You should read the following discussion and analysis with our consolidated financial information as of and for the Track Record Period, including the notes thereto, included in the Accountants' Report in Appendix I ("Historical Financial Information"). The consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

Potential **[REDACTED]** ***should read the whole Historical Financial Information and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this Document, including, but not limited to, the sections headed "Risk Factors" and "Business."***

OVERVIEW

We are a global green supply chain intelligent circular service platform. We address the growing needs across industries for reduction in pollution and carbon footprint, help our customers save costs, and make green supply chain circular services as convenient and accessible as everyday utilities.

Through our reusable packaging product solutions and circular services, we are building a worldwide infrastructure that powers intelligent green supply chains. As of the Latest Practicable Date, our business has expanded to major global markets including China, the EU, UK, United States, Japan, South Korea and Southeast Asia. As of December 31, 2025, our service network covered nearly 30 countries and regions, with 26 regional RDCs deployed and over 8,500 FDCs. Our products and services have been adopted by a large number of enterprise customers across various industries. As of the Latest Practicable Date, we have served over 2,700 enterprise customers across over 80 industry verticals, including over 30 Fortune Global 500 companies and over 30 publicly listed companies. We are able to reach a broader range of end users through third-party poolers within our worldwide infrastructure.

According to Frost & Sullivan, we hold a leading position in both technological advancement and market presence in the global green supply chain intelligent circular services sector. Among the top five local Chinese peers, we ranked first in revenue growth rate, with a CAGR of 33.8% from 2023 to 2025. Globalization is a key driver of our growth. In 2025, we ranked first in terms of revenue among independent Chinese green supply chain circular service providers. Our revenue from outside China accounted for 44.4%, 53.0% and 47.9% of total revenue in 2023, 2024 and 2025, respectively. According to Frost & Sullivan, as of December 31, 2025, we ranked first globally and in China in our industry by number of granted invention patents.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Demand for Our Solutions

Our financial performance is fundamentally driven by market demand for our returnable packaging products and pooling services. This demand is tied to the logistics activity and production levels in our end markets, including non-hazardous chemicals, food and beverage, new energy vehicle components, semiconductor chips, biopharmaceuticals, beauty and personal care, and fresh cold chain logistics. During the Track Record Period, we benefited from robust growth in demand both in China and internationally, as reflected by significant revenue increases in both Chinese Mainland and overseas markets, including the United Kingdom, Netherlands, United States, Japan and Italy.

In recent years, the underlying market trend has been characterized by increasing adoption of reusable packaging solutions, which has supported the overall growth of our business. According to Frost & Sullivan, the global green supply chain circular service market was RMB406.2 billion in 2025 and is expected to reach RMB633.7 billion by 2030, representing a CAGR of 9.3%, driven by the growing adoption of sustainable and cost-efficient logistics solutions across multiple industries. We believe that our established position in this expanding market enables us to effectively capture incremental market demand, thereby supporting our revenue growth and facilitating the realization of economies of scale in our operations.

Building Strong Relationships with Key Accounts and Growing Our Customer Base

Another critical factor affecting our results of operations is our ability to maintain stable relationships with our key customers while continuing to expand our customer base. We derive a significant portion of our revenue from Key Accounts, particularly international circular service provider and large high-value industrial customers, and our revenue from Key Accounts accounted for 76.1%, 81.8%, and 80.8% of our total revenue in 2023, 2024 and 2025, respectively. Our retention rate for Key Accounts amounted to 97.9%, 85.7% and 98.5% in 2023, 2024 and 2025, respectively. We believe this demonstrates the stability of our major customer base and the recurring nature of demand from such customers. By delivering reliable services and tailored solutions and continuing to strengthen our customer service and account management capabilities, we have been able to maintain and deepen our relationships with Key Accounts, which supports the stability and visibility of our revenue streams. In addition, our net cash retention rate in 2025 was 96.9%, further evidencing the stable and sustainable nature of our revenue growth.

At the same time, our ability to acquire new customers across industries and geographic markets has also contributed to our revenue growth and business expansion. We have continued to invest in sales and marketing initiatives and business development efforts to broaden our customer base in both China and overseas markets. A broader customer base not only supports our revenue growth, but also helps diversify our customer mix and reduce reliance on any single customer or end market, thereby enhancing the resilience of our business. Overall, our ability to maintain stable business relationships with key customers while continuing to acquire new customers has been an important driver of our revenue growth, market expansion and operating performance.

Broadening Product Matrix and Introducing New Solutions and Functions

Our results of operations are also affected by the breadth of our product and service offerings and our continual introduction of new solutions to meet customer needs. We offer a comprehensive range of reusable packaging products and related services, which enables us to address a wide variety of logistics scenarios and industry requirements. Our container product portfolio includes reusable foldable liquid carriers, specialized carriers for fresh fruits and vegetables, reusable automotive parts containers, custom-developed inner linings, and customized metal racks, among others. This broad product matrix allows us to serve customers in different sectors (from automotive manufacturing to agriculture to chemicals) and to cross-sell multiple solutions to the same client.

By having an extensive lineup of solutions, we can capture a larger share of each customer's logistics packaging needs, which supports higher revenue per customer and overall revenue growth. It also means we are not overly dependent on any single product category; instead, growth in one line of products or services can complement and offset fluctuations in another. The diversity of our offerings thus contributes to the scalability and resilience of our business model.

Cost Management and Operational Efficiency

Effective cost management and operational efficiency are key factors affecting our profitability and scalability. Our business involves the manufacturing of reusable packaging products and the operation of asset-intensive circular services, which requires disciplined cost control across procurement, production, asset deployment and ongoing operations. Fluctuations in raw material prices and other input costs may affect our cost of sales and gross margins. We manage such risks through diversified sourcing strategies, continuous process optimization and prudent procurement practices, with a view to maintaining cost stability as our business scales.

Our cost structure is also influenced by the scale and configuration of our manufacturing and service network. We have made strategic investments in our manufacturing footprint to support stable production capacity and quality control, while adopting a flexible capacity model that combines in-house manufacturing with qualified third-party suppliers. This approach allows us to respond efficiently to changes in customer demand while managing capital expenditure and unit costs. As our production volumes increase, we are able to benefit from economies of scale, which supports improvements in manufacturing efficiency and cost competitiveness.

Seasonality

Our results of operations are affected in part by seasonal factors. Demand for our products and services is generally linked to our customers' production, procurement, inventory and logistics cycles. We typically experience stronger order intake and sales activities in the fourth quarter, driven by seasonal demand in overseas markets and year-end procurement and production cycles in Chinese Mainland. In overseas markets, customer purchasing decisions are often influenced by the year-end retail season, while in Chinese Mainland, customers in certain industries tend to advance procurement and production plans toward year-end. In particular, demand from the new energy vehicle sector generally increases during the fourth quarter production and delivery peak, and customers in the food and fresh produce sectors typically increase inventory build-up and distribution activities ahead of major holidays. By contrast, business activities in the first quarter are generally affected by the Spring Festival holiday, during which manufacturing and logistics activities may slow. As a result, our revenue, margins and cash flows may vary between interim periods, and the first half of the year generally contributes less than the second half, which is generally consistent with normal industry practice.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). Our Directors believe that we have adequate resources to continue operations and meet our liabilities when they fall due for the foreseeable future of not less than 12 months from the end of the reporting period, by taking into account: (a) our expected cash inflows from operating activities and (b) the bank facilities obtained subsequent to the reporting date. Therefore, our Directors are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared under the historical cost convention, except for financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value during the Track Record Period.

MATERIAL ACCOUNTING POLICIES, MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of the Historical Financial Information. Accounting policies that are material for understanding our financial condition and results of operations are set forth in detail in notes 2.3 and 3 of the Accountants' Report in Appendix I of this Document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. There has not been any material deviation from our management's estimates or assumptions and actual results and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,					
	2023		**2024**		**2025**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	265,910	100.0	377,227	100.0	475,891	100
Cost of sales	(170,930)	(64.3)	(233,101)	(61.8)	(295,615)	(62.1)
Gross profit	**94,980**	**35.7**	**144,126**	**38.2**	**180,276**	**37.9**
Other income and gains	9,329	3.5	3,129	0.8	6,793	1.4
Selling and distribution expenses	(45,279)	17.0	(53,631)	(14.2)	(64,999)	13.7
Administrative expenses	(35,965)	13.5	(34,197)	(9.1)	(42,311)	8.9
Research and development costs	(16,157)	(6.1)	(20,936)	(5.5)	(16,824)	3.5
(Impairment losses)/reversal of impairment losses on financial assets, net	(619)	0.2	97	0.0	(578)	(0.1)
Other expenses	(2,099)	(0.8)	(1,513)	(0.4)	(3,988)	(0.8)
Finance costs	(15,692)	(5.9)	(18,423)	(4.9)	(19,078)	(4.0)
(Loss)/profit before tax	**(11,502)**	**(4.3)**	**18,652**	**5.0**	**39,291**	**8.3**
Income tax credit/(expense)	2,755	1.0	(2,887)	(0.8)	(7,111)	(1.5)
(Loss)/profit for the year	**(8,747)**	**3.3**	**15,765**	**4.2**	**32,180**	**6.8**

Non-IFRS Measures

To supplement our consolidated financial information that is presented in accordance with IFRS Accounting Standards, we also use adjusted net (loss)/profit, EBITDA and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. Non-IFRS adjusted net (loss)/profit for the year/period was calculated by taking (loss)/profit for the year and adding back (i) share-based payment compensation and (ii) [**REDACTED**] expenses. We define adjusted EBITDA as EBITDA which refers to (loss)/profit for the year/period plus (i) income tax expense, (ii) finance costs and (iii) depreciation and amortization, which represents the depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortization of intangible assets adjusted by adding back (i) share-based payment compensation and (ii) [**REDACTED**] expenses.

We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to [**REDACTED**] and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of adjusted net profit, EBITDA and adjusted EBITDA (non-IFRS measures) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table sets forth a reconciliation of our adjusted net (loss)/profit, EBITDA and adjusted EBITDA (non- IFRS measures) to the nearest measure prepared in accordance with IFRS Accounting Standards for the years indicated.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	(8,747)	15,765	32,180
Adjusted for:			
Share-based payment compensation	4,117	12,444	3,221
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net (loss)/profit (non-IFRS measure)	(4,630)	28,209	38,481

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit for the year	**(8,747)**	**15,765**	**32,180**
Adjusted for:			
Income tax (credit)/expenses	(2,755)	2,887	7,111
Finance costs	15,692	18,423	19,078
Depreciation of items of property, plant and equipment	46,538	48,721	60,635
Depreciation of right-of-use assets	12,548	15,335	17,460
Amortization of intangible assets	149	1,893	2,674
EBITDA (non-IFRS measure)	**63,425**	**103,024**	**139,138**
Adjusted for:			
Share-based payment compensation	4,117	12,444	3,221
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted EBITDA (non-IFRS measure)	**67,542**	**115,468**	**145,439**

Revenue

During the Track Record Period, we generated revenue from (i) sales of products and (ii) container services. Our revenue amounted to RMB265.9 million, RMB377.2 million and RMB475.9 million in 2023, 2024 and 2025, respectively.

By Types of Goods and Services

The following table sets forth our revenue by types of goods and services for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of products:						
– Sales of containers	155,589	58.5	228,318	60.5	279,338	58.7
– Sales of consumables and accessories[1]	11,304	4.3	15,893	4.3	20,776	4.3
Subtotal	**166,893**	**62.8**	**244,211**	**64.8**	**300,114**	**63.0**
Container services:						
Pooling services	81,123	30.5	117,028	31.0	160,202	33.7
Rental income	17,894	6.7	15,988	4.2	15,575	3.3
Subtotal	**99,017**	**37.2**	**133,016**	**35.2**	**175,777**	**37.0**
Total	**265,910**	**100.0**	**377,227**	**100.0**	**475,891**	**100.0**

Note:

(1) Sales of consumables and accessories mainly arose from our pooling service during the Track Record Period.

By Geographical Regions

The following table sets forth our revenue by geographical regions from external customers for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland	147,758	55.6	177,239	47.0	247,874	52.1
Other countries/regions	118,152	44.4	199,988	53.0	228,017	47.9
Total	**265,910**	**100.0**	**377,227**	**100.0**	**475,891**	**100.0**

Note:

(1) Other countries/regions mainly included United Kingdom, Netherlands, United States, Japan and Italy.

Cost of Sales

During the Track Record Period, our cost of sales mainly consisted of (i) container costs, (ii) shipment costs, (iii) depreciation and amortization, (iv) storage costs, (v) employee costs and (vi) others. In 2023, 2024 and 2025, our cost of sales amounted to RMB170.9 million, RMB233.1 million and RMB295.6 million, respectively. The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Container costs	98,103	57.4	128,179	55.0	164,256	55.6
Shipment costs	26,080	15.3	43,430	18.6	52,800	17.9
Depreciation and amortization	26,077	15.3	30,476	13.1	37,625	12.7
Storage costs	15,893	9.3	24,514	10.5	33,075	11.2
Employee costs	2,562	1.5	2,828	1.2	3,660	1.2
Others[1]	2,215	1.2	3,674	1.6	4,199	1.4
Total	**170,930**	**100.0**	**233,101**	**100.0**	**295,615**	**100.0**

Note:

(1) Others mainly included taxes and surcharges and low-value consumables during the Track Record Period.

Gross Profit

Our gross profit represents our revenue less our cost of sales and our gross margin represents gross profit divided by our revenue, expressed as a percentage. Our gross profit amounted to RMB95.0 million, RMB144.1 million and RMB180.3 million in 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our gross profit and gross profit margin by types of goods and services for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sales of products	64,012	38.4	103,035	42.2	125,455	41.8
Container services	30,968	31.3	41,091	31.0	54,821	31.2
Total	**94,980**	**35.7**	**144,126**	**38.2**	**180,276**	**37.9**

Other Income and Gains

Our other income and gains mainly consisted of (i) government grants, which were received to support our innovation and patent-related activities and were recognized in profit or loss upon receipt and there were no unfulfilled conditions attached to these government grants, (ii) income from value-added tax super deduction, which was related to an additional 5% VAT input tax deduction for taxpayers of productive services from 1 January 2023 to 31 December 2023, (iii) interest income, (iv) foreign exchange gains, net, (v) compensation income, (vi) gain on disposal of items of property, plant and equipment, net and (vii) others, during the Track Record Period. The table below sets forth a breakdown of our other income and gains by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Government grants	2,777	29.8	1,167	37.3	2,136	31.4
Income from value-added tax super deduction	5,389	57.8	–	–	–	–
Interest income	185	2.0	299	9.6	1,292	19.0
Foreign exchange gains, net	666	7.1	1,658	53.0	–	–
Compensation income	312	3.3	5	0.1	2,002	29.5
Gain on disposal of items of property, plant and equipment, net	–	–	–	–	1,266	18.6
Others	–	–	–	–	97	1.5
Total	**9,329**	**100.0**	**3,129**	**100.0**	**6,793**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses mainly consisted of (i) employee costs, (ii) depreciation and amortization, (iii) advertising expenses, (iv) office, entertainment and travel expenses, (v) share-based payment compensation, and (vi) others, during the Track Record Period. Our selling and distribution expenses amounted to RMB45.3 million, RMB53.6 million and RMB65.0 million in 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our selling and distribution expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee costs	31,559	69.7	39,522	73.7	45,595	70.1
Depreciation and amortization	2,557	5.7	4,934	9.2	7,453	11.5
Advertising expenses	3,085	6.8	2,421	4.5	2,675	4.2
Office, entertainment and travel expenses	5,154	11.4	5,201	9.7	6,647	10.2
Share-based payment compensation	1,101	2.4	620	1.2	1,254	1.9
Others(1)	1,823	4.0	933	1.7	1,375	2.1
Total	**45,279**	**100.0**	**53,631**	**100.0**	**64,999**	**100.0**

Note:

(1) Others mainly included logistics expenses.

Administrative Expenses

Our administrative expenses mainly consisted of (i) employee costs, (ii) depreciation and amortization, (iii) professional fees, (iv) office, entertainment and travel expenses, (v) share-based payment compensation, (vi) others, during the Track Record Period. Our administrative expenses amounted to RMB36.0 million, RMB34.2 million and RMB42.3 million in 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our administrative expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee costs	15,612	43.4	16,868	49.3	20,419	48.3
Depreciation and amortization	10,349	28.8	4,238	12.4	5,352	12.6
Professional fees	2,030	5.6	1,226	3.6	8,212	19.4
Office, entertainment and travel expenses	4,346	12.1	3,526	10.3	5,055	11.9
Share-based payment compensation	2,023	5.6	7,098	20.8	1,065	2.5
Others[(1)]	1,605	4.5	1,241	3.6	2,208	5.3
Total	**35,965**	**100.0**	**34,197**	**100.0**	**42,311**	**100.0**

Note:

(1) Others mainly included taxes and surcharges, and bank charges during the Track Record Period.

Research and Development Expenses

Our research and development costs mainly consisted of (i) employee costs, (ii) professional fees, (iii) patent application fees, (iv) depreciation and amortization, (v) share-based payment compensation, and (vi) others, during the Track Record Period. Our research and development expenses amounted to RMB16.2 million, RMB20.9 million and RMB16.8 million in 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our research and development expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee costs	11,229	69.5	12,666	60.5	11,624	69.1
Professional fees	800	5.0	514	2.5	824	4.9
Patent application fees	2,539	15.7	2,018	9.6	1,841	10.9
Share-based payment compensation	993	6.1	4,726	22.6	902	5.4
Depreciation and amortization	322	2.0	821	3.9	977	5.8
Others[(1)]	274	1.7	191	0.9	656	3.9
Total	**16,157**	**100.0**	**20,936**	**100.0**	**16,824**	**100.0**

Note:

(1) Others mainly included travel expenses during the Track Record Period.

(Impairment Losses)/Reversal of Impairment Losses on Financial Assets, Net

Our (impairment losses)/reversal of impairment losses on financial assets, net, mainly represented credit losses or reversal of credit losses on trade and bills receivables. We recorded impairment loss on financial assets of RMB619 thousand and RMB578 thousand in 2023 and 2025, respectively and reversal of impairment losses on financial assets of RMB97 thousand in 2024, respectively.

Other Expenses

Our other expenses mainly consisted of (i) loss on disposal of items of property, plant and equipment, net, (ii) penalties, (iii) foreign exchanges losses, net and (iv) fair value losses on financial assets at FVTPL, during the Track Record Period. Our other expenses amounted to RMB2.1 million, RMB1.5 million and RMB4.0 million in 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our other expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss on disposal of items of property, plant and equipment, net	1,950	92.9	1,340	88.6	–	–
Penalties	115	5.5	5	0.3	313	7.8
Foreign exchanges losses, net	–	–	–	–	3,580	89.8
Fair value losses on financial assets at FVTPL	34	1.6	168	11.1	95	2.4
Total	**2,099**	**100.0**	**1,513**	**100.0**	**3,988**	**100.0**

Finance Costs

Our financial costs mainly consisted of (i) interest on bank and other borrowings and (ii) interest on lease liabilities, during the Track Record Period. Our finance costs amounted to RMB15.7 million, RMB18.4 million and RMB19.1 million in 2023, 2024 and 2025, respectively. The table below sets forth a breakdown of our finance costs by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Interest on bank and other borrowings	14,419	91.9	17,164	93.2	18,062	94.7
Interest on lease liabilities	1,273	8.1	1,259	6.8	1,016	5.3
Total	**15,692**	**100.0**	**18,423**	**100.0**	**19,078**	**100.0**

Income Tax Credit/(Expense)

We recorded income tax credit of RMB2.8 million in 2023 and income tax expenses of RMB2.9 million, and RMB7.1 million in 2024 and 2025, respectively. We were subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate, during the Track Record Period.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the Company and the subsidiaries which operate in Chinese Mainland are subject to corporate income tax at a rate of 25% on the taxable income except for those which are subject to tax exemption set out below.

We were qualified as "High and New Technology Enterprise" and therefore were entitled to a preferential income tax rate of 15% during the Track Record Period.

Except for Shanghai Cortp Logistics Technology Co., Ltd., Taizhou Honghui Logistics Packaging Technology Co., Ltd., Jiangsu Xiangxiang Intelligence Technology Co., Ltd. and Shanghai Xiangxiang Recycling Technology Co., Ltd, other subsidiaries of the Group in the PRC are qualified as "Small and Micro Enterprises" and therefore were entitled to a preferential income tax rate of 20% during the Track Record Period.

Hong Kong

Our subsidiaries incorporated in Hong Kong were subject to corporate income tax at a rate of 16.5% on the taxable income during the Track Record Period.

Japan

Our subsidiary incorporated in Japan was subject to the national corporate income tax at a rate of 23.2% and the local corporate tax rate at a rate of 2.4% on the taxable income during the Track Record Period.

United Kingdom

Our subsidiary incorporated in the United Kingdom was subject to corporate income tax at a rate of 25% on the taxable income during the Track Record Period.

United States of America

Our subsidiary incorporated in the United States was subject to the federal corporate income tax at a rate of 21% and the state income tax at a rate of 4% on the taxable income during the Track Record Period.

(Loss)/Profit for the Year

During the Track Record Period, we recorded loss for the year of RMB8.7 million in 2023 and profit for the years of RMB15.8 million and RMB32.2 million in 2024 and 2025, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 26.2% from RMB377.2 million in 2024 to RMB475.9 million in 2025, primarily due to (i) continued growth in sales of products, particularly in overseas markets, and (ii) further expansion of our container services business in Chinese Mainland, driven mainly by higher pooling service revenue as our customer base expanded, existing customers increased usage intensity and our service network and circulating asset base continued to scale.

By Types of Goods and Services

Our revenue from sales of products and container services amounted to RMB244.2 million and RMB133.0 million in 2024, and RMB300.1 million and RMB175.8 million in 2025, respectively.

Revenue from sales of products increased by 22.9% from RMB244.2 million in 2024 to RMB300.1 million in 2025, primarily driven by (i) higher revenue generated in overseas markets, reflecting increased market demand and an expanded customer base supported by our continued enhancements to our sales and marketing initiatives; and (ii) higher revenue generated in Chinese Mainland, reflecting increased market demand, an expanded customer base attributable to our marketing efforts and strengthened market recognition, as well as pricing adjustments implemented in response to heightened market competition. In particular,

- Our sales of containers increased by 22.3% from RMB228.3 million in 2024 to RMB279.3 million in 2025, primarily due to (i) higher sales volume, supported by increased orders from overseas customers, continued expansion into additional industry verticals and broader application scenarios, continued customer expansion in Chinese Mainland, with the total number of customers increasing from 640 in 2024 to 782 in 2025, representing an increase of 19.3%, (ii) deeper penetration of our solutions across application scenarios including liquids, automotive parts and fresh produce, and (iii) continuing contribution from our existing customers.

- Our sales of consumables and accessories increased by 30.8% from RMB15.9 million in 2024 to RMB20.8 million in 2025, which was in line with the growth of our pooling services and the broader adoption of integrated solutions combining reusable containers with liquid liners, valves and other accessories.

Revenue from container services increased by 32.1% from RMB133.0 million in 2024 to RMB175.8 million in 2025. In particular,

- Our pooling services increased by 36.9% from RMB117.0 million in 2024 to RMB160.2 million in 2025, primarily driven by higher DPU-based service volume as a result of (i) expansion of our customer base in Chinese Mainland, particularly in liquids, (ii) increased usage by existing customers, including deeper penetration among Key Accounts, and (iii) the continued build-out of our service network and circulating asset base, which enhanced service coverage and execution efficiency.

- Our rental income remained relatively stable at RMB16.0 million in 2024 and RMB15.6 million in 2025, respectively.

Cost of Sales

Our cost of sales increased by 26.8% from RMB233.1 million in 2024 to RMB295.6 million in 2025, which was in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 25.1% from RMB144.1 million in 2024 to RMB180.3 million in 2025, primarily due to continued revenue growth in both sales of products and container services. Our gross profit margin remained relatively stable at 38.2% and 37.9% in 2024 and 2025, respectively.

By Types of Goods and Services

Our gross profit from sales of products increased by 21.8% from RMB103.0 million in 2024 to RMB125.5 million in 2025, which was in line with our revenue growth. Our gross profit margin from sales of products remained relatively stable at 42.2% and 41.8% in 2024 and 2025, respectively.

Our gross profit from container services increased by 33.4% from RMB41.1 million in 2024 to RMB54.8 million in 2025, primarily attributable to the continued expansion of our container services business, supported by our ongoing strategic allocation of resources to, and continuous optimization of, our service platform. Our gross profit margin from container services remained stable at 30.9% and 31.2% in 2024 and 2025, respectively.

Other Income and Gains

Our compensation income and gains increased significantly from RMB3.1 million in 2024 to RMB6.8 million in 2025, primarily due to (i) an increase of RMB2.0 million in compensation income, resulting from compensation received for patent infringement and (ii) an increase in interest income of RMB0.9 million, which was in line with the average daily balance of our bank balances.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 21.2% from RMB53.6 million in 2024 to RMB65.0 million in 2025, primarily due to (i) an increase in employee costs of RMB6.1 million, mainly attributable to higher sales commissions paid to our sales team in line with our revenue growth and (ii) an increase in depreciation and amortization of RMB2.5 million.

Administrative Expenses

Our administrative expenses increased by approximately 23.7% from RMB34.2 million in 2024 to RMB42.3 million in 2025, primarily due to (i) an increase in employee costs of RMB3.6 million, resulting from expansion of administrative headcount and staff, remuneration adjustments and (ii) an increase in professional fees of RMB7.0 million, which was mainly related to our [**REDACTED**] and the conversion into a joint stock limited company, partially offset by a decrease in share-based payment compensation of RMB6.0 million, resulting from repurchases by the controlling shareholders triggered by employee departures.

Research and Development Expenses

Our research and development expenses decreased by 19.6% from RMB20.9 million in 2024 to RMB16.8 million in 2025, primarily due to a decrease in share-based payment compensation of RMB3.8 million.

Other Expenses

Our other expenses increased significantly from RMB1.5 million in 2024 to RMB4.0 million in 2025, primarily due to the foreign exchange losses of RMB3.6 million in 2025.

Finance Costs

Our finance costs remained relatively stable at RMB18.4 million in 2024 and RMB19.1 million in 2025.

Income Tax Expense

Our income tax expense increased significantly from RMB2.9 million in 2024 to RMB7.1 million in 2025, primarily due to our increase in profit before tax.

Profit For the Year

As a result of the foregoing, our profit for the year increased significantly from RMB15.8 million in 2024 to RMB32.2 million in 2025.

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

Revenue

Our revenue increased by 41.9% from RMB265.9 million in 2023 to RMB377.2 million in 2024, driven by increased market demand for reusable packaging solutions, broader customer coverage and deeper penetration among existing customers.

By Types of Goods and Services

Our revenue from sales of products and container services amounted to RMB166.9 million and RMB99.0 million in 2023, and RMB244.2 million and RMB133.0 million in 2024, respectively.

Revenue from sales of products increased by 46.3% from RMB166.9 million in 2023 to RMB244.2 million in 2024, primarily driven by (i) increased market demand and (ii) an expanded customer base supported by our continued enhancements to our sales and marketing initiatives. In particular,

- Our sales of containers increased by 46.7% from RMB155.6 million in 2023 to RMB228.3 million in 2024, primarily due to higher sales volume, supported by stronger overseas demand, new customer acquisition and larger order volumes from existing customers.

- Our sales of consumables and accessories increased by 40.6% from RMB11.3 million in 2023 to RMB15.9 million in 2024, which was in line with the growth of our pooling service and increased sales of related liquid liners, valves and accessories as part of our integrated packaging solutions.

Revenue from container services increased by 34.3% from RMB99.0 million in 2023 to RMB133.0 million in 2024. In particular,

- Our pooling services increased by 44.3% from RMB81.1 million in 2023 to RMB117.0 million in 2024, primarily driven by (i) continuing contribution from our existing customers, (ii) customer base expansion resulting from our marketing efforts and (iii) incremental customer additions supported by our ongoing product enhancements which improved service coverage and execution efficiency.

- Our rental income decreased by 10.7% from RMB17.9 million in 2023 to RMB16.0 million in 2024, primarily due to the shift in customer demand from traditional static rental arrangements to our more flexible DPU-based pooling model.

Cost of Sales

Our cost of sales increased by 36.4% from RMB170.9 million for the year ended December 31, 2023 to RMB233.1 million for the year ended December 31, 2024 in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 51.7% from RMB95.0 million in 2023 to RMB144.1 million in 2024, primarily due to (i) an increase in gross profit from sales of products of RMB39.0 million and (ii) an increase in gross profit from container services of RMB10.1 million. Our gross profit margin increased from 35.7% in 2023 to 38.2% in 2024, primarily due to improved gross margin from sales of products, reflecting a greater operating leverage from increased sales volume and manufacturing cost efficiencies.

By Types of Goods and Services

Our gross profit from sales of products increased by 61.0% from RMB64.0 million in 2023 to RMB103.0 million in 2024, broadly consistent with our revenue growth, primarily due to (i) a more favorable customer and geographical mix, as the contribution from our overseas business, which generally carried higher margins, increased during 2024, supported by stronger overseas demand and our customer expansion efforts, and (ii) lower unit manufacturing costs resulting from economies of scale and process improvements. Our gross profit margin from sales of products increased from 38.4% in 2023 to 42.2% in 2024, primarily due to (i) the higher contribution from higher-margin overseas business and (ii) a more favorable customer and product mix.

Our gross profit from container services increased by 32.7% from RMB31.0 million in 2023 to RMB41.1 million in 2024 in line with the continued expansion of our container services business. Our gross profit margin from container services remained relatively stable at 31.3% and 30.9% in 2023 and 2024, respectively.

Other Income and Gains

Our other income and gains decreased by 66.5% from RMB9.3 million in 2023 to RMB3.1 million in 2024, primarily due to the income from value-added tax super deduction of RMB5.4 million in 2023, which was related to an additional 5% VAT input tax deduction for taxpayers of productive services from January 1, 2023 to December 31, 2023.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 18.4% from RMB45.3 million in 2023 to RMB53.6 million in 2024, primarily due to an increase in employee costs of RMB8.0 million, mainly attributable to (a) higher performance-based bonuses driven by our enhanced sales performance, (b) an increase in headcount of selling and distribution personnel, and (c) the continued expansion of our sales network, in line with our revenue growth.

Administrative Expenses

Our administrative expenses decreased by 4.9% from RMB36.0 million in 2023 to RMB34.2 million in 2024, primarily due to a decrease in depreciation and amortization of RMB6.1 million, as certain depreciation of the Nantong facility was recognized as administrative expenses in 2023 due to idle capacity.

Research and Development Costs

Our research and development expenses increased by 29.6% from RMB16.2 million in 2023 to RMB20.9 million in 2024, primarily due to an increase in share-based payment compensation of RMB3.7 million.

Other Expenses

Our other expenses decreased by 27.9% from RMB2.1 million in 2023 to RMB1.5 million in 2024, primarily due to a decrease in loss on disposal of items of property, plant and equipment of RMB0.6 million, resulting from disposal of our containers.

Finance Costs

Our finance costs increased by 17.4% from RMB15.7 million in 2023 to RMB18.4 million in 2024, primarily due to increase in monthly average balance of our borrowings.

Income Tax (Credit)/Expenses

Our income tax (credit)/expenses changed from an income tax credit of RMB2.8 million in 2023 to an income tax expense of RMB2.9 million in 2024, primarily due to the profit we gained in 2024.

(Loss)/Profit For the Year

As a result of the foregoing, we recorded loss for the year of RMB8.7 million in 2023 and profit for the year of RMB15.8 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth the selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from the Historical Financial Information included in Appendix I:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Property, plant and equipment	203,842	244,182	272,508
Right-of-use assets	36,639	30,944	77,479
Other intangible assets	19,759	22,898	24,935
Deferred tax assets	27,020	31,673	30,488
Other long-term assets	4,813	4,837	13,641
Total non-current assets	**292,073**	**334,534**	**419,051**
Current Assets			
Inventories	45,348	63,546	57,589
Trade and bills receivables	64,446	84,392	137,667
Financial assets at fair value through other comprehensive income	3,744	17,543	10,332
Prepayments, other receivables and other assets	21,197	30,245	43,300
Restricted cash	–	560	–
Cash and cash equivalents	98,031	69,275	139,565
Total current assets	**232,766**	**265,561**	**388,453**
Current Liabilities			
Trade payables	35,321	61,051	69,049
Other payables and accruals	32,401	34,491	55,768
Financial liabilities at fair value through profit or loss	–	107	–
Interest-bearing bank and other borrowings	195,524	181,753	216,479
Tax payable	165	7,448	9,675
Lease liabilities	13,745	14,043	16,916
Total current liabilities	**277,156**	**298,893**	**367,887**
Net current (Liabilities)/Assets	**(44,390)**	**(33,332)**	**20,566**
TOTAL ASSETS LESS CURRENT LIABILITIES	**247,683**	**301,202**	**439,617**
Non-current Liabilities			
Other non-current financial liabilities	15,000	16,800	–
Interest-bearing bank and other borrowings	42,988	72,410	88,517
Lease liabilities	22,066	16,304	18,913
Total non-current liabilities	**80,054**	**105,514**	**107,430**

Property, Plant and Equipment

Our property, plant and equipment mainly consisted of (i) machinery, (ii) reusable packaging containers, (iii) electronic equipment, (iv) transportation equipment and others, (v) leasehold improvement, (vi) inner linings, and (vii) construction in progress, primarily comprising mold and customized equipment, during the Track Record Period. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Machinery	72,458	68,614	71,977
Reusable packaging containers	118,393	155,153	173,929
Electronic equipment	853	667	739
Transportation equipment and others	298	197	118
Leasehold improvement	4,481	5,656	9,803
Inner linings	4,721	10,194	12,811
Construction in progress	2,638	3,701	3,131
Total	**203,842**	**244,182**	**272,508**

Our property, plant and equipment increased by 19.9% from RMB203.8 million as of December 31, 2023 to RMB244.2 million as of December 31, 2024, primarily due to an increase in reusable packaging containers of RMB36.8 million, which is in line with the revenue growth of our pooling services. Our property, plant and equipment further increased by 11.6% from RMB244.2 million as of December 31, 2024 to RMB272.5 million as of December 31, 2025, primarily attributable to (i) an increase in reusable packaging containers of RMB18.8 million, which is in line with the revenue growth of our pooling service, (ii) an increase in leasehold improvement of RMB4.1 million, and (iii) an increase in machinery of RMB3.4 million, reflecting our continued investment in reusable packaging containers to support expansion of our pooling services together with additional machinery and leasehold improvements to support manufacturing and operational capacity.

Right-of-use Assets

Our right-of-use assets mainly consisted of (i) office premises and plant and (ii) land use rights, during the Track Record Period. The following table sets out a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Office premises and plant	36,639	30,944	36,875
Land use rights	–	–	40,604
Total	36,639	30,944	77,479

Our right-of-use assets decreased by 15.5% from RMB36.6 million as of December 31, 2023 to RMB30.9 million as of December 31, 2024, primarily due to the depreciation of our right-of-use assets, and further increased significantly to RMB77.5 million as of December 31, 2025, primarily due to an increase in land use rights of RMB40.6 million, representing our manufacturing base in Xianju.

Other Intangible Assets

Our other intangible assets mainly consisted of software related to our CoRTP platform during the Track Record Period. Our other intangible assets increased by 15.9% from RMB19.8 million as of December 31, 2023 to RMB22.9 million as of December 31, 2024, primarily attributable to our continued development of the CoRTP platform, partially offset by amortization. Our other intangible assets remained relatively stable at RMB22.9 million as of December 31, 2024 and RMB24.9 million as of December 31, 2025.

Net Current Assets/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'000	*RMB'000*	*RMB'000*	*(Unaudited)*
Current assets				
Inventories	45,348	63,546	57,589	82,438
Trade and bills receivables	64,446	84,392	137,667	128,318
Financial assets at fair value through other comprehensive income	3,744	17,543	10,332	7,100
Prepayments, other receivables and other assets	21,197	30,245	43,300	56,847
Restricted cash	–	560	–	–
Cash and cash equivalents	98,031	69,275	139,565	102,509
Total current assets	**232,766**	**265,561**	**388,453**	**377,212**
Current liabilities				
Trade payables	35,321	61,051	69,049	47,624
Other payables and accruals	32,401	34,491	55,768	36,215
Financial liabilities at fair value through profit or loss	–	107	–	–
Interest-bearing bank and other borrowings	195,524	181,753	216,479	226,244
Tax payable	165	7,448	9,675	10,602
Lease liabilities	13,745	14,043	16,916	12,063
Total current liabilities	**277,156**	**298,893**	**367,887**	**332,748**
Net current (liabilities)/assets	**(44,390)**	**(33,332)**	**20,566**	**44,464**

Our net current liabilities decreased by 24.9% from RMB44.4 million as of December 31, 2023 to RMB33.3 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB19.9 million, (ii) an increase in inventories of RMB18.2 million, (iii) an increase in financial assets at fair value through other comprehensive income of RMB13.8 million, (iv) an increase in prepayments, other receivables and other assets of RMB9.0 million and (v) a decrease in the current portion of interest-bearing bank and other borrowings of RMB13.8 million; partially offset by (i) a decrease in cash and cash equivalents of RMB28.8 million, (ii) an increase in trade payables of RMB25.7 million, (iii) an increase in tax payable of RMB7.3 million and (iv) an increase in other payables and accruals of RMB2.1 million.

Our net current liabilities changed to net current assets of RMB20.6 million as of December 31, 2025 from net current liabilities of RMB33.3 million as of December 31, 2024, primarily due to (i) an increase in trade and bills receivables of RMB53.3 million, (ii) a decrease in inventories of RMB6.0 million, (iii) a decrease in financial assets at fair value through other comprehensive income of RMB7.2 million, (iv) an increase in prepayments, other receivables and other assets of RMB13.1 million, and (v) an increase in cash and cash equivalents of RMB70.3 million; partially offset by (i) an increase in trade payables of RMB8.0 million, (ii) an increase in other payables and accruals of RMB21.3 million, (iii) an increase in current portion of interest-bearing bank and other borrowings of RMB34.7 million, (iv) an increase in tax payable of RMB2.2 million, and (v) an increase in lease liabilities of RMB2.9 million.

Our net current assets increased significantly from RMB20.6 million as of December 31, 2025 to RMB44.5 million as of February 28, 2026, primarily due to (i) an increase in inventories of RMB24.8 million, (ii) a decrease in trade and bills payables of RMB21.4 million, (iii) a decrease in other payables and accruals of RMB19.6 million; partially offset by (i) a decrease in cash and cash equivalents of RMB37.1 million and (ii) an increase in current interest-bearing bank and other borrowings of RMB9.8 million.

Inventories

Our inventories mainly consisted of (i) raw materials, (ii) work in progress and (iii) finished goods, taking into consideration in provision for impaired goods, during the Track Record Period. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	7,870	10,754	11,694
Work in progress	6,421	7,602	9,342
Finished goods	31,662	45,372	36,603
Subtotal	45,953	63,728	57,639
Provision for impairment of inventories	(605)	(182)	(50)
Total	**45,348**	**63,546**	**57,589**

Our inventories increased by 40.1% from RMB45.3 million as of December 31, 2023 to RMB63.5 million as of December 31, 2024, mainly attributable to an increase in finished goods of RMB13.7 million, resulting from the strong demand for our containers. Our inventories decreased by 9.4% from RMB63.5 million as of December 31, 2024 to RMB57.6 million as of December 31, 2025, primarily due to a decrease in finished goods of RMB8.8 million.

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

	Year ended December 31,		
	2023	2024	2025
		(in days)	
Inventory turnover days[1]	95	84	74

Note:

(1) Inventory turnover days for a year is the arithmetic mean of the beginning and ending balances of inventory for the relevant year divided by the sum of cost of sales for the relevant year and multiplied by 360 days for the full-year period.

Our inventory turnover days amounted to 95 days, 84 days and 74 days in 2023, 2024 and 2025, respectively, reflecting stronger sales execution and continued refinement of our inventory planning and deployment.

As of February 28, 2026, RMB58 million, or 72.7% of our inventories as of December 31, 2025, had been sold.

Trade and Bills Receivables

Our trade and bills receivables mainly consisted of trade receivables and bills receivable carried at amortized cost less impairment losses during the Track Record Period. The following table sets out a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	62,640	81,022	135,675
Bills receivable	2,425	3,892	3,092
Subtotal	65,065	84,914	138,767
Impairment	(619)	(522)	(1,100)
Total	**64,446**	**84,392**	**137,667**

Our trade and bills receivables increased by 30.9% from RMB64.4 million as of December 31, 2023 to RMB84.4 million as of December 31, 2024, and further increased by 63.1% from RMB84.4 million as of December 31, 2024 to RMB137.7 million as of December 31, 2025, primarily due to an increase in trade receivables in line with our revenue growth.

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	56,158	75,674	129,699
3 months to 6 months	7,382	8,641	7,469
6 months to 9 months	863	47	441
9 months to 1 year	43	30	58
Total	64,446	84,392	137,667

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

	Year ended December 31,		
	2023	**2024**	**2025**
		(in days)	
Trade and bills receivables turnover days(1)	85	71	84

Note:

(1) Trade and bills receivables turnover days for a period equals the arithmetic mean of the beginning and ending trade and bills receivable balances divided by revenue for that year and multiplied by 360 days for the full-year period.

Our trade and bills receivables turnover days amount to 85 days, 71 days and 84 days in 2023, 2024 and 2025, respectively, and such fluctuation was in line with our normal business operation.

As of February 28, 2026, RMB101.0 million, or 73.7% of our trade and bills receivables as of December 31, 2025, had been settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets mainly consisted of (i) prepayments, (ii) deposits, (iii) value-added tax recoverable, (iv) export tax rebate and (v) other receivables, primarily comprising petty cash, during the Track Record Period. The following table sets out a breakdown of our prepayment, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	10,282	14,443	20,526
Deposits	2,407	2,149	2,554
Value-added tax recoverable	6,366	9,663	13,030
Export tax rebate	913	2,546	4,936
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables	1,229	1,444	1,873
Total	**21,197**	**30,245**	**43,300**

Our prepayments, other receivables and other assets increased by 42.7% from RMB21.2 million as of December 31, 2023 to RMB30.2 million as of December 31, 2024 and further increased by 43.2% to RMB43.3 million as of December 31, 2025, primarily due to higher purchase prepayments associated with procurement of raw materials, equipment and other inputs to support business expansion, together with higher value-added tax recoverable and export tax rebates in line with increased procurement and export activities.

Trade Payables

Our trade payables mainly consisted of payables for purchases of raw materials and rental services, during the Track Record Period. Our trade payables increased from RMB35.3 million as of December 31, 2023 to RMB61.1 million as of December 31, 2024 and further to RMB69.0 million as of December 31, 2025, primarily in line with the higher procurement volume associated with business expansion.

The following table sets forth an aging analysis based on the invoice date of our trade payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	34,425	59,095	66,535
3 months to 6 months	405	1,616	1,743
6 months to 1 year	313	104	445
Over 1 year	178	236	326
Total	**35,321**	**61,051**	**69,049**

The following table sets forth our trade payables turnover days for the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
		(in days)	
Trade payable turnover days(1)	72	74	79

Note:

(1) Trade payables turnover days for a year equals the arithmetic mean of the beginning and ending trade payables balances divided by the cost of sales for the relevant year and multiplied by 360 days for the full-year period.

Our trade payables turnover days remained relatively stable at 72 days, 74 days and 79 days in 2023, 2024 and 2025, respectively.

As of February 28, 2026, RMB40.0 million, or 58.0% of our trade payables as of December 31, 2025, had been settled.

Other Payables and Accruals

Our other payables and accruals mainly consisted of (i) contract liabilities, (ii) salary and welfare payable, (iii) deposits, (iv) other payables, (v) other tax payables, (vi) accrued expense, (vii) [**REDACTED**], and (viii) others, during the Track Record Period. The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	7,892	7,017	4,841
Advances from customers	1,644	1,346	1,447
Salary and welfare payable	12,725	18,267	17,057
Deposits	1,071	1,068	501
Other tax payables	5,449	2,086	5,099
Accruals	1,934	2,718	3,938
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Put option payable	–	–	18,816
Others	1,686	1,989	2,941
Total	**32,401**	**34,491**	**55,768**

Note:

(1) Others mainly included service fee and delivery expense, during the Track Record Period.

Our other payables and accruals increased by 6.5% from RMB32.4 million as of December 31, 2023 to RMB34.5 million as of December 31, 2024, primarily due to an increase in salary and welfare payable of RMB5.5 million, mainly reflecting higher accrued staff costs at year end in line with business growth, partially offset by a decrease in other tax payables of RMB3.4 million. Our other payables and accruals further increased by 61.7% from RMB34.5 million as of December 31, 2024 to RMB55.8 million as of December 31, 2025, primarily due to (i) the transfer of put option payable of RMB18.8 million from non-current liabilities to current liabilities, and (ii) an increase in other tax payables of RMB3.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been and is expected to continue to be, cash generated from operating activities together with available credit facilities and bank borrowings. Our liquidity requirements primarily relate to funding our working capital requirements and our capital expenditures. We had cash and cash equivalents of RMB98.0 million, RMB69.3 million and RMB139.6 million in 2023, 2024 and 2025, respectively. As of February 28, 2026, our unutilized banking facilities amounted to RMB35.0 million.

Sufficiency of Working Capital

Taking into account the estimated net [**REDACTED**] from the [**REDACTED**] and the financial resources presently available to us, including our cash and cash equivalents on hand, cash flows from operating activities, our Directors are of the opinion that we have sufficient funds to meet our working capital requirements for at least the next 12 months from the date of this Document. Our Directors confirm that there was no material default in the payment of trade and non-trade payables and/or breaches of financial covenants during the Track Record Period and up to the date of this Document.

Cash Flow Analysis

The table below sets forth selected cash flow statement information from our consolidated cash flow statements for the years indicated:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows generated from operating activities	58,628	81,976	98,899
Net cash flows used in investing activities	(49,078)	(96,165)	(141,838)
Net cash flows generated from/(used in) financing activities	52,997	(16,117)	116,183
Net increase/(decrease) in cash and cash equivalents	62,547	(30,306)	73,244
Cash and cash equivalents at beginning of the period	34,895	98,031	69,275
Effects of foreign exchange rate changes on cash and cash equivalents	589	1,550	(2,954)
Cash and cash equivalents at the end of the period	98,031	69,275	139,565

Net Cash Flows Generated from Operating Activities

In 2025, our net cash generated from operating activities was RMB98.9 million, which primarily represented profit before tax of RMB39.3 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of (a) depreciation of property, plant and equipment of RMB60.6 million, (b) depreciation of right-of-use assets of RMB17.5 million, (c) finance costs of RMB19.1 million and (d) amortization of other intangible assets of RMB2.7 million and (ii) changes in working capital, which primarily consisted of (a) an increase in prepayments, other receivables and other assets of RMB12.8 million, (b) an increase in trade payables of RMB8.0 million and (c) an increase in other payables and accruals of RMB2.5 million; partially offset by a decrease in inventories of RMB6.1 million.

In 2024, our net cash generated from operating activities was RMB82.0 million, which primarily represented profit before tax of RMB18.7 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of (a) depreciation of property, plant and equipment of RMB48.7 million, (b) depreciation of right-of-use assets of RMB15.3 million, (c) finance costs of RMB18.4 million and (d) equity-settled share-based payment compensation of RMB12.4 million and (ii) changes in working capital, which primarily consisted of (a) an increase in trade and bills receivables of RMB19.8 million, (b) an increase in inventories of RMB17.8 million and (c) an increase in prepayments, other receivables and other assets of RMB9.2 million; partially offset by (a) an increase in trade payables of RMB25.7 million and (b) an increase in other payables and accruals of RMB2.1 million.

In 2023, our net cash generated from operating activities was RMB58.6 million, which primarily represented loss before tax of RMB11.5 million, adjusted by (i) non-cash and non-operating items, which primarily consisted of (a) depreciation of property, plant and equipment of RMB46.5 million, (b) depreciation of right-of-use assets of RMB12.5 million, (c) finance costs of RMB15.7 million and (d) equity-settled share-based payment compensation of RMB4.1 million and (ii) changes in working capital, which primarily consisted of (a) an increase in prepayments, other receivables and other assets of RMB5.1 million, (b) an increase in trade and bills receivables of RMB3.8 million and (c) a decrease in inventories of RMB1.5 million; partially offset by an increase in trade payables of RMB13.5 million.

Net Cash Flows Used in Investing Activities

In 2025, our net cash used in investing activities was RMB141.8 million, primarily due to (i) purchases of items of property, plant and equipment of RMB144.1 million, (ii) purchases of right-of-use assets — land use rights of RMB40.8 million and (iii) purchase of other intangible assets of RMB4.7 million, partially offset by (i) proceeds from disposal of items of property, plant and equipment of RMB47.4 million and (ii) decrease in restricted cash of RMB0.6 million.

In 2024, our net cash used in investing activities was RMB96.2 million, primarily due to (i) purchases of items of property, plant and equipment of RMB117.8 million, (ii) purchase of other intangible assets of RMB5.0 million and (iii) increase in restricted cash of RMB0.6 million, partially offset by proceeds from disposal of items of property, plant and equipment of RMB27.3 million.

In 2023, our net cash used in investing activities was RMB49.1 million, primarily due to purchases of items of property, plant and equipment of RMB62.3 million and purchase of other intangible assets of RMB6.3 million, partially offset by proceeds from disposal of items of property, plant and equipment of RMB20.0 million.

Net Cash Flows Generated from/(Used in) Financing Activities

In 2025, our net cash generated from financing activities was RMB116.2 million, primarily due to (i) proceeds from capital injection from shareholders of RMB50.4 million, (ii) Subscription monies received of RMB50.0 million and (iii) proceeds from interest-bearing bank and other borrowings of RMB277.0 million; partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB226.4 million, (ii) payments of lease liabilities of RMB18.7 million and (iii) interest paid of RMB15.8 million.

In 2024, our net cash used in financing activities was RMB16.1 million, primarily due to (i) repayment of interest-bearing bank and other borrowings of RMB211.9 million, (ii) payments of lease liabilities of RMB16.4 million and (iii) interest paid of RMB14.3 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB226.5 million.

In 2023, our net cash generated from financing activities was RMB53.0 million, primarily due to (i) proceeds from interest-bearing bank and other borrowings of RMB253.4 million and (ii) proceeds from capital injection from shareholders of RMB30.0 million, and proceeds from a non-controlling shareholder of RMB15.0 million, partially offset by (i) repayment of interest-bearing bank and other borrowings of RMB218.1 million, (ii) payments of lease liabilities of RMB12.9 million and (iii) interest paid of RMB14.5 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness consisted of interest-bearing bank and other borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current				
Interest-bearing bank and other borrowings	195,524	181,753	216,479	226,244
Lease liabilities	13,745	14,043	16,916	12,063
Non-current				
Interest-bearing bank and other borrowings	42,988	72,410	88,517	118,479
Lease liabilities	22,066	16,304	18,913	16,893

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings comprised current and non-current borrowings used to fund our operations and capital needs during the Track Record Period. The following table sets forth our interest-bearing bank and other borrowings, as of the dates indicated:

	As of December 31,								
	2023			2024			2025		
	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount
	%		RMB'000	%		RMB'000	%		RMB'000
Current									
Bank borrowings – secured	3.35 to 6.00	2024	127,473	3.10 to 5.60	2025	124,333	2.60 to 5.60	2026	142,029
Bank borrowings – unsecured	1.36 to 5.49	2024	12,374						
Other borrowings – secured	5.75 to 10.64	2024	55,677	6.20 to 10.64	2025	57,420	6.20 to 8.80	2026	74,450
			195,524			**181,753**			**216,479**
Non-current									
Bank borrowings – secured	5.60	2025	4,200	5.50	2027	15,000	4.00 to 5.50	2027	26,629
Other borrowings – secured	6.70 to 10.64	2025 to 2026	38,788	6.20 to 8.80	2026 to 2027	57,410	6.20 to 8.80	2027-2028	61,888
			42,988			**72,410**			**88,517**
Total			**238,512**			**254,163**			**304,996**

Our interest-bearing bank and other borrowings amounted to RMB238.5 million, RMB254.2 million, RMB305.0 million and RMB344.7 million as of December 31, 2023, 2024 and 2025, and February 28, 2026, reflecting the increase in the balance of bank borrowings. See note 28 to the Accountants' Report in Appendix I.

Lease Liabilities

Our lease liabilities represented the present value of lease payments in relation to our leases recognized under IFRS 16 during the Track Record Period. Our lease liabilities decreased by 15.3% from RMB35.8 million as of December 31, 2023 to RMB30.3 million as of December 31, 2024 primarily due to repayment of lease principal during the year; and increased by 18.1% to RMB35.8 million as of December 31, 2025, primarily due to an increase in leases of office premises, further decreased by 19.2% to RMB29.0 million as of February 28, 2026.

Contingent Liabilities

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since December 31, 2025 and up to the Latest Practicable Date.

Indebtedness Statement

Except as disclosed above, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any outstanding off-balance sheet commitments or arrangements.

CAPITAL EXPENDITURES

Our capital expenditure amounted to RMB67.6 million, RMB122.8 million and RMB180.5 million in 2023, 2024 and 2025, respectively. We have funded and expect to continue to fund our capital expenditure with our cash flow generated from operating activities. The following table sets forth a breakdown of our capital expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of land use right	–	–	40,808
Purchases of items of property, plant and equipment	61,365	117,707	135,006
Purchases of other intangible assets	6,261	5,032	4,711
Total	**67,626**	**122,793**	**180,525**

CAPITAL COMMITMENTS

Our capital commitments during the Track Record Period primarily related to the purchase commitments of property, plant and equipment. As of December 31, 2023, 2024 and 2025, the total amount of our outstanding capital commitments was RMB2.8 million, RMB3.9 million and RMB7.3 million, respectively. See note 33 to the Accountants' Report in Appendix I.

KEY FINANCIAL RATIOS

	Year ended/as of December 31,		
	2023	2024	2025
Rates of return			
Return on assets (%)	(1.7)	2.6	4.0
Return on equity (%)	(5.2)	8.1	9.7
Liquidity ratios			
Current ratio	0.84	0.89	1.06
Quick ratio	0.68	0.68	0.89
Gearing ratio	0.68	0.67	0.59

Notes:

1. Return on assets ratio is calculated using net profit divided by total assets at the end of the period, multiplied by 100%.

2. Return on equity ratio is calculated using net profit divided by total equity at the end of the period, multiplied by 100%.

3. Current ratio is calculated using total current assets divided by total current liabilities.

4. Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

5. Gearing ratio is calculated using total liabilities divided by total assets.

FINANCIAL RISK MANAGEMENT

Our principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. Our Group has various other financial assets and liabilities such as trade and bills receivables, financial assets at fair value through other comprehensive income ("**FVTOCI**"), financial assets included in prepayments and other receivables, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees on policies for managing each of these risks, and see note 38 to the Accountants' Report in Appendix I.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See note 34 to the Accountants' Report in Appendix I. Our Directors believe that these transactions were conducted in the ordinary and usual course of business and did not distort our results of operations or make our historical results unreflective of our future performance.

DIVIDEND

No dividend has been paid or declared by us during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any future determination to pay dividends will be made at the discretion of our Directors subject to our Articles of Association and the PRC Company Law and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China.

According to the PRC law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

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

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]), [**REDACTED**] to be borne by us are estimated to be approximately RMB[**REDACTED**] (HK$[**REDACTED**]), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]); and (ii) [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB[**REDACTED**] (HK$[**REDACTED**]); and (b) other fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]), approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which was charged or is expected to be charged to profit or loss and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) of which is expected to be deducted from equity upon the completion of the [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] of RMB[**REDACTED**] (HK$[**REDACTED**]), among which RMB[**REDACTED**] (HK$[**REDACTED**]) was recognized in profit or loss, and RMB[**REDACTED**] (HK$[**REDACTED**]) was attributable to the [**REDACTED**] of Shares and will be deducted from equity upon [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**] of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**]) and that the [**REDACTED**] is not exercised. The [**REDACTED**] above are the latest practicable estimate for reference only and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, there had been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in Appendix I and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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