You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants' Report set out in Appendix I to this document which have been prepared in accordance with IFRS Accounting Standards and the selected historical financial information and operating data included elsewhere in this document. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in "Risk Factors" in this document.

OVERVIEW

We are a growing global participant focused on the research, design, manufacture and marketing of robotic pool cleaners. We are the world's top three and China's top one provider of robotic pool cleaners, as measured by both shipment volume and GMV of self-manufactured products in 2024, with a comprehensive product portfolio equipped with advanced pool cleaning technology, according to the CIC Report. We are also the inaugurator and the world's largest provider of cordless robotic pool cleaners, as measured by shipment volume of self-manufactured products in 2024, according to the same source.

Tracing our history back to two decades ago, we played an active role in the development China's robotic pool cleaner industry with accumulated expertise in the research, design, manufacture and marketing of robotic pool cleaners which span a wide range of market demands at residential, commercial and public facilities. We have contributed to the developments of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. At present, the adoption of cordless robotic pool cleaners has become a clear trend in pool cleaning and maintenance, according to the CIC Report. We leverage our advanced R&D center and production base to ensure product performance and consistent quality and operate an expansive sales network across the continents to provide comprehensive support and services to our global clientele. Aligned with our commitment to technological innovation, we are participating in the intelligent transformation of the global pool cleaning and maintenance industry with AI-powered robotic products.

We achieved significant growth during the Track Record Period. Our revenue increased at a CAGR of 46.6% from RMB378.0 million in 2023 to RMB812.2 million in 2025. Our net profit increased at a CAGR of 28.5% from RMB60.8 million in 2023 to RMB100.4 million in 2025.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards. The historical financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

The preparation of historical financial information in conformity with the IFRS Accounting Standards requires the use of certain critical accounting estimates, as well as our management's judgment in applying our accounting policies.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations, financial condition and the period-to-period comparability of our financial results are principally affected by the following factors.

Growth of Global Robotic Pool Cleaner Market

Our business and results of operations are driven by end consumer demand for robotic pool cleaners. The global robotic pool cleaner market, in terms of GMV, is expected to increase from US$2,799.7 million in 2025 to US$4,567.7 million by 2030, with a CAGR of 10.3% from 2025 to 2030, according to the CIC Report. The adoption rate of robotic pool cleaners in the world is expected to increase from 26.2% in 2024 to 34.2% in 2029, according to the same source. The key market drivers of our industry primarily include (1) technological advancements, including but not limited to climbing walls, footholds, and steps, wireless charging and underwater charging, human-free operation, and IoT integration, and (2) new opportunities in emerging markets such as China. The future trends of our industry primarily include (1) surging technology advancement, (2) diversified application scenarios, (3) shifting towards online purchasing channels, and (4) cordless robotic pool cleaners will become mainstream. See "Industry Overview—Overview of the Global Robotic Pool Cleaner Market—Key Market Drivers" and "Industry Overview—Overview of the Global Robotic Pool Cleaner Market—Future Trends." To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological development, and to identify and anticipate the evolving expectations and needs of customers and end users in a timely manner. We believe that we are well-positioned to capture the market opportunities with our strong R&D capability and comprehensive product portfolio.

Our Ability to Research and Develop Our Products

Our business prospects and our ability to compete in the global robotic pool cleaner market largely depend on our ability to continuously research and develop our robotic pool cleaners. Leveraging our expertise and core technologies accumulated through years of experience, we have contributed to the development of robotic pool cleaners by inaugurating the earliest lightweight products in 2009, the earliest cordless products in 2014, and the earliest AI-powered products in 2023. We began the development of cordless products and the application of the relevant patents in 2009. We have established an effective R&D system to expand the available functionalities of our products, accommodating specific needs of various different scenarios. See "Business—Research and Development."

Our ability to continuously research and develop new robotic pool cleaners in line with technological progress and market trends depends on our continued investments in R&D. In 2023, 2024 and 2025, we incurred research and development expenses of RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for 5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively. In addition, we believe seasoned and committed professionals are crucial for bolstering our R&D, and we plan to continue to recruit and train more R&D talents that specialize in AI algorithm, machine vision and IoT technologies. As we plan to continue to invest in R&D for both technologies and talents to focus on innovations in order to remain competitive, we expect our research and development expenses to increase in the future. While we strive to achieve efficiency with our R&D efforts, R&D activities are inherently uncertain, and we might encounter practical difficulties in applying and commercializing our R&D results. As such, our significant R&D expenditures may not generate desirable benefits, which could materially and adversely affect our business, results of operations and financial condition.

Our Ability to Manage and Expand Production Capacity

The growth of our revenue and market share depends on our ability to manage and expand our production capacity in a cost-efficient manner. We have a production base with three workshops with a gross floor area of more than 10,000 square meters as of the Latest Practicable Date. In 2023, 2024 and 2025, the production capacity of our manufacturing facilities was approximately 570 thousand units, 650 thousand units and 624 thousand units, respectively. Our production capacity during the Track Record Period generally increased, primarily due to the upgrade of our production lines and equipment and our focus on expanding, training and managing our rapidly growing workforce. For details of our annual production capacity and utilization rates at our current facilities, see "Business—Manufacturing." In 2023, 2024 and 2025, our cost of sales was RMB160.7 million, RMB228.3 million and RMB301.1 million, respectively, accounting for 42.5%, 42.0% and 37.1% of our total revenue in the same periods, respectively.

In order to further enhance our manufacturing capabilities, we plan to add new production equipment and machinery, enhance automation and efficiency for our existing equipment and machinery and expand our manufacturing facilities, with which we will be able to fulfill customer demand and the needs of our rapid business growth. However, our expansion plan involves significant capital expenditure, which may affect our liquidity if we are unable to generate sufficient cash flow from operations or financing activities. In addition, expanding production capacity generally results in higher depreciation expenses in future periods. As a result, if we are unable to maintain sufficient utilization rates, or otherwise fail to generate sufficient profits from the expanded production capacity to offset the increased depreciation expenses, our profitability would be adversely affected by such expansion. See "Business—Manufacturing" and "Future Plans and Use of [**REDACTED**]" for details.

Our Sales and Marketing Capabilities

We have made proactive efforts in global market expansion with an extensive global customer network for our branded and ODM products across 60 countries and regions primarily in North America, Europe, Asia and Oceania as of the Latest Practicable Date. In 2023, 2024 and 2025 we sold approximately 167.5 thousand, 263.2 thousand and 370.4 thousand branded products, respectively, and approximately 203.0 thousand, 167.8 thousand and 130.7 thousand ODM products, respectively.

We sell branded products under two brands, *WYBOT* and *Winny Pool Cleaner*, to end consumers primarily in North America, Europe, Asia and Oceania primarily through online E-commerce marketplaces, such as Amazon, our E-commerce independent websites on Shopify, Woot, Walmart, Best Buy, Lowe's, Target, and Home Depot. Boasting a network comprising thousands of retail stores, such online marketplaces serve as direct channels for end consumers to conveniently place orders and purchase our products. In addition, leveraging our experience accumulated through our ODM business, since late 2023, we have also been expanding offline sales of our branded products to third-party merchants, which include primarily pool equipment specialty retail chain stores, shopping malls, and supermarkets. In addition, we have established long-term and stable relationships with world-renowned pool equipment brands, such as Bestway, CASH and Productos QP, on an ODM basis to sell commissioned products to global customers primarily through offline channels.

Our ability to expand market reach and customer base, generate sales, and achieve business growth in the future will continue to rely on the efficiency and breadth of our sales network. As of the Latest Practicable Date, we had a sales and marketing team of 81 members. In 2023, 2024 and 2025, our selling and marketing expenses were RMB97.2 million, RMB173.8 million and RMB302.5 million, respectively, representing 25.7%, 32.0% and 37.2% of our total revenue in the same periods, respectively. Our selling and marketing expenses increased significantly during the Track Record Period, primarily due to a step-up in our marketing efforts to promote our branded products. As we continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives.

Our Ability to Manage Costs and Expenses

Our ability to manage costs and expenses will affect our overall profitability. Our cost of sales was RMB160.7 million, RMB228.3 million and RMB301.1 million in 2023, 2024 and 2025, respectively, accounting for 42.5%, 42.0% and 37.1% of our total revenue in the same periods, respectively.

Staff costs was a significant component of our cost of sales and operating expenses during the Track Record Period, which was RMB62.8 million, RMB71.5 million and RMB113.4 million in 2023, 2024 and 2025, respectively, accounting for 16.6%, 13.2% and 14.0% of our total revenue in the same periods, respectively. Our staff cost includes salaries, wages and other benefits, contributions to defined contribution retirement plan and equity-settled share-based payment expenses for our employees. We have adopted an employee share ownership plans for the primary purpose of rewarding and incentivizing our employees. Fluctuation in staff costs will affect our costs and expenses, which would affect our profit margin.

In addition, we have incurred cost of raw materials in connection with our manufacturing activities, which was RMB100.4 million, RMB142.8 million and RMB196.0 million in 2023, 2024 and 2025, respectively, representing 26.6%, 26.3% and 24.1% of our total revenue in the same periods, respectively. To manage our costs and expenses and improve our profit margins and, at the same time, ensure the cost-effective delivery of our products, we continually optimize our supply chain management by seeking alternative suppliers for key raw materials.

Our business and results of operations are also significantly affected by our operating expenses, which primarily comprised selling and marketing expenses, administrative expenses and research and development expenses during the Track Record Period. In 2023, 2024 and 2025, our selling and marketing expenses were RMB97.2 million, RMB173.8 million and RMB302.5 million, respectively, accounting for 25.7%, 32.0% and 37.2% of our total revenue in the same periods, respectively. In the same periods, our research and development expenses were RMB19.3 million, RMB22.1 million and RMB30.4 million, respectively, accounting for 5.1%, 4.1% and 3.7% of our total revenue in the same periods, respectively. Our selling and marketing expenses and research and development expenses may continue to increase and account for a significant portion of our total revenue. In 2023, 2024 and 2025, our administrative expenses were RMB43.0 million, RMB39.8 million and RMB62.7 million, respectively, accounting for 11.4%, 7.3% and 7.7% of our total revenue in the same periods, respectively. We expect to maintain our administrative expenses at reasonable level in the future along with our business growth and expansion.

Changes in Our Revenue Mix

During the Track Record Period, we generated the majority of revenue from sales of branded products and sales under ODM model. Revenue contribution from sales of branded products, as a percentage of our total revenue, increased from 67.1% in 2023 to 72.4% in 2024 and further to 83.5% in 2025, while our revenue generated from sales under ODM model, as a percentage of our total revenue, decreased from 31.1% in 2023 to 24.6% in 2024 and further to 15.6% in 2025, primarily because, since 2023, we have strategically placed greater emphasis on the development and sales of our branded products, opening up online sales channels such as Amazon, and further expanding the business scale of our own branded products. In 2023, 2024 and 2025, the gross profit margin for our branded products was 63.4%, 60.4% and 65.2%, respectively, and the gross profit margin for our ODM products was 44.4%, 50.7% and 49.9% in the same periods, respectively. Such change in our revenue mix had a positive impact on our overall gross profit margin, which increased from 57.5% in 2023 to 58.0% in 2024 and further to 62.9% in 2025. The gross profit margin for our branded products is typically higher than that for our ODM products, primarily due to the higher average selling price of our branded products, as compared to the average selling price of our ODM products, as we continuous to upgrade our branded products with more advanced technologies. As we launch more branded products and further expand our market outreach in the future, we may experience further fluctuations in the revenue contribution based on sales model, and our overall gross profit margin may continue to vary, which may have an impact on our results of operations.

Seasonality

Our results of operations are affected by effects of seasonal variations. Typically, since market demands and production cycles vary throughout the year, we sell more products under ODM model in the first and fourth quarters, and more branded products between in the second and third quarters, of a given year. Other seasonal trends that affect us or the global robotic pool cleaner industry may develop, and current seasonal trends may become more extreme. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision. If seasonal demand exceeds our expectation, we may not have sufficient stock or arrange for timely production and delivery. If seasonal demand is lower than our expectation, we could be left with excess inventory, higher working capital and liquidity requirements, as well as the risk of impairment losses on our inventory. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful, especially given our limited operating history with respect to our branded product sales. See "Business—Sales and Marketing—Seasonality."

Fluctuation in Foreign Exchange Rates

During the Track Record Period, a majority of our revenue was generated from sales denominated in U.S. dollars and Euro. However, a majority of our cost of sales and operating expenses are denominated in Renminbi, U.S. dollars and Euro, and our financial information is presented in Renminbi. We are thus subject to foreign exchange risk. For example, if the U.S. dollar appreciates against the Renminbi after we enter into a U.S. dollar denominated sales contract or orders, our cost of sales as a percentage of our revenue attributable to such sales would decrease due to such appreciation, increasing both our gross profit and gross profit margin. Conversely, if the Renminbi appreciates against the U.S. dollar after we enter into a U.S. dollar denominated sales, our gross profit and gross profit margin would be adversely affected. We have put in place foreign exchange risk control policies, such as the use of derivative financial instruments, to manage potential risks we may face during volatile fluctuations in foreign exchange rates. See "Risk Factors—Risks Relating to Our Business and Industry—Fluctuations in exchange rates may result in foreign exchange losses and adversely impact our profitability."

Global Markets

Our sales to global markets are subject to various security and customs inspection, tariff and other trade restrictions in our countries or regions of destination. Import and export controls and trade restrictions can result in delays in the delivery of our products, the levying of customs duties, fines or other penalties on exporters or importers, as well as increased tariffs, which may individually or collectively cause material changes in the demand or supply of our products. Our products have been subject to an additional 30.0% tariff since May 2025 for all products being exported to the United States primarily due to the imposition of tariffs between the United States and China. If we maintain or increase our sales to overseas customers in the future, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products, impact the competitive position of our products or prevent us from being able to sell products overseas, which could have an adverse effect on our business, financial condition and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We conduct operations worldwide and are exposed to legal, regulatory, political, economic, commercial and other risks in each country in which we operate" for details.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of historical financial information in conformity with the IFRS Accounting Standards requires management to make judgments, 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 judgments 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 recognized 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. Judgments made by management in the application of the IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3 in the Accountants' Report set out in Appendix I to this document.

Revenue

Income is classified by us as revenue when it arises from the sale of goods, the provision of services or the use by others of our assets under leases in the ordinary course of our business.

Revenue from Contracts with Customers

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

– *Sale of goods*

Revenue is recognized when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers.

We typically offer customers of robotic pool cleaner that are not made-to-order rights of return for a period of 30 days upon customer acceptance. Such rights of return give rise to variable consideration. We use an expected value approach to estimate variable consideration based on our current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of robotic pool cleaner, we recognize revenue after taking into account adjustment to transaction price arising from returns as mentioned above. A refund liability is recognized for the expected returns, and is included in other payables, accruals and provision (see note 19 in the Accountants' Report set out in Appendix I to this document). A right to recover returned goods (included in Prepayments, deposits and other receivables, see note 16 in the Accountants' Report set out in Appendix I to this document) and corresponding adjustment to cost of sales are also recognized for the right to recover products from customers. This right to recover returned goods is measured at the former carrying amount of the inventory less any expected costs to recover goods (including potential decreases in the value of the returned goods).

If the products are a partial fulfilment of a contract covering other goods, then 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.

We offer warranties for its products for 12 to 24 months from the date of sale. A related provision is recognized in accordance with the policy set out in Note 2(r).

We take advantage of the practical expedient in paragraph 63 or IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months of less. Our sales contracts had an original expected duration of one year or less, we have not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121 of IFRS 15. We have recognized the incremental costs of obtaining sale contracts as an expense as incurred in accordance with paragraph 94 of IFRS 15 as the amortization period of the assets that we otherwise would have recognized is within one year.

Revenue from Other Sources and Other Income

Interest income

Interest income is recognized 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 amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

Credit Losses and Impairment of Assets

Credit Losses from Financial Instruments

We recognize a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and other receivables).

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 of fixed-rate financial assets, trade receivables, deposits and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof. The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk. 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.

We measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and

- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, we consider 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 our historical experience and informed credit assessment, that includes forward-looking information.

We consider a financial asset to be in default when the debtor is unlikely to pay its credit obligations to us in full, without recourse by us to actions such as realizing security (if any is held). We consider a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade."

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 recognized as an impairment gain or loss in profit or loss. We recognize 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, we assess 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;
- the restructuring of a loan or advance by us on terms that we would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; 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 or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when we otherwise determine 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Impairment of Other Non-current Assets

At each reporting date, we review the carrying amounts of its non-financial assets (other than inventories and other contract costs and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). The recoverable amount of an asset or CGU 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 or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. 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 amortization, if no impairment loss had been recognized.

Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable 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.

Trade and Other Receivables

A receivable is recognized when we have 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 amortized cost.

Share-based Payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured at the fair value of the shares granted at the grant dates. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

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. A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

Expected Credit Losses for Receivables

The credit losses for trade and other receivables are based on assumptions about the expected loss rates. We use judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on our past collection history and existing market conditions. For details of the key assumptions and inputs used, see Note 26(a) in the Accountants' Report set out in Appendix I to this document. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

RESULTS OF OPERATIONS

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

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Revenue	377,950	100.0	543,535	100.0	812,202	100.0
Cost of sales	(160,735)	(42.5)	(228,272)	(42.0)	(301,079)	(37.1)
Gross profit	**217,215**	**57.5**	**315,263**	**58.0**	**511,123**	**62.9**
Other net income	12,873	3.4	5,767	1.1	10,610	1.3
Selling and marketing expenses	(97,186)	(25.7)	(173,820)	(32.0)	(302,519)	(37.2)
Administrative expenses	(43,033)	(11.4)	(39,844)	(7.3)	(62,718)	(7.7)
Research and development expenses	(19,343)	(5.1)	(22,106)	(4.1)	(30,421)	(3.7)
Impairment losses recognized on trade receivables and other receivables, net	(2,776)	(0.7)	(1,869)	(0.3)	(2,700)	(0.3)
Profit from operations	**67,750**	**17.9**	**83,391**	**15.3**	**123,375**	**15.2**
Finance costs	(124)	(0.0)	(231)	(0.0)	(370)	(0.0)
Changes in carrying amount of redemption liabilities	–	–	–	–	(6,488)	(0.8)
Profit before taxation	**67,626**	**17.9**	**83,160**	**15.3**	**116,517**	**14.3**
Income tax	(6,777)	(1.8)	(12,650)	(2.3)	(16,106)	(2.0)
Profit for the year	**60,849**	**16.1**	**70,510**	**13.0**	**100,411**	**12.4**

NON-IFRS MEASURE

To supplement our consolidated financial statements which are prepared and presented in accordance with the IFRS Accounting Standards, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that such non-IFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under the IFRS Accounting Standards. In addition, such non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measure used by other companies. Our presentation of such non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for equity-settled share-based payment expenses, expenses related to previous A-share listing attempt, [**REDACTED**] and changes in the carrying amount of redemption liabilities. Equity-settled share-based payment expenses is non-cash expenses arising from granting restricted share units and options to senior management and employees. Expenses related to previous A-share listing attempt represent professional service fees in connection with the previous A-share listing attempt. [**REDACTED**] arise from activities relating to the [**REDACTED**]. Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the Pre-[**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Upon the [**REDACTED**], the redemption rights will be automatically terminated, and the redemption liabilities will be reclassified from liabilities to equity. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments—Special Rights of the Pre-[**REDACTED**] Investors." The following table sets forth a reconciliation of our adjusted net profit (non-IFRS measure) to the most directly comparable financial measure calculated and presented in accordance with the IFRS Accounting Standards.

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Profit for the years/period	60,849	70,510	100,411
Add:			
Equity-settled share-based payment expenses	4,629	397	11,083
Expenses related to previous A-share listing attempt	7,393	–	–
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Changes in the carrying amount of redemption liabilities	–	–	6,488
Adjusted net profit (non-IFRS measure)	72,871	77,502	124,247

KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated revenue primarily from the sales of robotic pool cleaners. We also generated de minimis revenue from the sales of accessories during the Track Record Period.

Revenue by Sales Model

During the Track Record Period, we sold our branded robotic pool cleaners, and also sold commissioned products on ODM basis. The following table sets forth a breakdown of our revenue by sales model, both in absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Sales of branded products	253,765	67.1	393,332	72.4	677,948	83.5
Sales under ODM model	117,551	31.1	133,516	24.6	127,088	15.6
Sales of accessories[1]	6,634	1.8	16,687	3.1	7,166	0.9
Total	**377,950**	**100.0**	**543,535**	**100.0**	**812,202**	**100.0**

(1) Accessories included primarily components and semi-manufactured products.

Our revenue generated from sales of branded products, as a percentage of our total revenue, increased from 67.1% in 2023 to 72.4% in 2024 and further to 83.5% in 2025, while our revenue generated from sales under ODM model, as a percentage of our total revenue, decreased from 31.1% in 2023 to 24.6% in 2024 and further to 15.6% in 2025, primarily due to (1) our strategic shift in business model from being predominantly ODM-based model to focusing on selling our branded products, and (2) our expanded branded products sales channels, especially the rapid and substantial growth in online sales through the establishment of our online E-commerce marketplaces in 2023, such as Amazon, and our E-commerce independent websites on Shopify in 2023. See "Business—Our Business—Shift in Business Model."

Our revenue generated from sales of accessories, as a percentage of our total revenue increased from 1.8% in 2023 to 3.1% in 2024, primarily due to the user retention effect that the customers purchased our products in 2023 entered into the accessory replacement cycle in 2024. Our revenue generated from sales of accessories, as a percentage of our total revenue, decreased from 3.1% in 2024 to 0.9% in 2025, primarily due to the centralized procurement of accessories by certain customers in 2024.

Revenue by Product Types

During the Track Record Period, we generated revenue from a comprehensive product portfolio of pool cleaners, which can be categorized into (1) cordless products, (2) corded products and (3) handheld products. The following table sets forth a breakdown of our revenue by product types, both in absolute amount and as a percentage of our total revenue for robotic pool cleaners, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Cordless robotic pool cleaners. .	310,549	83.6	483,522	91.8	785,215	97.5
Corded robotic pool cleaners. . .	50,016	13.5	32,185	6.1	16,532	2.1
Handheld pool cleaners.	10,751	2.9	11,141	2.1	3,289	0.4
Total revenue for robotic pool cleaners	**371,316**	**100.0**	**526,848**	**100.0**	**805,036**	**100.0**

Our revenue generated from sales of cordless robotic pool cleaners, as a percentage of our total revenue, increased from 83.6% in 2023 to 91.8% in 2024, and further to 97.5% in 2025, while our revenue generated from sales of corded robotic pool cleaners, as a percentage of our total revenue, decreased from 13.5% in 2023 to 6.1% in 2024, and further to 2.1% in 2025, primarily due to our strategic focus on the development and promotion of the cordless products to follow the industry trend that cordless robotic pool cleaners were gradually replacing corded robotic pool cleaners, according to the CIC Report.

Our revenue generated from sales of handheld pool cleaners, as a percentage of our total revenue, decreased from 2.1% in 2024 to 0.4% in 2025, primarily because we strategically placed less emphasis on the sales of our handheld products in anticipation of the launch of our new handheld models.

The following table sets forth a breakdown of our revenue for our branded cordless robotic pool cleaners by product level, both in absolute amount and as a percentage of our revenue for our branded cordless robotic pool cleaners, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Premium level	96,421	38.0	190,835	48.5	451,071	66.5
Entry level	138,062	54.4	158,500	40.3	130,828	19.3
Flagship level	15,818	6.2	43,432	11.0	50,990	7.5
Pioneer level	3,464	1.4	565	0.1	45,059	6.6
Total revenue for our branded cordless robotic pool cleaners	**253,765**	**100.0**	**393,332**	**100.0**	**677,948**	**100.0**

Revenue by Geographic Coverage

We have established a global customer network, offering a broad spectrum of products to 60 countries and regions, including those in North America and Europe, China, and other countries and regions, as of the Latest Practicable Date. The table below sets forth our revenue breakdown by geographic location, based on the location at which our products are delivered, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
North America(1)	188,180	49.8	268,673	49.4	359,197	44.2
Europe(2)	136,194	36.0	217,737	40.1	332,377	40.9
China	38,624	10.2	19,865	3.7	56,215	6.9
Others countries and regions(3)	14,952	4.0	37,260	6.9	64,413	7.9
Total	**377,950**	**100.0**	**543,535**	**100.0**	**812,202**	**100.0**

(1) Primarily included the United States and Canada.

(2) Primarily included Spain, France, Germany, Italy and Austria.

(3) Primarily included Australia.

Our revenue generated from products delivered in China, as a percentage of our total revenue, decreased from 10.2% in 2023 to 3.7% in 2024, primarily due to our strategic shifting towards the development and sales of our branded products, which account for over 98% of our overseas market. Our revenue generated from products delivered in the North America, as a percentage of our total revenue, decreased from 49.4% in 2024 to 44.2% in 2025, while our revenue generated from products delivered in China, as a percentage of our total revenue, increased from 3.7% in 2024 to 6.9% in 2025, primarily due to the expansion of our customer base in China in 2025.

Our revenue generated from products delivered in Europe, as a percentage of our total revenue, remained relatively stable at 36.0%, 40.1% and 40.9% in 2023, 2024 and 2025, respectively.

Cost of Sales

Our cost of sales primarily consisted of (1) raw material costs, (2) contract fulfillment costs, primarily consisted of tariffs and logistics costs, (3) manufacturing costs, and (4) staff costs. During the Track Record Period, our cost of sales was RMB160.7 million, RMB228.3 million and RMB301.1 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Raw material costs	100,414	62.5	142,811	62.6	196,032	65.1
Contract fulfilment costs	32,784	20.4	48,923	21.4	60,083	20.0
Manufacturing costs	7,942	4.9	11,620	5.1	21,149	7.0
Staff costs	15,469	9.6	17,072	7.5	19,293	6.4
Others[(1)]	4,126	2.6	7,846	3.4	4,522	1.5
Total	**160,735**	**100.0**	**228,272**	**100.0**	**301,079**	**100.0**

(1) Primarily included impairment losses on assets and taxes and surcharges.

The following table sets forth a breakdown of our raw material costs by type of raw materials, both in absolute amount and as a percentage of our raw material costs, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Electronic components	23,573	23.5	45,819	32.1	69,178	35.3
Plastic pellets	16,135	16.1	20,922	14.7	26,376	13.5
Motor components	12,039	12.0	18,704	13.1	26,197	13.4
Hardware parts	11,183	11.1	15,247	10.7	22,071	11.3
Battery pack	23,390	23.3	26,014	18.2	19,888	10.1
Packaging materials	7,631	7.6	6,408	4.5	9,438	4.8
Other raw materials	6,463	6.4	9,697	6.8	22,884	11.7
Total raw material costs	**100,414**	**100.0**	**142,811**	**100.0**	**196,032**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit was RMB217.2 million, RMB315.3 million and RMB511.1 million in 2023, 2024 and 2025, respectively, representing a gross profit margin of 57.5%, 58.0% and 62.9% for the same periods, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by sales model for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*	*Gross profit*	*Gross profit margin (%)*
	(RMB in thousands except for percentages)					
Sales of branded products	160,787	63.4	237,383	60.4	442,282	65.2
Sales under ODM model	52,194	44.4	67,724	50.7	63,462	49.9
Sales of accessories	4,234	63.8	10,156	60.9	5,379	75.1
Total	**217,215**	**57.5**	**315,263**	**58.0**	**511,123**	**62.9**

Other Net Income

Our other net income primarily consisted of (1) one-off and conditional government grants, (2) interest income from our bank deposits, (3) net foreign exchange loss or gain, (4) changes in fair value of financial assets measured at FVTPL, in relation to our structural deposits; and (5) others. We recorded other net income of RMB12.9 million, RMB5.8 million and RMB10.6 million in 2023, 2024 and 2025, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (1) advertisement and promotion expenses, including the business promotion expense and the advertisement fees on E-commerce marketplaces, (2) sales service, after-sales service and consultation service expenses, primarily including E-commerce marketplace platform fees, consulting service expenses, and sales commission, (3) staff costs, including staff salary and share incentive expenses, and (4) business development and travel costs, including business development costs, travel costs and office costs. The following table sets forth a breakdown of our selling and marketing expenses, both in absolute amount and as a percentage of total selling and marketing expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Advertisement and promotion expenses	50,768	52.2	91,616	52.7	172,582	57.0
Sales service, after-sales service and consultation service expenses	35,276	36.3	63,689	36.6	86,625	28.6
Staff costs	7,503	7.7	11,768	6.8	32,086	10.6
Business development and travel costs	2,317	2.4	2,462	1.4	4,492	1.5
Others(1)	1,322	1.4	4,285	2.5	6,734	2.3
Total	**97,186**	**100.0**	**173,820**	**100.0**	**302,519**	**100.0**

(1) Included depreciation and other miscellaneous selling and marketing expenses.

Administrative Expenses

Our administrative expenses primarily consisted of (1) staff costs, including staff salary and share incentive expenses, (2) professional service expenses, primarily consisted of professional service fees in connection with the previous A-share listing attempt, [**REDACTED**], and certain legal service fees, (3) office and rental expenses, including business development costs, travel costs, office costs and rental costs, (4) financing cost surcharge, primarily consisted of bank settlement fees and (5) depreciation and amortization. The following table sets forth a breakdown of our administrative expenses, both in absolute amount and as a percentage of total administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Staff costs	18,758	43.6	16,405	41.2	27,429	43.7
Professional service expenses	16,688	38.8	10,568	26.5	16,513	26.3
Office and rental expenses	4,650	10.8	5,330	13.4	6,467	10.3
Financing cost surcharge	457	1.1	3,002	7.5	4,662	7.4
Depreciation and amortization	1,481	3.4	1,519	3.8	1,664	2.7
Others[(1)]	999	2.3	3,019	7.6	5,982	9.6
Total	**43,033**	**100.0**	**39,844**	**100.0**	**62,718**	**100.0**

(1) Included tax and surcharge and other miscellaneous administrative expenses.

Research and Development Expenses

Our research and development expenses primarily consisted of (1) staff costs, including staff salary and share incentive expenses, (2) patent, certification testing and design expenses, including patent and certification testing expenses and design expenses (3) material costs, and (4) depreciation and amortization. The following table sets forth a breakdown of our research and development expenses, both in absolute amount and as a percentage of total research and development expenses, for the periods indicated.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands except for percentages)					
Staff costs	15,524	80.3	17,138	77.5	25,041	82.3
Patent, certification testing and design expenses	1,596	8.3	2,248	10.2	2,677	8.8
Material costs	983	5.1	1,225	5.5	768	2.5
Depreciation and amortization	638	3.3	747	3.4	734	2.4
Others[(1)]	602	3.1	748	3.4	1,202	4.0
Total	**19,343**	**100.0**	**22,106**	**100.0**	**30,421**	**100.0**

(1) Included office expenses, rental fees, and other miscellaneous research and development expenses.

Impairment Losses Recognized on Trade Receivables and Other Receivables, Net

We recognized net impairment losses on trade receivables and other receivables of RMB2.8 million, RMB1.9 million and RMB2.7 million in 2023, 2024 and 2025, respectively.

Finance Costs

Finance costs consisted of interest expenses on lease liabilities. We incurred finance costs of RMB0.1 million, RMB0.2 million and RMB0.4 million in 2023, 2024 and 2025, respectively.

Changes in Carrying Amount of Redemption Liabilities

Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the Pre-[**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Any change in the carrying amount of the redemption liabilities arising from the re-measurement of the redemption amount is recognized in profit or loss. In 2023, 2024 and 2025, our changes in carrying amount of redemption liabilities were nil, nil and RMB6.5 million, respectively.

Income Tax

Our income tax expense primarily consisted of the current tax at the statutory rates applicable to our assessable profit before taxation as determined under relevant laws and regulations. In 2023, 2024 and 2025, our income tax expense was RMB6.8 million, RMB12.7 million and RMB16.1 million, respectively.

Our Company and our subsidiaries established in the PRC are subject to the PRC corporate income tax rate of 25% during the Track Record Period. Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise ("HNTE") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis. Our Company qualifies as an HNTE and is entitled for a preferential tax rate of 15% from 2022 to 2027. In addition to the preferential PRC corporate income tax rate, our Company is also entitled to an additional tax-deductible allowance calculated at 75%/100% of the qualified research and development costs incurred during the Track Record Period.

Wybotics Inc is subject to U.S. corporate income tax on its taxable income at 21% federal corporate income tax rate and other relevant states tax rate at a maximum of 9.5% during the Track Record Period.

WYBOTICS EUROPE is subject to corporate income tax of France on its taxable income at a rate of up to 25% during the Track Record Period.

WYBOTICS HONGKONG is under the two-tiered profits tax rate regime, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during the Track Record Period.

Our Group does not expect to have any material Pillar Two tax exposure (including current tax) arising in these tax jurisdictions during the year ended December 31, 2025.

During the Track Record Period, our operations involved transfer pricing arrangements among our subsidiaries. See "Business—Transfer Pricing Arrangement."

Effective Tax Rate

Our effective tax rate, representing income tax expense divided by profit before taxation, was 10.0%, 15.2% and 13.8% in 2023, 2024 and 2025, respectively, which was below the 25% statutory rate, primarily due to the preferential tax treatment enjoyed by the Company.

Our effective tax rate increased from 10.0% in 2023 to 15.2% in 2024 primarily due to the increase in profit generated by our U.S. subsidiary, which is subject to a relatively higher corporate income tax rate, resulting in our higher overall effective tax rate. Our effective tax rate remained relatively stable at 13.8% in 2025.

Profit for the Year

As a result of the foregoing, we recorded net profit of RMB60.8 million, RMB70.5 million and RMB100.4 million in 2023, 2024 and 2025, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 49.4% from RMB543.5 million in 2024 to RMB812.2 million in 2025.

- *Branded products*. Our revenue generated from sales of branded products increased by 72.4% from RMB393.3 million in 2024 to RMB677.9 million in 2025, primarily due to (1) the launch of more intelligent models of our branded products to meet market demand, which led to a significant increase in the sales volume of our branded products, and the sales volume of our branded products increased from approximately 263.2 thousand units in 2024 to approximately 370.4 thousand units in 2025, and (2) the increase in average selling prices of our branded products as we launched more advanced branded products with higher pricing in 2025.

- *ODM products*. Our revenue generated from sales under ODM model decreased slightly from RMB133.5 million in 2024 to RMB127.1 million in 2025, primarily due to our strategic shift toward promoting our own branded products, leading certain ODM customers transitioned to selling our branded products.

- *Accessories*. Our revenue generated from sales of accessories decreased by 57.1% from RMB16.7 million in 2024 to RMB7.2 million in 2025, primarily because (1) we provided complimentary spare parts to customers who purchased our products to enhance customer satisfaction, and (2) we strengthened our quality control measures, resulting in improved product reliability and reduced demand for replacement parts.

Cost of Sales

Our cost of sales increased by 31.9% from RMB228.3 million in 2024 to RMB301.1 million in 2025, primarily due to an increase of RMB53.2 million in raw material costs, driven by the increasing sales volume, in particularly our branded products, leading to a corresponding increases in raw material consumption.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 62.1% from RMB315.3 million in 2024 to RMB511.1 million in 2025, with the corresponding gross profit margin of 58.0% and 62.9% in the same periods, respectively, primarily due to the continuing growth of the sales of our branded products.

- *Branded products*. Our gross profit margin for branded products increased from 60.4% in 2024 to 65.2% in 2025, primarily due to (1) our improved bargaining power to our suppliers through centralized procurement of key components, leading to lower unit costs, and (2) an increase in sales volume of the branded products with a higher profit margin than the overall level of our branded products.

- *ODM products.* Our gross profit margin for ODM products decreased from 50.7% in 2024 to 49.9% in 2025, primarily due to an increase in the proportion of the sales of ODM products with lower gross profit margin.

- *Accessories*. Our gross profit margin for accessories increased from 60.9% in 2024 to 75.1% in 2025, primarily because of the increase in the proportion of the sales of accessories with relatively higher gross profit margin.

Other Net Income

Our other net income increased by 82.8% from RMB5.8 million in 2024 to RMB10.6 million in 2025, primarily due to (1) an increase of RMB4.8 million in net foreign exchange gain, as a result of the fluctuation in exchange rate of Renminbi against U.S. dollars and Euro, and (2) an increase of RMB2.4 million in gain on disposal of property, plant and equipment and right-of-use assets, as a result of the return of one land use right.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 74.0% from RMB173.8 million in 2024 to RMB302.5 million in 2025, primarily due to (1) an increase of RMB81.0 million in advertisement and promotion expenses, as a result of our intensified marketing efforts to enhance brand visibility and expand customer reach, (2) an increase in sales service, after-sales service and consultation services expenses of RMB22.9 million, generally in line with the increase in our revenue and sales volume from online sales, and (3) an increase in staff costs of RMB20.3 million, as a result of the increases in the headcount and the average compensation level of our overseas sales and marketing team.

Administrative Expenses

Our administrative expenses increased by 57.4% from RMB39.8 million in 2024 to RMB62.7 million in 2025, primarily due to an increase in staff costs of RMB11.0 million, which was primarily due to the expansion of our share incentive plan for our administrative staff in 2025, with the grant decision being one-off in nature but the related expenses to be recognized over the vesting period in subsequent years.

Research and Development Expenses

Our research and development expenses increased by 37.6% from RMB22.1 million in 2024 to RMB30.4 million in 2025, primarily due to an increase in staff costs of RMB7.9 million, as a result of the expansion of our share incentive plan for our R&D staff.

Impairment Losses Recognized on Trade Receivables and Other Receivables, Net

Our net impairment losses recognized on trade receivables and other receivables remained relatively stable at RMB1.9 million and RMB2.7 million in 2024 and 2025, respectively.

Finance Costs

Our finance costs increased from RMB0.2 million in 2024 to RMB0.4 million in 2025.

Changes in the Carrying Amount of Redemption Liabilities

We recorded changes in the carrying amount of redemption liabilities of nil and RMB6.5 million in 2024 and 2025, respectively.

Income Tax

Our income tax expense increased by 27.3% from RMB12.7 million in 2024 to RMB16.1 million in 2025, primarily due to the increase in our profit before taxation.

Profit for the Period

As a result of the above, our profit for the period in increased by 42.4% from RMB70.5 million in 2024 to RMB100.4 million in 2025. Our net profit margin remained relatively stable at 13.0% and 12.4% in 2024 and 2025, respectively.

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

Revenue

Our revenue increased by 43.8% from RMB378.0 million in 2023 to RMB543.5 million in 2024.

- *Branded products*. Our revenue generated from sales of branded products increased by 55.0% from RMB253.8 million in 2023 to RMB393.3 million in 2024, primarily due to our strategic efforts in expanding sale channels for our branded products, such as Amazon, which enhanced our brand awareness and led to a significant increase in the sales volume of our branded products. The sales volume of our branded products increased from approximately 167.5 thousand units in 2023 to approximately 263.2 thousand units in 2024.

- *ODM products*. Our revenue generated from sales under ODM model increased by 13.6% from RMB117.6 million in 2023 to RMB133.5 million in 2024, primarily due to the increase in average selling prices of our ODM products as we launched more advanced ODM products with higher pricing in 2024.

- *Accessories*. Our revenue generated from sales of accessories increased significantly from RMB6.6 million in 2023 to RMB16.7 million in 2024, primarily due to the user retention effect that the customers purchased our products in 2023 entered into the accessory replacement cycle in 2024.

Cost of Sales

Our cost of sales increased by 42.0% from RMB160.7 million in 2023 to RMB228.3 million in 2024, primarily due to (1) an increase of RMB42.4 million in raw material costs, driven by the increasing sales volume, leading to a corresponding increases in raw material consumption and (2) an increase of RMB16.1 million in contract fulfilment costs, primarily due to an increase in tariffs and logistics costs, driven by the increasing online sales volumes of our branded products, which led to the corresponding rises in import duties as well as first-mile and last-mile delivery expenses.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 45.1% from RMB217.2 million in 2023 to RMB315.3 million in 2024, with the corresponding gross profit margin of 57.5% and 58.0% in the same years, respectively, primarily due to our enhanced brand influence and the increase in sales volume of our mid- and high-end products, as a percentage of our total product sales.

- *Branded products*. Our gross profit margin for branded products decreased from 63.4% in 2023 to 60.4% in 2024, primarily due to our strategic expansion into new markets for our branded products.

- *ODM products*. Our gross profit margin for ODM products increased from 44.4% in 2023 to 50.7% in 2024, primarily due to the increase in average selling prices of our ODM products as we launched more advanced ODM products with higher pricing in 2024.

- *Accessories*. Our gross profit margin for accessories decreased from 63.8% in 2023 to 60.9% in 2024, primarily due to the increase in the sales volume of accessories sold through offline channels, which have a lower gross profit margin than online channels.

Other Net Income

Our other net income decreased by 55.2% from RMB12.9 million in 2023 to RMB5.8 million in 2024, primarily due to a decrease of RMB6.2 million in net foreign exchange gain, as a result of the fluctuation in exchange rate of Renminbi against Euro.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 78.9% from RMB97.2 million in 2023 to RMB173.8 million in 2024, primarily due to (1) an increase of RMB40.8 million in advertisement and promotion expenses, as a result of significantly increased advertising expenses driven by our expansion into overseas market, (2) an increase of RMB28.4 million in sales service, after-sales service and consultation service expenses, as a result of the increase in sales commission to E-commerce marketplace platforms which is scaled with our revenue growth generated from online sales, and (3) an increase of RMB4.3 million in staff cost, as a result of the increase of the number of the share-based payment for our sales and marketing employees.

Administrative Expenses

Our administrative expenses decreased by 7.4% from RMB43.0 million in 2023 to RMB39.8 million in 2024, primarily due to a decrease of RMB6.1 million in professional service expenses as the one-off costs incurred in 2023, including primarily the A-share listing expense, were not incurred in 2024, partially offset by an increase in financing costs surcharge of RMB2.5 million, as a result of the increase of the bank settlement fees in line with the increase in our sales volume through E-commerce marketplaces.

Research and Development Expenses

Our research and development expenses increased by 14.3% from RMB19.3 million in 2023 to RMB22.1 million in 2024, primarily due to an increase of RMB1.6 million in staff costs, as a result of the increases in share-based payment and average compensation level for our R&D personnel.

Impairment Losses Recognized on Trade Receivables and Other Receivables, Net

Our net impairment losses recognized on trade receivables and other receivables decreased from RMB2.8 million in 2023 and RMB1.9 million in 2024, primarily due to our proactive efforts to collect aged receivables.

Finance Costs

Our finance costs increased remained relatively stable at RMB0.1 million in 2023 and RMB0.2 million in 2024.

Income Tax

Our income tax expense increased by 86.7% from RMB6.8 million in 2023 to RMB12.7 million in 2024, primarily due to the increase in our profit before taxation.

Profit for the Period

As a result of the above, our profit for the period increased by 15.9% from RMB60.8 million in 2023 to RMB70.5 million in 2024. Our net profit margin decreased from 16.1% in 2023 to 13.0% in 2024.

DISCUSSION OF MAJOR STATEMENTS OF FINANCIAL POSITION ITEMS

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	50,853	53,244	60,833
Right-of-use asset	24,506	24,629	22,351
Intangible assets	1,592	2,059	2,321
Deferred tax assets	5,060	5,420	6,060
Other non-current assets	3,109	5,202	870
Total non-current assets	**85,120**	**90,554**	**92,435**
Current assets			
Inventories	119,960	202,162	281,668
Trade receivables	63,722	105,761	140,905
Prepayments, deposits and other receivables	7,114	30,783	39,093
Income tax recoverable	242	–	–
Financial assets measured at fair value through profit or loss ("FVTPL")	10,362	–	–
Restricted deposits	157	1,248	4,394
Cash and cash equivalents	254,150	253,568	360,537
Total current assets	**455,707**	**593,522**	**826,597**
Total assets	**540,827**	**684,076**	**919,032**
Current liabilities			
Trade and bills payables	49,837	114,781	115,400
Other payables, accruals and provision	22,085	24,042	44,555
Contract liabilities	6,208	3,666	6,428
Lease liabilities	709	1,847	5,665
Redemption liabilities	–	–	456,950
Income tax payable	308	5,912	5,846
Total current liabilities	**79,147**	**150,248**	**634,844**
Net current assets	**376,560**	**443,274**	**191,753**
Total assets less current liabilities	**461,680**	**533,828**	**284,188**
Non-current liabilities			
Lease liabilities	4,131	3,990	12,342
Deferred income	1,455	1,414	2,496
Deferred tax liabilities	1,302	965	1,539
Total non-current liabilities	**6,888**	**6,369**	**16,377**
Total liabilities	**86,035**	**156,617**	**651,221**
Net assets	**454,792**	**527,459**	**267,811**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Capital and reserves			
Share capital	57,000	57,000	62,523
Reserves	397,792	470,459	205,288
Total Equity	**454,792**	**527,459**	**267,811**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of plant and buildings, machinery and equipment, electronic equipment and other equipment, construction in progress, and plant improvements. We had property, plant and equipment of RMB50.9 million, RMB53.2 million and RMB60.8 million as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the components of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Electronic equipment and other equipment	17,042	19,160	25,432
Plant and buildings	18,745	18,058	17,230
Machinery and equipment	13,822	12,787	13,693
Construction in progress	1,129	3,211	4,476
Plant improvements	115	28	2
Total	**50,853**	**53,244**	**60,833**

Our property, plant and equipment increased by 4.5% from RMB50.9 million as of December 31, 2023 to RMB53.2 million as of December 31, 2024, primarily due to the increase of RMB2.1 million in electronic equipment and other equipment as a result of purchase of molds and office equipment for manufacturing uses.

Our property, plant and equipment increased by 14.3% from RMB53.2 million as of December 31, 2024 to RMB60.8 million as of December 31, 2025, primarily due to the increase of RMB6.3 million in electronic equipment and other equipment, as a result of purchase of molds such as high-unit-price injection molding machines and other equipment.

Right-of-use Assets

Our right-of-use assets primarily consisted of leased office and land use rights. We had right-of-use assets of RMB24.5 million, RMB24.6 million and RMB22.4 million as of December 31, 2023, 2024 and 2025, respectively. The following table sets forth the components of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Leased office	4,775	5,844	18,278
Land use rights	19,731	18,785	4,073
Total	**24,506**	**24,629**	**22,351**

Our right-of-use assets remained relatively stable at RMB24.5 million and RMB24.6 million as of December 31, 2023 and 2024, respectively. Our right-of-use assets decreased from RMB24.6 million as of December 31, 2024 to RMB22.4 million as of December 31, 2025, primarily due to the decrease of RMB14.7 million in land use rights as a result of the return of one land use right in relation to our decision to abandon the acquisition of the land use right to a land parcel, as prerequisite conditions required for delivery of such land parcel to us could not be satisfied, partially offset by the increase of RMB12.4 million in leased office, as a result of the additional leases of new office premises and warehouses to support our expanding business scale and operation needs.

Inventories

Our inventories consisted primarily of finished goods, work in progress and raw materials. We recorded inventories of RMB120.0 million, RMB202.2 million and RMB281.7 million as of December 31, 2023, 2024 and 2025, respectively. We evaluate write-down of inventories by performing impairment testing when there are indications of impairment, and recognize a write-down to net realizable value ("NRV") when the NRV is lower than the carrying cost. The following table sets forth the components of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	80,897	143,068	219,705
Work in progress	20,453	26,720	44,519
Raw materials	23,098	38,329	26,311
Less: write-down of inventories	(4,488)	(5,955)	(8,867)
Total	**119,960**	**202,162**	**281,668**

Our inventories increased from RMB120.0 million as of December 31, 2023 to RMB202.2 million as of December 31, 2024, primarily due to an increase of RMB62.2 million in finished goods, as a result of the increase in our product models and our product stocking for sales.

Our inventories further increased to RMB281.7 million as of December 31, 2025, primarily due to an increase of RMB76.6 million in finished goods, as a result of the increase of our branded product stocking for sales, partially offset by a decrease of RMB12.0 million in raw materials primarily due to the increased sales volume of our products and the corresponding consumption of raw materials for production.

The following table sets forth an aging analysis of our inventories (before write-down) as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	102,059	170,509	234,695
One to two years	14,797	25,287	36,114
Two to three years	6,198	10,031	14,410
Over three years	1,394	2,290	5,316
Total	**124,448**	**208,117**	**290,535**

Our inventory turnover days remained relatively stable at 248 days and 258 days in 2023 and 2024, respectively. Our inventory turnover days increased from 258 days in 2024 to 293 days in 2025 due to the stockpiling of our products in preparation for increasing demand for our products. The following table sets forth the number of our inventory turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	248	258	293

(1) Inventory turnover days was calculated based on the average inventory balance for the relevant period, divided by the cost of sales and services for the same period, and multiplied by the number of days in that period.

We arrange material procurement and manufacturing schedule based on different types of products and customers. For our long term customers with stable annual purchase volume, including some of our third-party merchants for branded products and some ODM customers, we typically maintain an inventory level based on their typical annual purchase volume. For other third-party merchants for branded products and other ODM customers, we typically commence manufacturing upon receiving their purchase orders. For our branded products to be sold to end consumers through online sales, we typically prepare the inventory three to six months in advance, based on the historical sales performance and our sales projection, and we will ship the finished goods to our warehouses for timely delivery to end consumers upon receiving their purchase orders. Accordingly, we recorded relatively high inventory turnover days.

As of February 28, 2026, approximately RMB24.7 million, or 8.8%, of our inventories as of December 31, 2025 had been delivered or consumed.

Inventories are stated at the lower of cost and net realizable value, which is determined based on estimated selling prices in the ordinary course of business, less estimated costs of completion and costs necessary to make the sales. In assessing impairment provisions for inventories, we have considered that: (1) the majority of our inventories have an aging of less than one year and a high subsequent utilization rate, (2) inventories aged over two years primarily consist of finished goods held as repair spares and raw materials for maintenance purposes, which have a longer usage cycle and for which adequate provisions have historically been made, and (3) during the Track Record Period, we maintained a gross profit margin of over 53%, and both raw materials and finished goods have relatively long product life cycles and sustained market value. Accordingly, as of December 31, 2023, 2024 and 2025, our write-down of inventories were RMB4.5 million, RMB6.0 million and RMB8.9 million, respectively, representing 3.6%, 2.9% and 3.1% of the respective carrying amounts of inventories, respectively. We believe that adequate impairment provisions have been made for inventories during the Track Record Period.

Trade Receivables

Our trade receivables primarily comprised outstanding amounts receivable from our customers. The payment cycle for our ODM sales is typically one to six months and for our branded product sales is one week to six months. We maintain strict control over our outstanding trade receivables and oversee our trade receivables to minimize credit risk. Our senior management regularly review the overdue balances and conducts periodic reconciliations with the sales staff. The following table sets forth the components of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Amounts due from third parties	68,091	111,880	149,491
Less: loss allowances	(4,369)	(6,119)	(8,586)
Total	**63,722**	**105,761**	**140,905**

Our trade receivables increased from RMB63.7 million as of December 31, 2023 to RMB105.8 million as of December 31, 2024, primarily due to the increase in the sales volume and our decision to lengthen the credit terms granted to our customers given challenging macroeconomic conditions in the European and North American markets. Our trade receivables increased from RMB105.8 million as of December 31, 2024 to RMB140.9 million as of December 31, 2025, generally in line with the credit periods we granted to our customers.

The credit losses for trade receivables are based on assumptions about the expected credit loss ("ECL") rates. As of December 31, 2023, 2024 and 2025, we recorded loss allowance for impairment of trade receivables of RMB4.4 million, RMB6.1 million and RMB8.6 million, respectively. We use judgment in making these assumptions and selecting the inputs to the impairment calculation, which are based on our past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our 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 our different customer bases. Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables. For details of our impairment analysis for trade receivables, including our credit risk exposure on trade receivables using a provision matrix, see Note 26(a) to the Accountants' Report in Appendix I to this document.

The following table sets forth an aging analysis of our trade receivables, based on the invoice date and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within one year	60,770	102,248	130,032
One to two years	2,952	3,451	8,632
Two to three years	–	63	2,241
Total	**63,722**	**105,761**	**140,905**

Under our online sales model, the E-commerce marketplaces typically take three to 14 days to settle the relevant transaction amount with us. Under the offline sales of branded products and ODM model, we typically grant a credit period of 30 to 90 days to our B2B customers, offline third party merchants, and ODM customers. Our trade receivables turnover days increased from 41 days in 2023 to 57 days in 2024, primarily due to the increase in sales through offline third-party merchants, in both absolute amount and as percentage of our total revenue. Our trade receivables turnover days remained relatively stable at 57 days in 2024 and 55 days in 2025. The following table sets forth the number of our trade receivables turnover days for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Trade receivables turnover days[(1)]	41	57	55

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables for the relevant period, divided by the revenue for the same period, and multiplied by the number of days in that period.

As of February 28, 2026, approximately RMB35.6 million, or 25.3%, of our trade receivables as of December 31, 2025 had been settled.

We do not anticipate any material recoverability issues in respect of our trade receivables, primarily for the following reasons:

(1) We continuously and prudently assess the credit quality of our customers, taking into account their business background, financial condition, historical transaction experience, and other relevant factors, and taking appropriate proactive follow-up actions to ensure timely payment;

(2) Throughout the Track Record Period, we have not experienced any material losses in respect of trade receivables, as the majority of such receivables arise from customers with strong credit profiles, and there has been no history of material default on payment obligations by these customers;

(3) As of December 31, 2025, over 90% of our trade receivables were aged within one year;

(4) For key customers with receivables aged over one year, specific repayment plans have been established, and repayments are progressing in accordance with the agreed schedules; and

(5) As of February 28, 2026, approximately RMB35.6 million, or 25.3%, of our trade receivables as of December 31, 2025 had been settled.

We have conducted a comprehensive assessment of the recoverability of our trade receivables, including the review of customer profiles, evaluation of the likelihood of collection, and analysis of subsequent settlement activities. Specifically, for trade receivables identified as credit impaired, we have made individual assessment with full provisions provided. As of December 31, 2023, 2024 and 2025, the aggregate amount of individually assessed provisions for trade receivables was RMB3.0 million, RMB4.3 million, and RMB4.4 million, respectively. For all other trade receivables not subject to individual assessment, there are no ongoing or potential disputes with the respective customers. Loss allowances for these receivables are measured at an amount equal to the lifetime expected credit losses ("ECLs") in accordance with IFRS Accounting Standards.

We perform an impairment analysis at the end of each reporting period using a provision matrix to measure ECLs for trade receivables and to assess our credit risk exposure. Under the simplified approach permitted by IFRS Accounting Standards, ECLs are determined using a provision matrix analysis based on days past due, applied to groupings of customer segments with similar loss patterns. The provision matrix is initially derived from our historical observed default rates and is subsequently calibrated to reflect forward-looking information, including current and forecasted macroeconomic conditions. At each reporting date, we update the historical default rates and reassess changes in forward-looking estimates. As of December 31, 2023, 2024 and 2025, the impairment losses of trade receivables recorded based on the ECL model amounted to RMB1.4 million, RMB1.8 million, and RMB4.2 million, respectively.

Based on the foregoing, our management believes that there is no material risk of non-recoverability in respect of the trade receivables. Adequate and appropriate loss allowances have been made, taking into account our comprehensive credit risk management framework, historical experience with customers, and their financial positions. We have fully provided for expected credit losses in accordance with applicable accounting standards to reflect the uncertainties associated with outstanding balances, and will continue to maintain sufficient provisions to account for any potential future write-offs.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consisted of (1) deductible input value-added tax, (2) prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**], (3) prepayments for inventories and service, (4) deposits, in connection with our office rentals, and (5) advances to staff. The following table sets forth the components of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Deductible input value-added tax	2,758	9,676	14,448
Prepayments in connection with the proposed [**REDACTED**] of the Company's [**REDACTED**][1]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Prepayments for inventories and service	3,360	14,050	8,606
Deposits	297	1,028	3,403
Advances to staff	208	1,493	2,916
Others[2]	708	295	1,403
Less: loss allowance	(217)	(334)	(598)
Total	**7,114**	**30,783**	**39,093**

(1) The balance at December 31, 2024 and 2025 relates to the [**REDACTED**], and was expected to be transferred to the capital reserve account within equity upon the [**REDACTED**].

(2) Included primarily interest receivables and staff borrowings.

Our prepayments, deposits and other receivables increased from RMB7.1 million as of December 31, 2023 to RMB30.8 million as of December 31, 2024, primarily due to an increase of RMB10.7 million in prepayments for inventories and services, as a result of our equipment purchase and preference for prepayment by newly on-boarded suppliers. Our prepayments, deposits and other receivables further increased to RMB39.1 million as of December 31, 2025, primarily due to an increase of RMB4.8 million in deductible input value-added tax.

As of February 28, 2026, approximately RMB4.0 million, or 10.2%, of our prepayments, deposits and other receivables as of December 31, 2025 had been settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss ("FVTPL") primarily consisted of wealth management products issued by reputable financial institutions in the PRC. Our financial assets at FVTPL decreased from RMB10.4 million as of December 31, 2023 to nil as of December 31, 2024, primarily due to redemption of our wealth management products. Our financial assets at FVTPL remained at nil as of December 31, 2025. The fair value of wealth management products is determined by calculating based on the discounted cash flow method. The main level 3 inputs used by us are the expected rates of return.

Investment Management Policy

We believe we can make better use of our surplus cash by making appropriate investments in low-risk investment products including structured deposits, time deposits, large-denomination certificates of deposit, and low-risk bonds, which generate income without interfering with our business operation or capital expenditures. We have established policies prohibiting high-risk investments. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal control measures, including segregation of duties, multi-level approval processes and periodic monitoring of investment performance, which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. These policies and measures were formulated by our senior management. Our management team possesses extensive experience in treasury management and financial risk control, with key personnel having backgrounds in corporate finance and banking. The Board is actively involved in overseeing investment activities. Any investment in financial products is subject to the Board's approval in accordance with our internal policies. The Board also receives regular reports on investment performance and compliance with risk management guidelines.

We follow the principle of safeguarding capital security while balancing liquidity and moderate returns in our investment and wealth management activities. We believe that our internal policies regarding financial products and the related risk management mechanism are adequate. We may continue to purchase financial products that meet the above criteria as part of our treasury management where we believe it is prudent to do so after the completion of the [**REDACTED**]. We will comply with relevant size test requirements under Chapter 14 of the Listing Rules and disclose the details of our investments and other notifiable transactions to the extent necessary and as appropriate after the [**REDACTED**].

Cash and Cash Equivalents

Our cash and cash equivalents remained relatively stable at RMB254.2 million as of December 31, 2023 and RMB253.6 million as of December 31, 2024, and increased to RMB360.5 million as of December 31, 2025, primarily due to our profit growth and investment gains. During the Track Record Period, most of our bank balances were denominated in Renminbi, U.S. dollars and Euro. See "—Key Factors Affecting Our Results Of Operations—Fluctuation in Foreign Exchange Rates" for details.

Trade and Bills Payables

Our trade and bills payables comprised primarily outstanding amounts payable to our material and service suppliers. Our trade and bills payables increased from RMB49.8 million as of December 31, 2023 to RMB114.8 million as of December 31, 2024, primarily due to both the growing purchases of raw materials and an increasing proportion of raw material payments made through bank acceptance bills. Our trade and bills payables remained relatively stable at RMB114.8 million and RMB115.4 million as of December 31, 2024 and 2025, respectively. The following table sets forth the components of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	46,625	91,699	81,275
Bills payable	3,212	23,082	34,125
Total	**49,837**	**114,781**	**115,400**

The following table sets forth an aging analysis of our trade and bills payables, based on the invoice dates, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	49,679	114,461	114,788
Over one year	158	320	612
Total	**49,837**	**114,781**	**115,400**

Our trade and bills payables turnover days increase significantly from 72 days in 2023 to 132 days in 2024, and further to 140 days in 2025, primarily driven by the following factors.

- *Higher procurement needs to support branded product strategy.* To ensure timely supply for the rapid growth of our branded business, particularly in DTC and offline channels, we significantly increased procurement of raw materials and finished goods.

- *Enhanced bargaining power and deliberate cash flow optimization.* With larger procurement volumes and strengthened relationships with key suppliers, we successfully negotiated more favourable payment terms. This allowed us to leverage supplier credit and improve operating cash flow without compromising supplier relationships. For instance, our then suppliers typically granted us a credit term of 30 to 90 days in 2023 or before, while our current suppliers typically granted us a credit term of 30 to 180 days.

- *Change in procurement model and market characteristics.* Since 2023, we shifted towards branded products and cross-border E-commerce, where suppliers generally accept longer credit terms compared to traditional ODM model.

	Year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days[(1)]	72	132	140

(1) Trade and bills payables turnover days were calculated based on the average of opening and closing balance of trade and bills payables for the relevant period, divided by the cost of sales for the same period, multiplied by the number of days in that period.

As of February 28, 2026, approximately RMB78.8 million, or 68.2%, of our trade and bills payables as of December 31, 2025 had been settled.

Other Payables, Accruals and Provision

Other payables and accruals consisted primarily of (1) payables for staff related costs, (2) payables for other taxes, (3) warranty provision, and (4) refund liabilities, which was estimated based on our historical return rate, the industry standards, current market conditions and our contract terms and conditions. Our other payables and accruals increase from RMB22.1 million as of December 31, 2023 to RMB24.0 million as of December 31, 2024, primarily due to the increase of RMB4.5 million in other costs, partially offset by a decrease in refund liabilities of RMB1.9 million, mainly because we lowered the estimated return rate on the basis of a decreased actual product return rate in 2024, which was attributable to our continuous product quality enhancements and improvements in customer service processes. Our other payables and accruals further increased to RMB44.6 million as of December 31, 2025, primarily due to (1) an increase of RMB13.5 million in financial liabilities measured at amortized cost, (2) an increase of RMB6.8 million in payables for other taxes, (3) an increase of RMB5.3 million in warranty provision, mainly as a result of the expansion of our business scale, and (4) an increase of RMB0.8 million in refund liabilities, in line with the increase in the sales volume of our products.

As of February 28, 2026, approximately RMB18.0 million, or 40.4%, of our other payables, accruals and provision as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities decreased from RMB6.2 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024, primarily due to our improved shipping efficiency, changes in customer prepayment practices, and adjustments to our sales strategies. Our contract liabilities increased from RMB3.7 million as of December 31, 2024 to RMB6.4 million as of December 31, 2025, generally in line with the growth of our sales volumes.

As of February 28, 2026, approximately RMB3.4 million, or 53.5% of our contract liabilities as of December 31, 2025 had been recognized as revenue.

Income Tax Payable

Our income tax payable increased from RMB0.3 million as of December 31, 2023 to RMB5.9 million as of December 31, 2024, primarily due to our profit increase. Our income tax payables remained relatively stable at RMB5.8 million as of December 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and payment for the purchase of plant and equipment and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through a combination of cash generated from our operating activities and external financing.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash generated from our operating activities and net [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. Any significant decrease in the demand or prices of our robotic pool cleaners, any significant increase in impairment of our trade receivables, and any significant increase in other costs and expenses, may adversely impact our liquidity. As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had cash and cash equivalents of RMB254.2 million, RMB253.6 million, RMB360.5 million and RMB314.4 million, respectively. As of the Latest Practicable Date, we had unutilized banking facilities of RMB375.9 million, which were all committed and unconditional. Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash generated from operating activities	40,308	6,501	34,825
Net cash generated from/(used in) investing activities	88,044	(3,661)	1,360
Net cash (used in)/generated from financing activities	(587)	(3,967)	71,327
Net increase/(decrease) in cash and cash equivalents	127,765	(1,127)	107,512
Cash and cash equivalents at beginning of the period	124,714	254,150	253,568
Effect of foreign exchange rate changes	1,671	545	(543)
Cash and cash equivalents at end of the period	254,150	253,568	360,537

Net Cash Generated from Operating Activities

Net cash generated from operating activities was RMB34.8 million in 2025, primarily due to our profit before tax of RMB116.5 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of RMB12.6 million and equity-settled share-based payment expenses of RMB11.1 million which was primarily due to the expansion of our share incentive plan for our staff in 2025, with the grant decision being one-off in nature but the related expenses to be recognized over the vesting period in subsequent years; and (2) changes in working capital that positively affected the cash flow from operating activities, primarily including increase in other payables, accruals and provision of RMB23.9 million; partially offset by (3) changes in working capital that negatively affected the cash flow from operating activities, primarily including (i) the increase in inventories of RMB79.5 million, primarily as a result of the increase of our branded product stocking for sales, (ii) the increase in trade receivables of RMB37.6 million, and the increase in prepayments, which was generally in line with the increase in the sales volume, and (iii) deposits and other receivables of RMB4.4 million.

Net cash generated from operating activities was RMB6.5 million in 2024, primarily due to our profit before tax of RMB83.2 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of RMB9.7 million; and (2) changes in working capital that positively affected the cash flow from operating activities, primarily including the increase in trade and bills payables of RMB64.9 million, as a result of an increase in procurement of raw materials; partially offset by (3) changes in working capital that negatively affected the cash flow from operating activities, primarily including an increase of RMB82.2 million in inventories, as a result of the increase in our product models and product stocking for sales, and the increase in prepayments, deposits and other receivables of RMB19.2 million, as a result of our equipment purchase and preference for prepayment by newly on-boarded suppliers.

Net cash generated from operating activities was RMB40.3 million in 2023, primarily due to our profit before tax of RMB67.6 million, minus income tax paid of RMB20.8 million, as adjusted by (1) certain non-cash and non-operating items, primarily including depreciation of RMB7.8 million and equity-settled share-based payment expenses of RMB4.6 million; and (2) changes in working capital that positively affected the cash flow from operating activities, primarily including the increase in trade payables of RMB36.0 million, as a result of an increase in procurement of raw materials; partially offset by (3) changes in working capital that negatively affected the cash flow from operating activities, primarily including the increase in trade receivables of RMB46.2 million, as a result of lengthened payment cycle for sales to Europe and North America, and the increase in inventories of RMB21.5 million, as a result of our business growth and branded product stocking for sales through online E-commerce marketplaces.

Net Cash (Used in)/Generated from Investing Activities

Net cash generated from investing activities was RMB1.4 million in 2025, primarily due to (1) the proceeds from redemption of financial assets measured at FVTPL of RMB88.1 million, and (2) the proceeds from disposal of property, plant and equipment and right-of-use assets of RMB17.1 million, partially offset by (i) the payment for purchase of financial assets measured at FVTPL of RMB87.5 million, and (ii) the payments for purchase for property, plant and equipment, intangible assets and land use rights of RMB16.3 million.

Net cash used in investing activities was RMB3.7 million in 2024, primarily due to (1) the payment for purchase of financial assets at FVTPL of RMB210.0 million, and (2) the payments for purchase for property, plant and equipment, intangible assets and land use rights of RMB14.2 million, partially offset by the proceeds from redemption of financial assets at FVTPL of RMB220.6 million.

Net cash generated from investing activities was RMB88.0 million in 2023, primarily due to the proceeds from redemption of financial assets measured at FVTPL of RMB106.5 million, partially offset by the payments for purchase for property, plant and equipment, intangible assets and land use rights of RMB18.5 million.

Net Cash Generated from/(Used in) Financing Activities

Net cash generated from financing activities was RMB71.3 million in 2025, primarily due to net proceeds from capital contribution of RMB141.0 million, partially offset by dividends paid to our shareholders of RMB62.0 million.

Net cash used in financing activities was RMB4.0 million in 2024, primarily representing our prepayments in connection with the [**REDACTED**].

Net cash used in financing activities was RMB0.6 million in 2023, primarily representing our rental payments.

Current Assets and Current Liabilities

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	119,960	202,162	281,668	298,160
Trade receivables	63,722	105,761	140,905	155,550
Prepayments, deposits and other receivables	7,114	30,783	39,093	52,895
Financial assets measured at FVTPL	10,362	–	–	–
Restricted deposits	157	1,248	4,394	4,780
Cash and cash equivalents	254,150	253,568	360,537	314,391
Total current assets	**455,707**	**593,522**	**826,597**	**825,776**
Current liabilities				
Trade and bills payables	49,837	114,781	115,400	130,454
Other payables, accruals and provision	22,085	24,042	44,555	51,761
Contract liabilities	6,208	3,666	6,428	6,627
Lease liabilities	709	1,847	5,665	5,570
Redemption liabilities	–	–	456,950	460,520
Income tax payable	308	5,912	5,846	5,249
Total current liabilities	**79,147**	**150,248**	**634,844**	**660,181**
Net current assets	**376,560**	**443,274**	**191,753**	**165,595**
Total assets less current liabilities	**461,680**	**533,828**	**284,188**	**256,670**

We had net current assets of RMB376.6 million, RMB443.3 million, RMB191.8 million and RMB165.6 million as of December 31, 2023, 2024, 2025 and February 28, 2026, respectively. Our net current assets position as of each of these dates was primarily attributable to our cash and cash equivalents and inventories, partially offset by our trade and bills payables.

Our net current assets decreased from RMB191.8 million as of December 31, 2025 to RMB165.6 million as of February 28, 2026, primarily due to (1) a decrease of RMB46.1 million in cash and cash equivalent, (2) an increase of trade and bills payables of RMB15.1 million, partially offset by (1) an increase of RMB16.5 million in inventories, (2) an increase of RMB14.6 million in trade receivables, and (3) an increase of RMB13.8 million in prepayments, deposits and other receivables.

Our net current assets decreased from RMB443.3 million as of December 31, 2024 to RMB191.8 million as of December 31, 2025, primarily due to the recognition of redemption liabilities of RMB457.0 million, partially offset by (1) an increase of RMB79.5 million in inventories, (2) an increase of RMB35.1 million in trade receivables, (3) an increase of RMB8.3 million in prepayments, deposits and other receivables, and (4) an increase of RMB107.0 million in cash and cash equivalent.

Our net current assets increased from RMB376.6 million as of December 31, 2023 to RMB443.3 million as of December 31, 2024, primarily due to (1) an increase of RMB82.2 million in inventories, as a result of the increase in our product models and our product stocking for sales, and (2) an increase of RMB42.0 million in trade receivables, generally in line with our business and revenue growth, partially offset by an increase of RMB64.9 million in trade and bills payable, as a result of our increasing demand for raw materials in line with our business growth.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Track Record Period primarily related to purchase of property, plant and equipment, intangible assets and land use rights, and amounted to RMB18.5 million, RMB14.2 million and RMB16.3 million in 2023, 2024 and 2025, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from a combination of cash generated from our operating activities and external financing.

We plan to fund our planned capital expenditure by using the cash flow generated from our operations and the net [**REDACTED**] received from the [**REDACTED**]. See "Future Plans and Use of [**REDACTED**]" for the portion of capital expenditures to be funded by the [**REDACTED**] from the [**REDACTED**].

Capital Commitments

We did not have any capital commitments as of December 31, 2023, 2024 and 2025, respectively.

INDEBTEDNESS

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

	As of December 31,			As of February 28, 2026
	2023	2024	2025	
	(RMB in thousands)			*(Unaudited)*
Current indebtedness				
Lease liabilities	709	1,847	5,665	5,570
Redemption liabilities	–	–	456,950	460,520
Subtotal	709	1,847	468,280	466,090
Non-current indebtedness				
Lease liabilities	4,131	3,990	12,342	12,116
Subtotal	4,131	3,990	12,342	12,116
Total	**4,840**	**5,837**	**480,622**	**478,206**

Lease Liabilities

Our lease liabilities are mainly in relation to leased properties. As of December 31, 2023, 2024 and 2025 and February 28, 2026, our lease liabilities amounted to RMB4.8 million, RMB5.8 million, RMB18.0 million and RMB17.7 million, respectively. Our non-current portion of lease liabilities remained relatively stable at RMB4.1 million and RMB4.0 million as of December 31, 2023 and 2024, respectively, but increased significantly to RMB12.3 million as of December 31, 2025 and then remained relatively stable at RMB12.1 million as of February 28, 2026, primarily due to the newly leased properties overseas mainly used for our warehousing facility. Due to the same reason, our current portion of lease liabilities remained relatively stable at RMB0.7 million and RMB1.8 million as of December 31, 2023 and 2024, respectively, but increased significantly to RMB5.7 million as of December 31, 2025 and then remained relatively stable at RMB5.6 million as of February 28, 2026.

Redemption Liabilities

We recorded redemption liabilities of nil, nil, RMB457.0 million and RMB460.5 million as of December 31, 2023, 2024, 2025, and February 28, 2026, respectively. Our redemption liabilities to investors during the Track Record Period was primarily attributable to the redemption rights of the [**REDACTED**] Investors included in our financing arrangements, which were recorded as financial liabilities. Upon the [**REDACTED**], the redemption rights will be automatically terminated, and the redemption liabilities will be reclassified from liabilities to equity. See "History, Development and Corporate Structure—[**REDACTED**] Investments—Special Rights of the [**REDACTED**] Investors."

Save as disclosed above, we did not have any outstanding loan capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of February 28, 2026. Our Directors confirm that we had not guaranteed the indebtedness of any independent third parties as of the Latest Practicable Date. Our Directors further confirm that there has not been any material change in our indebtedness since February 28, 2026.

Our Directors confirm that as of the Latest Practicable Date, we did not have any outstanding debt, and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group.

[**REDACTED**]

We expect to incur a total of approximately [**REDACTED**] ([**REDACTED**]) of [**REDACTED**] in connection with the [**REDACTED**], representing approximately [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] between [**REDACTED**] and [**REDACTED**], and assuming that the [**REDACTED**] is not exercised), including (1) [**REDACTED**] fees and [**REDACTED**], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [**REDACTED**] of approximately [**REDACTED**] ([**REDACTED**]), and (2) non-[**REDACTED**] expenses of approximately [**REDACTED**] ([**REDACTED**]), which consist of (i) fees and expenses of legal advisors and accountants of approximately [**REDACTED**] ([**REDACTED**]), and (ii) other fees and expenses of approximately [**REDACTED**] ([**REDACTED**]). Approximately [**REDACTED**] is expected to be charged to our profit or loss, and approximately [**REDACTED**] is expected to be deducted from equity. The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

KEY FINANCIAL RATIOS

	For the year ended December 31,		
	2023	2024	2025
Gross profit margin(1)	57.5%	58.0%	62.9%
Net profit margin(2)	16.1%	13.0%	12.4%
Adjusted net profit margin (non-IFRS measure)(3)	19.3%	14.3%	15.3%
Revenue growth rate(4)	19.0%	43.8%	49.4%
Gross profit growth rate(5)	28.0%	45.1%	62.1%

(1) The calculation of gross profit margin is based on gross profit for the period divided by revenue for the respective period and multiplied by 100.0%.

(2) The calculation of net profit margin is based on profit for the period divided by revenue for the respective period and multiplied by 100.0%.

(3) The calculation of adjusted net profit margin (non-IFRS measure) is based on adjusted net profit (non-IFRS measure) divided by revenue for the respective period and multiplied by 100.0%.

(4) The calculation of revenue growth rate is based on revenue for the period divided by revenue for the previous period minus one and multiplied by 100.0%.

(5) The calculation of gross profit growth rate is based on gross profit for the period divided by gross profit for the previous period minus one and multiplied by 100.0%.

Analysis of Key Financial Ratios

See "—Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin, net profit margin and adjusted net profit margin (non-IFRS measure), revenue growth rate and gross profit growth rate during the Track Record Period.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions. For details of our related party transactions, see Note 27 to the Accountants' Report in Appendix I to this document. Our Directors are of the view that each of the related party transactions was conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties and does not distort our Track Record Period results or make our historical results not reflective of future performance. We expect to settle the non-trade related balance with related parties prior to the [**REDACTED**].

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described in details in Note 26 to the Accountants' Report in Appendix I to this document.

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. Our credit risk is primarily attributable to trade receivables and other receivables. Our exposure to credit risk arising from cash and cash equivalents, financial assets measured at FVTPL is limited because the counterparties are banks and financial institutions with high credit standing, for which we considers to represent low credit risk.

We have 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 a period of 0-180 days from the date of billing. Normally, we do not obtain collateral from customers.

We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and our view of economic conditions over the expected lives of the receivables. See note 26(a) to the Accountants' Report in Appendix I to this document.

Liquidity Risk

Our policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. See note 26(b) to the Accountants' Report in Appendix I to this document.

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.

Our lease liabilities at fixed rates, cash at bank at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk, respectively. Overall, the Group's exposure to interest rate risk is not significant.

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, EUR and RMB. See note 26(d) to the Accountants' Report in Appendix I to this document for our exposure to currency risk and the sensitivity analysis.

DIVIDENDS

During the Track Record Period, we declared dividends of RMB62.0 million in 2025. PRC laws require that dividends be paid only out of net profits calculated according to PRC GAAP. PRC laws also require enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Although the calculation of our distributable profits is in accordance with the PRC GAAP or the IFRS Accounting Standards, whichever is lower, we do not expect such difference between distributable profits calculated under the PRC GAAP and the IFRS Accounting Standards to be material or have any substantive impact on any dividend to be declared.

We have adopted a dividend policy of declaring and paying dividends, without a predetermined dividend payout ratio. The declaration, payment and amount of dividends will be subject to the discretion of the Board in accordance with our Articles of Association, pursuant to which an annual profit distribution proposal shall be proposed and approved by the Board and then be submitted to the Shareholders' general meeting for consideration. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. We may distribute profits by cash, Shares or a combination of cash and Shares to Shareholders after we have covered our losses and appropriated our surplus reserves. In the event that a general meeting violates our Articles of Association by distributing profits to Shareholders, the Shareholders shall refund the profits distributed in breach of the foregoing regulations to us. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be determined by our Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had distributable reserves of RMB247.7 million. According to the PRC Company Law, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous year's accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reached 50% of its registered capital. We may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

Since the COVID-19 outbreak, a series of precautionary and control measures have been implemented worldwide to contain the virus. We adopted several precautionary measures to maintain a safe and hygienic working environment, such as adopting COVID-19 disinfecting techniques for our offices, distributing masks for employees, adopting flexible working schedules and locations, and implementing internal reporting system. We did not experience any suspension of operation during the COVID-19 pandemic. Considering all above and our solid performance during the Track Record Period, our Directors are of the view that the COVID-19 pandemic did not have any material adverse effect on our business, results of operations and financial condition.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial and trading positions or prospects since December 31, 2025, being the end date on which our latest audited consolidated financial statements were prepared, and that there is no event since December 31, 2025 which would materially affect the information in the Accountants' Report set out in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details.