	*23*	4,526	8,463	10,195
Deferred tax liabilities	*26(b)*	—	—	1,892
		4,526	8,463	12,087
NET LIABILITIES		(177,270)	(141,661)	(120,216)

The accompanying notes form part of the Historical Financial Information.

		As at 31 December		
		2023	**2024**	**2025**
	Note	**RMB'000**	**RMB'000**	**RMB'000**
CAPITAL AND RESERVES				
Paid-in capital/share capital	*27(c)*	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)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at 31 December		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
Non-current asset				
Property, plant and equipment	*11*	2,908	7,718	7,485
Right-of-use assets	*12*	3,144	10,266	10,344
Intangible assets	*13*	1,908	2,393	1,830
Deposits, prepayments and other receivables	*19(b)*	887	2,118	1,502
Investments in subsidiaries	*14*	8,361	16,070	19,992
Financial assets measured at FVPL	*15*	—	5,000	5,483
Amounts due from subsidiaries	*18*	—	—	9,053
Financial assets measured at amortised cost	*16*	91,151	164,935	31,304
Deferred tax assets	*26(b)*	33,691	13,689	—
		142,050	222,189	86,993
Current assets				
Financial assets measured at amortised cost	*16*	191,286	15,084	138,340
Financial assets measured at FVPL	*15*	—	108,134	136,191
Inventories	*17(a)*	42,979	79,123	113,223
Trade receivables	*19(a)*	27,116	36,826	89,731
Deposits, prepayments and other receivables	*19(b)*	12,487	24,925	39,537
Amounts due from subsidiaries	*18*	44,035	18,957	13,077
Dividends receivable		—	—	6,900
Cash and cash equivalents	*20(a)*	46,380	155,346	179,781
		364,283	438,395	716,780
Current liabilities				
Trade and other payables	*21*	97,848	179,837	254,315
Contract liabilities	*22*	8,583	1,495	490
Current taxation	*26(a)*	—	—	27,474
Lease liabilities	*23*	2,916	3,530	4,938
Redemption liabilities	*24*	548,447	579,203	581,944
		657,794	764,065	869,161
Net current liabilities		(293,511)	(325,670)	(152,381)
Total assets less current liabilities		(151,461)	(103,481)	(65,388)
Non-current liabilities				
Lease liabilities	*23*	1,290	6,875	5,855
Deferred tax liabilities	*26(b)*	—	—	1,892
		1,290	6,875	7,747
NET LIABILITIES		(152,751)	(110,356)	(73,135)
Paid-in capital/share capital	*27(c)*	3,370	3,370	3,538
Reserves		(156,121)	(113,726)	(76,673)
TOTAL DEFICIT		(152,751)	(110,356)	(73,135)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Note	Paid-in capital	Capital reserve	Other reserve	Share-based payment reserve	Exchange reserves	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 27(c)(i)	*Note 27(d)(i)*	*Note 27(d)(iii)*	*Note 27(d)(ii)*	*Note 27(d)(iv)*		
Balance at 1 January 2023		3,370	409,814	(394,229)	399	—	(239,064)	(219,710)
Changes in equity for 2023:								
Profit for the year		—	—	—	—	—	41,624	41,624
Total comprehensive income		—	—	—	—	—	41,624	41,624
Equity settled share-based transactions	*25*	—	—	—	816	—	—	816
Balance at 31 December 2023 and 1 January 2024		3,370	409,814	(394,229)	1,215	—	(197,440)	(177,270)
Changes in equity for 2024:								
Profit for the year		—	—	—	—	—	34,228	34,228
Other comprehensive income		—	—	—	—	59	—	59
Total comprehensive income		—	—	—	—	59	34,228	34,287
Equity settled share-based transactions	*25*	—	—	—	1,322	—	—	1,322
Balance at 31 December 2024		3,370	409,814	(394,229)	2,537	59	(163,212)	(141,661)

The accompanying notes form part of the Historical Financial Information

		Total deficit attributable to equity shareholders of the Company									
		Paid-in capital	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Exchange reserves	Accumulated losses	Total	Non-controlling interests	Total deficit
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 27(c)(i)	*Note 27(c)(ii)*	*Note 27(d)(i)*	*Note 27(d)(iii)*	*Note 27(d)(ii)*	*Note 27(d)(iv)*				
Balance at 31 December 2024 and 1 January 2025		3,370	—	409,814	(394,229)	2,537	59	(163,212)	(141,661)	—	(141,661)
Changes in equity for 2025:											
Loss for the year		—	—	—	—	—	—	(15,341)	(15,341)	(2,910)	(18,251)
Other comprehensive income		—	—	—	—	—	(51)	—	(51)	—	(51)
Total comprehensive income		—	—	—	—	—	(51)	(15,341)	(15,392)	(2,910)	(18,302)
Capital injection by non-controlling interests		—	—	—	—	—	—	—	—	790	790
Conversion into a joint stock limited liability company	*27(c)*	(3,538)	3,538	(130,113)	—	—	—	130,113	—	—	—
Equity settled share-based transactions	*25*	168	—	104,891	—	9,739	—	—	114,798	—	114,798
Dividend declared	*27(b)*	—	—	—	—	—	—	(130,000)	(130,000)	—	(130,000)
Partial settlement of the redemption liabilities by dividends paid to shareholders	*24*	—	—	—	54,159	—	—	—	54,159	—	54,159
Balance at 31 December 2025		—	3,538	384,592	(340,070)	12,276	8	(178,440)	(118,096)	(2,120)	(120,216)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	**RMB'000**	**RMB'000**	**RMB'000**
Operating activities				
Cash generated from operations	*20(b)*	117,876	110,333	201,166
Income tax (paid)/refund		(184)	139	—
Net cash generated from operating activities		117,692	110,472	201,166
Investing activities				
Purchases of wealth management products		—	(179,000)	(290,700)
Redemption of wealth management products		721	71,000	263,700
Purchases of financial assets measured at amortised cost		(120,000)	(232,000)	(10,000)
Redemption of financial assets measured at amortised cost		30,000	327,000	25,000
Payment for unlisted equity investments		(310)	(5,310)	—
Payment for interests in an associate		—	(1,000)	—
Payment for purchase of property, plant and equipment and intangible assets		(3,203)	(11,627)	(2,113)
Interest received		1,659	16,934	4,156
Net cash used in investing activities		(91,133)	(14,003)	(9,957)
Financing activities				
Capital element of lease rentals paid	*20(c)*	(2,647)	(4,043)	(5,593)
Interest element of lease rentals paid	*20(c)*	(317)	(276)	(491)
Dividend paid	*27(b)*	—	—	(130,000)
Proceeds from capital injection by non-controlling interests		—	—	300
Payment for **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
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	*20(a)*	52,357	75,952	168,169
Effect of foreign exchange rate changes		—	67	(55)
Cash and cash equivalents at 31 December	*20(a)*	75,952	168,169	223,072

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Shenzhen Xiaokuo Technology Co., Ltd. (the "**Company**", 深圳小闊科技股份有限公司) was incorporated in Shenzhen, Guangdong Province, the People's Republic of China (the "**PRC**") on 13 November 2015 as a company with limited liability. Upon the approval by the Company's shareholders resolutions, the Company was converted from a company with limited liability into a joint stock company with limited liability in December 2025.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in designing, researching and developing, and selling of oral care and personal care products.

As of 31 December 2025, the Group had net current liabilities and total net liabilities of RMB183,886,000 and RMB120,216,000, respectively, which was primarily due to recognition of redemption liabilities of RMB581,944,000 (see Note 24). Based on (i) the projection of the Group's profit and cash inflows from operations, and (ii) the expected reclassification of redemption liabilities to equity as the related redemptions right would be terminated upon the **[REDACTED]** of the Company's H shares on the Stock Exchange of Hong Kong Limited, the Directors are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months from the date of this report and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the Directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The audited financial statements of the Company for the year ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "**PRC GAAP**") and audited by Pan-China Certified Public Accountants LLP Shenzhen Branch (天健會計師事務所(特殊普通合夥)深圳分所). At the date of this report, the audited financial statements of the Company for the year ended 31 December 2025 prepared in accordance with PRC GAAP is not yet available.

As at 31 December 2023, 2024 and 2025, and as at the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies:

Name of subsidiary	Place and date of incorporation/ establishment	Particulars of registered/ issued and paid-up capital	Effective interest held by the Group				Principal business activities
			As at 31 December			the date of this report	
			2023	2024	2025		
Directly held by the Company							
Xiamen Canban Trading Co., Ltd. (廈門參半商貿有限公司) (i) (ii)	Chinese Mainland, 28 September 2023	RMB2,000,000/ RMB2,000,000	100.0%	100.0%	100.0%	100.0%	Offline wholesale sales
Shenzhen Canban E-commerce Operation Service Co., Ltd. (深圳參半電商運營服務有限公司) (i) (ii)	Chinese Mainland, 9 September 2025	RMB1,000,000/ RMB1,000,000	N/A	N/A	100.0%	100.0%	Provision of e-commerce operation services
Shenzhen Canban Supply Chain Management Consulting Co., Ltd. (深圳參半供應鏈管理諮詢有限公司) (i) (ii)	Chinese Mainland, 8 September 2025	RMB1,000,000/ RMB1,000,000	N/A	N/A	100.0%	100.0%	Provision of supply chain and logistics management services
Shenzhen Canban Media Technology Co., Ltd. (深圳參半傳媒科技有限公司) (i) (ii)	Chinese Mainland, 8 September 2025	RMB1,000,000/ RMB1,000,000	N/A	N/A	100.0%	100.0%	Marketing and promotion
Shenzhen Canban Technology Co., Ltd. (深圳參半科技有限公司) (i) (ii)	Chinese Mainland, 30 May 2024	RMB5,000,000/ RMB500,000	N/A	100.0%	100.0%	100.0%	Research and development of oral care products

Name of subsidiary	Place and date of incorporation/ establishment	Particulars of registered/ issued and paid-up capital	Effective interest held by the Group As at 31 December 2023	2024	2025	the date of this report	Principal business activities
Shenzhen Xingkuo Biotechnology Co., Ltd. (深圳星闊生物科技有限公司) (i) (ii)	Chinese Mainland, 13 September 2024	RMB1,000,000/ RMB510,000	N/A	51.0%	51.0%	51.0%	Operation and management of household and personal care brands

Notes:

(i) These entities are PRC limited liability companies. The official names of these entities are in Chinese. The English translation is for identification purpose only.

(ii) No audited financial statements were prepared for this entity during the Track Record Period.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards consistently throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning in January 2025 are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except certain financial assets, which are stated at their fair value as explained in Note 2(e).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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

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

(d) Interest in an associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

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

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

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

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) ***Non-equity investments***

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) ***Equity investments***

An investment in equity securities is classified as FVPL. Dividends from an investment in equity securities are recognised in profit or loss as other income.

(f) Property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at cost, less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)):

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

Electronic and office equipment	3–5 years
Vehicles	4 years
Leasehold improvements	Shorter of the lease term and estimated useful lives
Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

— Software	3–5 years
— Royalty fees	Over the contract authorization term

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)):

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost, including cash and cash equivalents, time deposit, certificate of deposits, trade receivables and other receivables. Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates if the effect is material:

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

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

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

At each reporting date, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication of impairment:

— property, plant and equipment;

— right-of-use assets;

— intangible assets;

— Interests in an associate

— investments in subsidiaries in the Company's statements of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Reversals of impairment losses

For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Redemption liability

A contract that contains an obligation for the Company to redeem its own equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company's obligation to purchase is conditional on the counterparty exercising its right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any changes in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in profit or loss as changes in the carrying amount of the redemption liability.

The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as the Company does not have an unconditional right to defer payments beyond 12 months from the reporting date.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Equity-settled share-based payments

The Group operates certain equity-settled share-based payments plans, under which the Group receives services from employees as consideration for equity instruments for the Group.

The fair value of equity-settled share-based payments award granted to employees is recognised as an employee cost with a corresponding increase in the share-based payment reserve. The fair value is measured at grant date, taking into account the terms and conditions upon which the equity-settled share-based payments were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the equity-settled share-based payments award will vest.

During the vesting period, the number of equity-settled share-based payments award that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the period of the review, with a corresponding adjustment to the share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest (with a corresponding adjustment to the share-based payment reserve). The equity amount is recognised in the capital reserve until either the equity-settled share-based payments award is exercised (when it is included in the amount recognised in share capital, share premium and capital reserve for the shares issued) or the equity-settled share-based payments award expires (when it is released directly to retained profits).

(iii) Termination benefits

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

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

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

(i) *Revenue from contracts with customers*

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods or upon the confirmation by the customer. Specifically, revenue from consignment is recognised when the goods are sent by express delivery to and accepted by consumers. Revenue from distributors is recognised when the goods are delivered to designated locations or transferred to designated carriers.

For sales with a right of return by customers, revenue is recognized at the amount of consideration to which the Group expects to be entitled, based on the expected level of returns. The amount of consideration received or receivable which the Group does not expect to be entitled is recognized as refund liability included in trade and other payable. The Group reviews its estimate of expected sales returns at each reporting date.

Where the contracts provide sales rebates and slotting fees to customers through offsetting future sales orders, the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis. The amount allocated to sales rebates and slotting fees are deferred and are recognized as revenue when future goods are delivered. The deferred revenue is included in contract liabilities.

(ii) *Other income*

(a) *Interest income*

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Fair value measurements of equity settled share-based payments

The Group has set up certain equity-settled share-based payments plans. The Group measures the cost of share-based payments to employees based on the fair value of the equity instruments on the grant date. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. Significant estimate on assumptions are made by the directors and an independent third-party valuer.

The assumptions and models used for estimating fair value for equity settled share-based payments transactions are disclosed in Note 25 to the consolidated financial statements.

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to serve industry cycles. Management reassesses these estimates at the end of each reporting period.

(iii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are designing, researching and developing, and selling of oral care and personal care products. Further details regarding the Group's principal activities are disclosed in Note 2(s).

(i) *Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by sales channels and major products type is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by sales channels			
— Online channels	1,036,418	1,206,676	2,005,903
— Offline channels	59,775	162,395	492,635
	1,096,193	1,369,071	2,498,538
Disaggregated by types of goods or services			
— Sale of goods	1,096,193	1,369,071	2,498,538
Disaggregated by timing of revenue recognition			
— Point in time	1,096,193	1,369,071	2,498,538

(ii) *Major customers*

The Group has a large number of customers and there is no single customer with whom transactions have exceeded 10% of the Group's total revenue for each of the years of the Track Record Period.

(iii) *Revenue expected to be recognised in the future arising from contracts in existence at the reporting date*

As at 31 December 2023, 2024 and 2025, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its contracts for sales of products such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of products that had an expected duration of one year or less.

(b) Segment Reporting

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. Therefore, the Group has one operating segment. Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

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

(c) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods was delivered. All of the Group's non-current assets are located or allocated to operations located in the Chinese Mainland.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	1,089,351	1,361,675	2,496,336
Other countries/regions	6,842	7,396	2,202
Total revenue	1,096,193	1,369,071	2,498,538

5 OTHER INCOME AND NET GAIN

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income	7,886	9,410	7,644
Compensation income	340	873	6,220
Government grants (i)	5,850	7,912	1,839
Gain on disposal of wealth management products	23	105	1,004
Fair value gain of wealth management products	—	134	1,191
Net fair value changes of unlisted equity investments	(7)	(88)	417
Net loss on disposal of property, plant and equipment	(28)	(860)	(123)
Impairment loss on interests in an associate	—	(936)	—
Net gains on early termination of leases	—	60	—
Others	771	253	369
	14,835	16,863	18,561

Note:

(i) Government grants mainly represented various unconditional cash subsidies granted by certain local government authorities in the Chinese Mainland.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	317	276	491

(b) Staff costs

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Salaries, wages and other benefits	96,959	86,302	113,497
Contributions to defined contribution retirement plan	2,368	2,983	4,500
Equity-settled share-based payment expenses *(Note 25)*	816	1,322	114,798
	100,143	90,607	232,795

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

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Amortisation of intangible assets *(Note 13)*	260	686	893
Depreciation			
— property, plant and equipment *(Note 11)*	1,565	2,313	3,464
— right-of-use assets *(Note 12)*	2,959	3,268	5,940
Net foreign exchange loss	30	26	17
Cost of inventories sold *(Note 17(b))*	236,397	341,372	589,779
Research and development expenses (i)	17,824	16,875	19,390
Impairment losses under ECL model, net of reversal	295	223	599
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Auditors' remuneration	177	200	356

Note:

(i) During the years ended 31 December 2023, 2024 and 2025, research and development expenses include staff costs, amortization and depreciation expenses, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax			
Provision for the year			
— PRC income tax	3	—	32,328
Deferred tax			
Origination and reversal of temporary differences *(Note 26(b))*	18,776	16,687	13,114
	18,779	16,687	45,442

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before taxation	60,403	50,915	27,191
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	14,964	12,665	6,950
Tax effect on subsidiaries subject to preferential tax rates (i) (ii)	1,996	(968)	(571)
Tax effect of non-deductible expenses (iii)	6,042	8,867	43,606
Tax effect of unused tax losses not recognised and deductible temporary differences not recognised	(8)	55	167
Additional deduction for research and development expenses (iv)	(4,215)	(3,932)	(4,710)
Actual tax expense	18,779	16,687	45,442

Notes:

(i) Taxable income for the Company and its subsidiary in the Chinese Mainland are subject to PRC income tax rate of 25% for the Track Record Period, unless otherwise specified below.
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 RMB3,000,000 for the Track Record Period.
Certain subsidiaries of the Group were established in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. It is eligible for preferential tax policies applicable for the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and entitled to a preferential income tax rate of 15% during the years ended 31 December 2024 and 2025.

(ii) The Group's Hong Kong subsidiary is subject to a profits tax rate of 8.25% for the first HKD2,000,000 of assessable profit and 16.5% for profit exceeding HKD2,000,000. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax.

(iii) Tax effect of non-deductible expenses mainly related to the changes in the carrying amount of redemption liabilities issued to investors, equity-settled share-based payment expenses, certain other costs and expenses exceeding the deductible limit, which are not deductible in accordance with relevant tax regulations in the Chinese Mainland.

(iv) According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development costs could be deemed as deductible expenses for the Track Record Period.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments as recorded in the Historical Financial Information are as follows:

	Year ended 31 December 2023						
	Directors' and supervisors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Sub-Total**	**Share-based payments (i)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Chairman and director							
Mr. Yin Kuo (尹闊)	—	1,059	1,927	5	2,991	—	2,991
Directors							
Mr. Fan Zhao (範朝)	—	486	100	5	591	67	658
Ms. Han Jindou (韓金豆)	—	424	100	5	529	254	783
Mr. Wang Chen (王琛)	—	487	2,567	7	3,061	178	3,239
Ms. Chang Ningxiaoxi (常寧曉曦)	—	487	100	5	592	177	769
Mr. Zhang Yi (張軼)	—	322	30	5	357	—	357
Mr. Wu Shichun (吳世春)	—	—	—	—	—	—	—
Mr. Li Fei (李飛)	—	—	—	—	—	—	—
Ms. Yuan Lingyun (袁凌韻)	—	—	—	—	—	—	—
Mr. Zhang Ying (張鷹)	—	—	—	—	—	—	—
Mr. Fang Dengdong (方登棟)	—	—	—	—	—	—	—
Supervisor							
Mr. Zhou Guangren (周廣仁)	—	223	—	8	231	—	231
	—	3,488	4,824	40	8,352	676	9,028

	Year ended 31 December 2024						
	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director							
Mr. Yin Kuo (尹闊)	—	1,261	960	7	2,228	—	2,228
Directors							
Mr. Fan Zhao (範朝)	—	650	60	7	717	94	811
Ms. Han Jindou (韓金豆)	—	573	50	7	630	411	1,041
Mr. Wang Chen (王琛)	—	486	7,494	9	7,989	274	8,263
Ms. Chang Ningxiaoxi (常寧曉曦)	—	666	60	7	733	248	981
Mr. Zhang Yi (張軼)	—	191	—	7	198	—	198
Mr. Wu Shichun (吳世春)	—	—	—	—	—	—	—
Mr. Li Fei (李飛)	—	—	—	—	—	—	—
Ms. Yuan Lingyun (袁淩韻)	—	—	—	—	—	—	—
Mr. Zhang Ying (張鷹)	—	—	—	—	—	—	—
Mr. Fang Dengdong (方登棟)	—	—	—	—	—	—	—
Supervisors							
Mr. Zhou Guangren (周廣仁) (iii)	—	64	—	2	66	—	66
Ms. Song Xiaoling (宋曉伶) (iv)	—	504	—	5	509	84	593
	—	4,395	8,624	51	13,070	1,111	14,181

	Year ended 31 December 2025						
	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments(i)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman and director							
Mr. Yin Kuo (尹闊)	—	1,207	960	9	2,176	112,726	114,902
Directors							
Mr. Fan Zhao (範朝)	—	678	60	9	747	402	1,149
Mr. Chen Yingzhe (陳英哲) (v)	—	673	953	9	1,635	337	1,972
Ms. Han Jindou (韓金豆)	—	603	50	9	662	566	1,228
Mr. Wang Chen (王琛) (vi)	—	488	10,104	10	10,602	512	11,114
Ms. Chang Ningxiaoxi (常寧曉曦) (vii)	—	121	—	2	123	140	263
Mr. Zhang Yi (張軼) (vi)	—	124	—	9	133	—	133
Mr. Wu Shichun (吳世春) (vi)	—	—	—	—	—	—	—
Mr. Li Fei (李飛) (vi)	—	—	—	—	—	—	—
Ms. Yuan Lingyun (袁凌韻) (viii)	—	—	—	—	—	—	—
Mr. Zhang Ying (張鷹) (vi)	—	—	—	—	—	—	—
Mr. Fang Dengdong (方登棟) (vi)	—	—	—	—	—	—	—
Mr. John Yao Chow Hsin (ix)	—	—	—	—	—	—	—
Supervisors							
Ms. Song Xiaoling (宋曉伶) (iv)	—	660	—	14	674	115	789
Ms. Chen Tingting (陳婷婷) (x)	—	11	9	—	20	—	20
Mr. Lin Junjie (林俊傑) (x)	—	5	1	—	6	—	6
Ms. Wu Yanhua (吳艷花) (x)	—	12	—	—	12	—	12
	—	4,582	12,137	71	16,790	114,798	131,588

Notes:

(i) These represent the estimated value of equity-settled share-based payments granted to the directors under the Group's employee incentive plan. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(p)(ii).

The details of these benefits in kind, including the principal terms and number of shares granted, are disclosed in Note 25.

(ii) During the Track Record Period, there were no amounts paid or payable by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Track Record Period.

(iii) Mr. Zhou Guangren (周廣仁) resigned from his position as a supervisor in April 2024.

(iv) Ms. Song Xiaoling (宋曉伶) was appointed as a supervisor of the Company in April 2024 and resigned in December 2025.

(v) Mr. Chen Yingzhe (陳英哲) was appointed as a director of the Company in February 2025.

(vi) Mr. Wang Chen (王琛), Mr. Zhang Yi (張軼), Mr. Wu Shichun (吳世春), Mr. Li Fei (李飛), Mr. Zhang Ying (張鷹) and Mr. Fang Dengdong (方登棟) resigned from their positions as director in March 2026.

(vii) Ms. Chang Ningxiaoxi (常寧曉曦) resigned from her position as a director in February 2025.

(viii) Ms. Yuan Lingyun (袁淩韻) resigned from her position as a director in November 2025.

(ix) Mr. John Yao Chow Hsin was appointed as a director of the Company in November 2025 and resigned in March 2026.

(x) Ms. Chen Tingting (陳婷婷), Mr. Lin Junjie (林俊傑) and Ms. Wu Yanhua (吳艷花) were appointed as supervisors of the Company in December 2025 and resigned as supervisors in March 2026 due to the abolition of supervisory committee.

(xi) Pursuant to resolutions of shareholders in March 2026, Ms. Wu Ruimin (吳瑞敏), Mr. Xiang Jianqiang (相建強) and Mr. Yin Wenjun (尹文峻) were appointed as independent non-executive directors of the Company.

9 FIVE HIGHEST PAID INDIVIDUALS

The number of directors and other employees included in the five highest paid individuals for the years ended 31 December 2023, 2024 and 2025 are set forth below:

	Year ended 31 December		
	2023	**2024**	**2025**
Directors	2	3	4
Other employees	3	2	1
	5	5	5

The emoluments of the directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid non-director individuals, are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Salaries and other emoluments	12,491	199	104
Discretionary bonuses	—	2,352	1,168
Retirement scheme contributions	30	17	10
	12,521	2,568	1,282

The emoluments of the three, two and one individuals with the highest emoluments are within the following bands:

	Year ended 31 December		
	2023	**2024**	**2025**
	Number of individuals	**Number of individuals**	**Number of individuals**
HK$1,000,001 — HK$1,500,000	—	2	1
HK$4,000,001 — HK$4,500,000	1	—	—
HK$4,500,001 — HK$5,000,000	2	—	—

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share during the Track Record Period is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue for the respective year.

As set out in Note 27(c), the Company was converted into a joint stock limited liability company in December 2025. For the purpose of determining basic earnings/(loss) per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the above conversion had occurred since 1 January 2023, at the exchange ratio established in December 2025.

The weighted average number of ordinary shares does not take into account the impact of the share subdivision that will become effective immediately upon **[REDACTED]** (Note 33).

(i) *Profit/(loss) attributable to ordinary equity shareholders of the Company*

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Profit/(loss) attributable to all equity shareholders of the Company	41,624	34,228	(15,341)
Allocation of (profit)/loss attributable to ordinary shares with redemption rights *(Note 24)*	(18,219)	(14,982)	6,632
Profit/(loss) attributable to ordinary equity shareholders of the Company	23,405	19,246	(8,709)

(ii) *Weighted average number of ordinary shares deemed to be in issue*

	Year ended 31 December		
	2023	**2024**	**2025**
	'000	**'000**	**'000**
Ordinary shares deemed to be in issue at 1 January	3,370	3,370	3,370
Effect of ordinary shares deemed to be issued	—	—	42
Effect of ordinary shares with redemption rights	(1,475)	(1,475)	(1,475)
Weighted average number of ordinary shares deemed to be in issue at 31 December	1,895	1,895	1,937

(b) Diluted earnings/(loss) per share

Ordinary shares with redemption rights (Note 24) were not included in the calculation of diluted earnings/(loss) per share as their inclusion would have been anti-dilutive. Accordingly, diluted earnings/(loss) per share for each year during the Track Record Period were the same as basic earnings/(loss) per share for the respective years.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic and office equipment	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2023	1,140	1,832	1,728	4,700
Additions	72	64	1,126	1,262
Disposals	(31)	—	—	(31)
At 31 December 2023 and 1 January 2024	1,181	1,896	2,854	5,931
Additions	550	5,342	3,491	9,383
Disposals	(13)	(1,119)	(1,503)	(2,635)
At 31 December 2024 and 1 January 2025	1,718	6,119	4,842	12,679
Additions	832	—	2,508	3,340
Disposals	—	(400)	—	(400)
At 31 December 2025	2,550	5,719	7,350	15,619
Accumulated amortisation and depreciation:				
At 1 January 2023	454	467	288	1,209
Charge for the year	370	436	759	1,565
Disposals	(3)	—	—	(3)
At 31 December 2023 and 1 January 2024	821	903	1,047	2,771
Charge for the year	325	775	1,213	2,313
Disposals	(13)	(792)	(370)	(1,175)
At 31 December 2024 and 1 January 2025	1,133	886	1,890	3,909
Charge for the year	308	1,394	1,762	3,464
Disposals	—	(277)	—	(277)
At 31 December 2025	1,441	2,003	3,652	7,096
Net book value:				
At 31 December 2025	1,109	3,716	3,698	8,523
At 31 December 2024	585	5,233	2,952	8,770
At 31 December 2023	360	993	1,807	3,160

The Company

	Electronic and office equipment	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost:				
At 1 January 2023	1,124	1,832	1,728	4,684
Additions	41	64	871	976
At 31 December 2023 and 1 January 2024	1,165	1,896	2,599	5,660
Additions	378	4,508	2,723	7,609
Disposals	(13)	(1,119)	(810)	(1,942)
At 31 December 2024 and 1 January 2025	1,530	5,285	4,512	11,327
Additions	514	—	2,453	2,967
Disposals	—	(400)	—	(400)
At 31 December 2025	2,044	4,885	6,965	13,894
Accumulated amortisation and depreciation:				
At 1 January 2023	449	467	288	1,204
Charge for the year	361	436	751	1,548
At 31 December 2023 and 1 January 2024	810	903	1,039	2,752
Charge for the year	307	597	1,051	1,955
Disposals	(13)	(792)	(293)	(1,098)
At 31 December 2024 and 1 January 2025	1,104	708	1,797	3,609
Charge for the year	237	1,196	1,644	3,077
Disposals	—	(277)	—	(277)
At 31 December 2025	1,341	1,627	3,441	6,409
Net book value:				
At 31 December 2025	703	3,258	3,524	7,485
At 31 December 2024	426	4,577	2,715	7,718
At 31 December 2023	355	993	1,560	2,908

12 RIGHT-OF-USE ASSETS

The Group

The analysis of the carrying amount of the Group's right-of-use assets by class of underlying asset is as follows:

	Properties
	RMB'000
Cost:	
At 1 January 2023	6,843
Additions	5,226
At 31 December 2023 and 1 January 2024	12,069
Additions	7,390
Increase as a result of lease modifications	4,042
Disposals	(3,148)
At 31 December 2024 and 1 January 2025	20,353
Additions	9,519
At 31 December 2025	29,872
Accumulated depreciation:	
At 1 January 2023	1,480
Charge for the year	2,959
At 31 December 2023 and 1 January 2024	4,439
Charge for the year	3,268
Disposals	(567)
At 31 December 2024 and 1 January 2025	7,140
Charge for the year	5,940
At 31 December 2025	13,080
Net book value:	
At 31 December 2025	16,792
At 31 December 2024	13,213
At 31 December 2023	7,630

The Company

The analysis of the carrying amount of the Company's right-of-use assets by class of underlying asset is as follows:

	Properties
	RMB'000
Cost:	
At 1 January 2023, 31 December 2023 and 1 January 2024	6,843
Additions	5,325
Increase as a result of lease modifications	4,042
At 31 December 2024 and 1 January 2025	16,210
Additions	4,299
At 31 December 2025	20,509
Accumulated depreciation:	
At 1 January 2023	1,480
Charge for the year	2,219
At 31 December 2023 and 1 January 2024	3,699
Charge for the year	2,245
At 31 December 2024 and 1 January 2025	5,944
Charge for the year	4,221
At 31 December 2025	10,165
Net book value:	
At 31 December 2025	10,344
At 31 December 2024	10,266
At 31 December 2023	3,144

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets of properties	2,959	3,268	5,940
Expenses relating to short-term leases	705	334	459
Interest on lease liabilities *(Note 6(a))*	317	276	491
	3,981	3,878	6,890

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 20(c) and 23, respectively.

13 INTANGIBLE ASSETS

The Group

	Software	Royalty fees	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2023	249	—	249
Additions	940	1,000	1,940
At 31 December 2023 and 1 January 2024	1,189	1,000	2,189
Additions	1,171	—	1,171
At 31 December 2024 and 1 January 2025	2,360	1,000	3,360
Additions	447	—	447
At 31 December 2025	2,807	1,000	3,807
Accumulated amortisation:			
At 1 January 2023	21	—	21
Charge for the year	81	179	260
At 31 December 2023 and 1 January 2024	102	179	281
Charge for the year	257	429	686
At 31 December 2024 and 1 January 2025	359	608	967
Charge for the year	501	392	893
At 31 December 2025	860	1,000	1,860
Net book value:			
At 31 December 2025	1,947	—	1,947
At 31 December 2024	2,001	392	2,393
At 31 December 2023	1,087	821	1,908

The Company

	Software	Royalty fees	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2023	249	—	249
Additions	940	1,000	1,940
At 31 December 2023 and 1 January 2024	1,189	1,000	2,189
Additions	1,171	—	1,171
At 31 December 2024 and 1 January 2025	2,360	1,000	3,360
Additions	310	—	310
At 31 December 2025	2,670	1,000	3,670
Accumulated amortisation:			
At 1 January 2023	21	—	21
Charge for the year	81	179	260
At 31 December 2023 and 1 January 2024	102	179	281
Charge for the year	257	429	686
At 31 December 2024 and 1 January 2025	359	608	967
Charge for the year	481	392	873
At 31 December 2025	840	1,000	1,840
Net book value:			
At 31 December 2025	1,830	—	1,830
At 31 December 2024	2,001	392	2,393
At 31 December 2023	1,087	821	1,908

14 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	8,361	16,070	19,992

Further details of the principal subsidiaries of the Group are set out in Note 1.

15 FINANCIAL ASSETS MEASURED AT FVPL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current assets			
Unlisted equity investments (i)	303	5,525	5,942
Current assets			
Wealth management products (ii)	—	108,134	136,191
	303	113,659	142,133

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current assets			
Unlisted equity investments (i)	—	5,000	5,483
Current assets			
Wealth management products (ii)	—	108,134	136,191
	—	113,134	141,674

Notes:

(i) The equity investments of the Group represented investments in two unlisted entities. The entities are engaged in production of oral care products and dental healthcare medical services. Details of the fair value information of these investments are set out in Note 28(e).

(ii) Financial assets measured at FVPL comprised investments in wealth management products issued by banks and financial institutions in the Chinese Mainland for an investment period of less than one year. The wealth management products are at variable rates on return, and the principals are unguaranteed.

16 FINANCIAL ASSETS MEASURED AT AMORTISED COST

The Group and the Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Time deposits	136,724	—	—
Certificate of deposits	145,713	180,019	169,644
	282,437	180,019	169,644
Less: non-current portion	91,151	164,935	31,304
Current	191,286	15,084	138,340

Certificate of deposits were purchased from licensed banks in Chinese Mainland, which were bearing fixed interest rates of 1.80% to 3.75%, 2.60% to 3.34% and 2.60% to 3.20% per annum, and had original maturity periods ranging from 12 to 39 months, 8 to 39 months and 24 to 39 months as at 31 December 2023, 2024 and 2025.

Certificate of deposits are redeemable, and the contractual terms give rise on specified dates to cash flows that consist solely payments of principal and interest on the outstanding principal amount and are held for the collection of contractual cash flows. Therefore, the certificate of deposits are classified as financial assets measured at amortised cost.

17 INVENTORIES

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	12,028	24,805	40,938
Finished goods	26,605	51,059	70,332
Goods in transit	4,043	4,112	1,809
Packaging and consumables	1,958	1,792	4,471
	44,634	81,768	117,550

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Inventories			
Raw materials	12,028	24,805	40,269
Finished goods	26,593	50,369	67,436
Goods in transit	2,400	2,158	1,555
Packaging and consumables	1,958	1,791	3,963
	42,979	79,123	113,223

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Carrying amount of inventories sold	235,623	339,716	587,973
Write-down of inventories	774	1,656	1,806
	236,397	341,372	589,779

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

18 AMOUNTS DUE FROM SUBSIDIARIES

Amounts due from subsidiaries of RMB44,035,000, RMB18,957,000 and RMB13,077,000 as at 31 December 2023, 2024 and 2025 respectively, were trade in nature and were repayable on demand.

Amounts due from subsidiaries of RMB9,053,000 as at 31 December 2025 were non-trade in nature, unsecured, and bore an interest rate of 3% per annum for a two-year term from the drawdown date.

19 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Trade receivables	29,396	43,553	98,509
Less: Loss allowance	(154)	(377)	(924)
	29,242	43,176	97,585

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Trade receivables	27,266	37,046	89,979
Less: Loss allowance	(150)	(220)	(248)
	27,116	36,826	89,731

All of the trade receivables of the Group are expected to be recovered or recognised as expenses within one year.

Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on the revenue recognition date, is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within 3 months	29,106	41,741	95,901
Over 3 months	290	1,812	2,608
	29,396	43,553	98,509

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within 3 months	27,032	35,794	88,392
Over 3 months	234	1,252	1,587
	27,266	37,046	89,979

Trade receivables are generally due within 7–60 days from the date of billing. All of the trade receivables are expected to be recovered within one year. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 28(a).

(b) Deposits, prepayments and other receivables

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Prepayments for marketing expenses	6,625	17,692	26,279
Prepayments for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepayments for others	2,944	3,043	4,893
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
Less: non-current portion			
— Prepayment for decoration fee	—	1,674	—
— Rental deposits	1,313	736	1,761
	1,313	2,410	1,761
Current portion	18,088	31,929	57,384

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments for marketing expenses	6,024	17,126	22,572
Prepayments for others	2,334	2,699	3,032
Prepayments for **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Deposits	4,859	6,852	12,849
Other receivables	157	366	830
	13,374	27,043	41,039
Less: non-current portion			
— Prepayment for decoration fee	—	1,674	—
— Rental deposits	887	444	1,502
	887	2,118	1,502
Current portion	12,487	24,925	39,537

20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash on hand	106	46	90
Cash at bank	75,846	168,123	222,982
Cash and cash equivalents	75,952	168,169	223,072

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash on hand	106	46	90
Cash at bank	46,274	155,300	179,691
Cash and cash equivalents	46,380	155,346	179,781

As at 31 December 2023, 2024 and 2025, cash and cash equivalents were situated in Chinese Mainland amounted to RMB75,952,000, RMB165,375,000 and RMB221,243,000, respectively. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

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

		Year ended 31 December		
		2023	**2024**	**2025**
	Note	**RMB'000**	**RMB'000**	**RMB'000**
Profit before taxation		60,403	50,915	27,191
Adjustments for:				
Changes in the carrying amount of the redemption liabilities		11,118	30,756	56,900
Equity-settled share-based payment expenses	*6(b)*	816	1,322	114,798
Depreciation and amortisation	*6(c)*	4,784	6,267	10,297
Finance cost	*6(a)*	317	276	491
Interest income	*5*	(7,886)	(9,410)	(7,644)
Gain on disposal of wealth management products	*5*	(23)	(105)	(1,004)
Fair value gain of wealth management products	*5*	—	(134)	(1,191)
Net gains on early termination of leases	*5*	—	(60)	—
Net loss on disposal of property, plant and equipment	*5*	28	860	123
Write-down of inventories	*17(b)*	774	1,656	1,806
Impairment losses under ECL model, net of reversal	*6(c)*	295	223	599
Impairment loss on interests in an associate	*5*	—	936	—
Share of loss of interests in an associate		—	64	—
Net fair value changes of unlisted equity investments	*5*	7	88	(417)
Changes in working capital:				
Increase in inventories		(19,521)	(38,800)	(37,568)
Increase in trade receivables		(10,311)	(14,162)	(54,996)
Increase in deposits, prepayments and other receivables		(3,849)	(13,404)	(25,524)
Increase in trade and other payables		66,762	84,565	93,480
Increase in contract liabilities		14,162	8,480	23,825
Cash generated from operations		117,876	110,333	201,166

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Redeemable liabilities	Total
	RMB'000	RMB'000	RMB'000
	(Note 23)	*(Note 24)*	
At 1 January 2023	6,198	537,329	543,527
Changes from financing cash flows:			
Capital element of lease rentals paid	(2,647)	—	(2,647)
Interest element of lease rentals paid	(317)	—	(317)
Total changes from financing cash flows	(2,964)	—	(2,964)
Other changes:			
Interest charges *(Note 6(a))*	317	—	317
Increase in lease liabilities from entering into new leases during the year	5,226	—	5,226
Changes in the carrying amount of the redemption liabilities	—	11,118	11,118
Total other changes	5,543	11,118	16,661
At 31 December 2023 and 1 January 2024	8,777	548,447	557,224

	Lease liabilities	Redeemable liabilities	Total
	RMB'000	RMB'000	RMB'000
	(Note 23)	*(Note 24)*	
At 1 January 2024	8,777	548,447	557,224
Changes from financing cash flows:			
Capital element of lease rentals paid	(4,043)	—	(4,043)
Interest element of lease rentals paid	(276)	—	(276)
Total changes from financing cash flows	(4,319)	—	(4,319)
Other changes:			
Interest charges *(Note 6(a))*	276	—	276
Increase in lease liabilities from entering into new leases during the year	7,390	—	7,390
Modifications on lease contracts	4,042	—	4,042
Early termination of leases	(2,641)	—	(2,641)
Changes in the carrying amount of the redemption liabilities	—	30,756	30,756
Total other changes	9,067	30,756	39,823
At 31 December 2024 and 1 January 2025	13,525	579,203	592,728

	Lease liabilities	Redeemable liabilities	Total
	RMB'000	RMB'000	RMB'000
	(Note 23)	*(Note 24)*	
At 1 January 2025	13,525	579,203	592,728
Changes from financing cash flows:			
Capital element of lease rentals paid	(5,593)	—	(5,593)
Interest element of lease rentals paid	(491)	—	(491)
Total changes from financing cash flows	(6,084)	—	(6,084)
Other changes:			
Interest charges (Note 6(a))	491	—	491
Increase in lease liabilities from entering into new leases during the year	9,519	—	9,519
Partial settlement of the redemption liabilities by dividends paid to shareholders	—	(54,159)	(54,159)
Changes in the carrying amount of the redemption liabilities	—	56,900	56,900
Total other changes	10,010	2,741	12,751
At 31 December 2025	17,451	581,944	599,395

(d) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	705	334	459
Within financing cash flows	2,964	4,319	6,084
	3,669	4,653	6,543

21 TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	78,899	167,297	233,999
Deposits	905	1,105	2,225
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
Financial liabilities measured at amortised cost	106,364	190,941	284,546
Refund liabilities	674	656	557
	107,038	191,597	285,103

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	78,622	167,000	227,890
Deposits	864	216	216
VAT and other tax payables	10,746	6,067	19,368
Accrued salaries and employee benefits	6,360	5,872	5,125
Other payables and accrued charges	617	46	1,187
Financial liabilities measured at amortised cost	97,209	179,201	253,786
Refund liabilities	639	636	529
	97,848	179,837	254,315

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

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 3 months	78,203	158,417	224,621
Over 3 months	696	8,880	9,378
	78,899	167,297	233,999

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within 3 months	77,924	158,143	224,621
Over 3 months	698	8,857	3,269
	78,622	167,000	227,890

22 CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Contract liabilities			
Advance payments from customers (i)	5,816	8,888	16,173
Accrued sales rebates (ii)	9,256	14,664	31,204
	15,072	23,552	47,377

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Contract liabilities			
Advance payments from customers (i)	755	1,431	382
Accrued sales rebates (ii)	7,828	64	108
	8,583	1,495	490

Notes:

(i) The Group generally requires full advance payments from majority of its distributors prior to delivery of goods. This gives rise to contract liabilities at the start of a sales order, until the revenue recognized on the corresponding sale order exceeds the amount of payments received in advance.

(ii) The Group offers sales rebates to certain customers through offsetting future sales orders. Transaction prices allocated to undelivered goods in future sales orders were recognized as contract liabilities.

Movements in contract liabilities:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of the year	910	15,072	23,552
Net increase in contract liabilities during the period	15,072	23,241	47,315
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(910)	(14,761)	(23,490)
Balance at the end of the year	15,072	23,552	47,377

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of the year	900	8,583	1,495
Net increase in contract liabilities during the period	8,583	1,249	479
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(900)	(8,337)	(1,484)
Balance at the end of the year	8,583	1,495	490

All of the contract liabilities are expected to be recognised as income within one year.

23 LEASE LIABILITIES

At 31 December 2023 and 2024 and 2025, the lease liabilities were repayable as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	4,251	5,062	7,256
After 1 year but within 2 years	2,861	5,281	5,074
After 2 years but within 5 years	1,665	3,182	5,121
	4,526	8,463	10,195
	8,777	13,525	17,451

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	2,916	3,530	4,938
After 1 year but within 2 years	1,290	4,106	3,631
After 2 years but within 5 years	—	2,769	2,224
	1,290	6,875	5,855
	4,206	10,405	10,793

24 REDEMPTION LIABILITIES

The movements of redemption liabilities are set out below:

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of the year	537,329	548,447	579,203
Partial settlement of the redemption liabilities by dividends paid to shareholders	—	—	(54,159)
Changes in the carrying amount	11,118	30,756	56,900
At the end of the year	548,447	579,203	581,944

The Company conducted several rounds of financing by issuing paid-in capital to certain investors (the "**Pre-[REDACTED] Investors**") and granting them a right to put back to the Company the paid-in capital acquired upon the occurrence of certain redemption events ("**redemption right**").

Redemption rights

The Pre-**[REDACTED]** Investors could exercise the redemption right upon the occurrence of any of the following redemption events:

(i) Abnormal equity transactions (including but not limited to equity transfer, equity pledge, etc.) conducted by the founder of the Company result in the change in control of the Company;

(ii) The founder of the Company commits criminal acts, fraud or other actions materially harming the interest of the Company;

(iii) Without the prior written consent of the investors, the Company sells its major assets, resulting in its inability to continue operation;

(iv) Any other material adverse event that results in the Company being unable to continue its operations; or

(v) The Group redeems the equity shares held by another shareholder.

In addition to the redemption events set out above, certain of the Pre-**[REDACTED]** Investors could also exercise the redemption right upon the occurrence of the following redemption events:

(i) a Qualified Public Offering has not been consummated by the Company within sixty months since the date of investment; or

(ii) the Company or the founder of the Company materially breaches any of the transaction documents.

The redemption price is as follows:

For certain Pre-**[REDACTED]** Investors, the redemption price shall be the higher of (i) the number of shares subject to redemption multiplied by the per-share price paid by them, plus interest at an annual simple interest rate of 8% and any declared but unpaid dividends, and minus any dividends already paid, or (ii) the market fair value of the shares subject to redemption.

The redemption price of the remaining Pre-**[REDACTED]** Investors shall equal to the aggregate of the number of shares subject to redemption multiplied by the per-share price paid them, plus interest at an annual simple interest rate of 8% and any declared but unpaid dividends, and minus any dividends already paid.

Pursuant to a termination agreement between the Company and the Pre-**[REDACTED]** Investors in March 2026, such redemption rights were suspended upon **[REDACTED]** submission of the Company and will be terminated upon its completion of **[REDACTED]** on the Stock Exchange.

Measurement

The Company recognised the financial liabilities arising from its obligation to purchase all or part of the redeemable capital contributions from the Pre-**[REDACTED]** Investors, because not all triggering events mentioned in the key terms above are within the control of the Company. The redemption liabilities are measured at the highest redemption amount under different contingent events on a present-value basis.

As the Pre-**[REDACTED]** Investors can exercise the redemptions rights at any time, the Group does not have the right at the end of each reporting period during the Track Record Period to defer settlement of the liability for at least twelve months after the end of the respective reporting period. Therefore, as at 31 December 2023, 2024 and 2025, all the redeemable liabilities were classified as current liabilities.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The table below sets forth share-based payments expenses during the Track Record Period:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Selling and distribution expenses	318	570	965
Administrative expenses	498	752	113,833
	816	1,322	114,798

At 31 December 2025, the Group had the following share-based payment arrangements.

(a) Restricted share plan

In 2020, the Group adopted an employee incentive plan for purpose of retaining and motivating the Group's eligible employees. Pursuant to which the Group was authorized to grant the Group's employees the opportunity to purchase the Company's shares, which were held by Xiamen Xiaokuo Enterprise Management Consulting Partnership Enterprise (Limited Partnership) and settled by the controlling shareholder and the chairman of the board of directors of the Company, Mr. Yin Kuo (尹闊).

The eligible employees are granted the right to purchase the Company's shares upon completion of the specified service periods over a period of one to four years. The awards vest in four equal tranches, with 25% of the restricted shares granted per each. In addition, only when the employees remain in service after one-year period following the completion of the Company's **[REDACTED]**, they will become unconditionally entitled to the Company's shares.

The movements in numbers and weighted average fair value of the share granted during the Track Record Period are summarised as follows:

	As at 31 December					
	2023		2024		2025	
	Number of restricted shares	Weighted-average subscription price per share	Number of restricted shares	Weighted-average subscription price per share	Number of restricted shares	Weighted-average subscription price per share
		RMB		RMB		RMB
Outstanding at the beginning of the year	141,628	35.3	141,628	35.3	152,905	40.2
Granted during the year	—	N/A	11,277	101.5	—	N/A
Outstanding at the end of the year	141,628	35.3	152,905	40.2	152,905	40.2

The Group has applied Black-Scholes model to determine the fair value of the share granted under the plan.

Key parameters used in the measurement of the fair values at grant date of the restricted shares were as follows.

	For the share granted and outstanding as at 1 January 2023	Share granted in 2024
Fair value of each ordinary share	44.8	422.5
Subscription price per share	35.3	101.5
Expected life	5.2–6.8 years	3.2–4 years
Expected volatility	30.3%–33.9%	51.2%–55.4%
Expected dividends	0.00%	0.00%
Risk-free interest rate	2.5%–3.2%	1.68%–1.74%

(b) Share award and share options

(i) *Share award*

In October 2025, the Company's shareholders resolved to issue 168,492 ordinary shares to Shenzhen Mario Enterprise Management Consulting Co., Ltd. (深圳馬力奧企業管理諮詢有限公司), which is a company controlled by Mr. Yin Kuo (尹闊). The consideration received by the Company was lower than the fair value of the Company's shares issued. This transaction represents a share-based payment awarded in respect of the chairman's past services to the Group and is not subject to any vesting conditions.

The Group has applied the discounted cash flow method to determine the grant-date fair value of the Company's equity, then adopted equity value allocation model to determine the fair value of the underlying ordinary shares. The grant-date fair value of such share-based payment award amounts to RMB105,059,000 which is charged to the administrative expenses during the year ended 31 December 2025. Key parameters used in the measurement of the fair values at grant date of the ordinary shares were as follows.

Annual growth rate of revenue during five-year forecast period	5%–20%
Estimated weighted average growth rate beyond the five-year period	1.5%
Gross profit margin revenue during five-year forecast period	68%
Weighted average cost of capital ("**WACC**")	12.4%
Discount for lack of marketability ("**DLOM**")	15.0%

The expected volatility is simulated using the historical share price volatilities of comparable companies, calculated by rolling back the corresponding period from each valuation date to the expected occurrence date of the scenario. The expected term of the instruments has been based on contractual share purchase date. Expected dividends are based on historical dividends.

(ii) ***Share option arrangement***

In October 2025, the Company's shareholders offered Mr. Yin Kuo (尹闊) an option to acquire 33,698 shares of the Company at a price of RMB147.4 per share (which is below the market value at grant date) if the non-market performance conditions (including certain specific financial performance targets of the Group for the year ended 31 December 2025) are met.

The Group has applied Black-Scholes model to determine the fair values of the option granted under the arrangement. The service and non-market performance conditions attached to the arrangement were not taken into account in measuring fair value. Key parameters used in the measurement of the fair values at grant date of the option were as follows.

Fair value of per ordinary share	623.5
Exercise price per share	147.4
Expected life	0.5 years
Expected volatility	47.80%
Expected dividends	0%
Risk-free interest rate	1.3%

The expected volatility is simulated using the historical share price volatilities of comparable companies, calculated by rolling back the corresponding period from each valuation date to the expected occurrence date of the scenario. The expected term of the instruments has been based on contractual share purchase date. Expected dividends are based on the future dividend plans.

26 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Balance at the beginning of the year	42	(139)	—
Provision for current income tax for the year *(Note 7(a))*	3	—	32,328
Provisional profits tax (paid)/refund	(184)	139	—
Balance at the end of the year	(139)	—	32,328

(b) Deferred tax assets and liabilities recognised:

(i) *Movement of each component of deferred tax assets and liabilities*

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

The Group

Deferred tax assets/(liabilities) arising from:	Right-of-use assets	Lease liabilities	Provisions	Unrealized internal transaction gains or losses	Tax losses	Accrued sales rebates	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	(1,341)	1,549	368	—	57,138	—	(1,541)	56,173
Credited/(charged) to profit or loss	331	(269)	16	124	(19,724)	2,314	(1,568)	(18,776)
At 31 December 2023 and 1 January 2024	(1,010)	1,280	384	124	37,414	2,314	(3,109)	37,397
(Charged)/credited to profit or loss	(1,704)	1,477	186	(10)	(19,810)	1,352	1,822	(16,687)
At 31 December 2024 and 1 January 2025	(2,714)	2,757	570	114	17,604	3,666	(1,287)	20,710
(Charged)/credited to profit or loss	(194)	274	272	(82)	(16,102)	4,135	(1,417)	(13,114)
At 31 December 2025	(2,908)	3,031	842	32	1,502	7,801	(2,704)	7,596

The components of deferred tax assets/(liabilities) recognised in the statements of financial position of the Company and the movements during the year are as follows:

The Company

Deferred tax assets/(liabilities) arising from:	Right-of-use assets	Lease liabilities	Provisions	Tax losses	Accrued sales rebates	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	(1,341)	1,549	368	56,067	—	(1,541)	55,102
Credited/(charged) to profit or loss	555	(497)	15	(21,873)	1,957	(1,568)	(21,411)
At 31 December 2023 and 1 January 2024	(786)	1,052	383	34,194	1,957	(3,109)	33,691
(Charged)/credited to profit or loss	(1,780)	1,549	148	(19,800)	(1,941)	1,822	(20,002)
At 31 December 2024 and 1 January 2025	(2,566)	2,601	531	14,394	16	(1,287)	13,689
(Charged)/credited to profit or loss	(20)	97	142	(14,394)	11	(1,417)	(15,581)
At 31 December 2025	(2,586)	2,698	673	—	27	(2,704)	(1,892)

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Net deferred tax asset in the consolidated statements of financial position	37,397	20,710	9,488
Net deferred tax liability in the consolidated statements of financial position	—	—	(1,892)
	37,397	20,710	7,596

Reconciliation to the statements of financial position of the Company

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Net deferred tax asset in the statements of financial position	33,691	13,689	—
Net deferred tax liability in the statements of financial position	—	—	(1,892)
	33,691	13,689	(1,892)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has no significant deferred tax assets not recognised as at 31 December 2023, 2024 and 2025.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Paid-in capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		3,370	409,814	(394,229)	399	(233,959)	(214,605)
Changes in equity for 2023:							
Profit for the year		—	—	—	—	61,038	61,038
Equity settled share-based transactions	25	—	—	—	816	—	816
Balance at 31 December 2023 and 1 January 2024		3,370	409,814	(394,229)	1,215	(172,921)	(152,751)
Changes in equity for 2024:							
Profit for the year		—	—	—	—	41,073	41,073
Equity settled share-based transactions	25	—	—	—	1,322	—	1,322
Balance at 31 December 2024		3,370	409,814	(394,229)	2,537	(131,848)	(110,356)

	Note	Paid-in capital	Share capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2024 and 1 January 2025		3,370	—	409,814	(394,229)	2,537	(131,848)	(110,356)
Changes in equity for 2025:								
Loss for the year		—	—	—	—	—	(1,736)	(1,736)
Conversion into a joint stock limited liability company		(3,538)	3,538	(130,113)	—	—	130,113	—
Equity settled share-based transactions	25	168	—	104,891	—	9,739	—	114,798
Dividend declared	27(b)	—	—	—	—	—	(130,000)	(130,000)
Partial settlement of the redemption liabilities by dividends paid to shareholders	24	—	—	—	54,159	—	—	54,159
Balance at 31 December 2025		—	3,538	384,592	(340,070)	12,276	(133,471)	(73,135)

(b) Dividends

During the years ended 31 December 2023 and 2024, no dividends were declared or paid by the Company.

During the year ended 31 December 2025, dividends of RMB130,000,000 were declared and paid by the Company.

(c) Paid-in capital and share capital

(i) Paid-in capital

For the purpose of the Historical Financial Information, the paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	Paid-in capital
	RMB'000
Ordinary shares, issued and allotted:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	3,370
Shares issued under equity-settled share-based compensation plans *(Note 25(b)(i))*	168
Conversion into a joint stock company *(Note 27(c)(ii))*	(3,538)
At 31 December 2025	—

(ii) Issued share capital

	Number of ordinary shares	**Share capital**
		RMB'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 31 December 2024 and 1 January 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company	3,538,330	3,538
At 31 December 2025	3,538,330	3,538

Note: Pursuant to the shareholders resolutions and agreements dated in December 2025, the Company was converted into a joint stock limited liability company and issued 3,538,330 shares with par value of RMB1 each.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of paid-in capital/share capital issued by the Company; and (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company as disclosed in Note 27(c)(ii).

(ii) *Share-based payment reserve*

The share-based payment reserve is for recognising the grant date fair value of equity-settled share-based payments issued to employees of the Group under the share-based incentive scheme which are not yet vested or exercised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 2(p)(ii).

(iii) *Other reserve*

The other reserve is amounts in relation to the recognition and termination of redemption liabilities as set out in Note 24.

(iv) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group was not subject to externally imposed capital requirements during the Track Record Period.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and time deposit are limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk.

Trade receivables

In respect of trade receivables, the Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 7–60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. As at 31 December 2023, 2024 and 2025, 21.4%, 10.8% and 29.0% of total receivables were due from the Group's largest customer and 31.1%, 21.8% and 35.5% of the total trade receivables were due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2023, 2024 and 2025:

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB'000**	**RMB'000**
Within 3 months	0.03%	29,106	10
Over 3 months	49.66%	290	144
		29,396	154

	As at 31 December 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB'000**	**RMB'000**
Within 3 months	Insignificant	41,741	—*
Over 3 months	20.81%	1,812	377
		43,553	377

	As at 31 December 2025		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	**RMB'000**	**RMB'000**
Within 3 months	0.01%	95,901	8
Over 3 months	35.12%	2,608	916
		98,509	924

* The amount is less than RMB500.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	42	154	377
Loss allowance recognised	112	224	547
Uncollectable amounts written off	—	(1)	—
Balance at the end of the year	154	377	924

Deposits and other receivables

Credit risk in respect of deposits and other receivables is limited

The Group has assessed that during the Track Record Period, deposits and other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of deposits and other receivables and no loss allowance provision was recognised.

(b) Liquidity risk

In management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development.

The Group considered historical cash requirements, working capital and capital expenditures plans, estimated cash flows provided by operations, existing cash on hand as well as other key factors, including utilization of credit facilities granted by financial institutions.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and can be required to pay.

	As at 31 December 2023				
	Undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	106,364	—	—	106,364	106,364
Lease liabilities	4,548	2,983	1,713	9,244	8,777
	110,912	2,983	1,713	115,608	115,141

	As at 31 December 2024				
	Undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	190,941	—	—	190,941	190,941
Lease liabilities	5,485	5,505	3,233	14,223	13,525
	196,426	5,505	3,233	205,164	204,466

	As at 31 December 2025				
	Undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	284,546	—	—	284,546	284,546
Lease liabilities	7,765	5,341	5,456	18,562	17,451
	292,311	5,341	5,456	303,108	301,997

In addition to the above, the Group was also exposed to redemption liabilities at 31 December 2023, 2024 and 2025, the payment terms of which are further disclosed in Note 24.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at bank at variable rates, which exposes the Group to cash flow interest rate risk. Overall, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Company and its subsidiaries are not significant.

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly dominated in Renminbi, which is not freely convertible into foreign currencies.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement* categorises fair value measurements into a three-level hierarchy. The level into which fair value is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including structured deposits which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025 because of the short-term maturities of these financial instruments.

	Fair value at 31 December	Fair value measurements as at 31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Unlisted equity investments	303	—	—	303

	Fair value at 31 December	Fair value measurements as at 31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Unlisted equity investments	5,525	—	—	5,525
— Wealth management products	108,134	—	108,134	—

	Fair value at 31 December	Fair value measurements as at 31 December 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Unlisted equity investments	5,942	—	—	5,942
— Wealth management products	136,191	—	136,191	—

For the years ended 31 December 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Wealth management product purchased by the Group is issued by reputable banks in the PRC. The fair values is based on cash flow discounted using the expected return based on observable market inputs and are within Level 2 of the fair value hierarchy.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Rate
Unlisted equity securities	Market comparable companies	DLOM	29.80%

The fair value of unlisted equity securities is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the DLOM. As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in DLOM by 1% would have increased/decreased the Group's other comprehensive income by RMB71,000.

(iii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

29 COMMITMENTS

The Group did not have any capital commitments as at 31 December 2023, 2024 and 2025.

30 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,752	4,435	4,017
Discretionary bonus	5,373	9,524	12,164
Contribution to defined contribution retirement plan	34	49	57
Equity-settled share-based payment expenses	764	1,238	114,683
	9,923	15,246	130,921

Total above remuneration to key management personnel is included in "staff costs" (Note 6(b)).

(b) Name and relationship with related parties

For the years ended 31 December 2023, 2024 and 2025, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Mr. Yin Kuo (尹闊)	Chairman of our Board, director and ultimate controlling party
Mr. Fan Zhao (範朝)	Director and key management

(c) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-trade amounts due from:			
Mr. Yin Kuo (尹闊)	—	—	480
Mr. Fan Zhao (範朝)	—	—	10
	—	—	490

Note: The directors of the Company are of the view that all the amounts of non-trade nature receivable due from related parties as at 31 December 2025 will be fully settled prior to **[REDACTED]**.

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate and ultimate controlling party of the Company to be Mr. Yin Kuo (尹闊).

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2025 and which have not been adopted in the Historical Financial Information, including:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures — Contracts referencing nature-dependent electricity	1 January 2026
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, Presentation and disclosure in financial statements	1 January 2027
IFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to IAS 21, Translation to a hyperinflationary presentation currency	1 January 2027
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statements of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and based on the initial assessment result it concluded that adoption of IFRS 18 would not significantly affect the financial position and performance of the Group.

33 SUBSEQUENT EVENT

As approved by the Company's shareholders' general meeting held in March 2026, each ordinary share of the Company with par value of RMB1.00 will be subdivided into 25 shares with par value of RMB0.04 immediately upon **[REDACTED]** on the Stock Exchange of Hong Kong Limited.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2025.