The following discussion and analysis should be read in conjunction with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

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 trends, current conditions and expected future developments, as well as 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. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors," "Forward-Looking Statements" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading multi-scenario general materials digital procurement solution provider in China, primarily serving large and influential enterprise customers, including state-owned enterprises, financial institutions, Fortune Global 500 companies, China's Top 500 private enterprises, and government agencies. Our business helps customers to navigate through complex procurement environments characterized by multi-layered organizational structures, diverse procurement scenarios, where procurement activities are subject to demanding fulfillment standards and stringent compliance requirements.

During the Track Record Period, we achieved steady revenue growth. Our revenue increased from RMB13,307.0 million in 2023 to RMB13,831.4 million in 2024 and further to RMB15,048.2 million in 2025. Our gross profit remained relatively stable at RMB1,075.0 million, RMB1,067.1 million and RMB1,115.4 million in 2023, 2024 and 2025, respectively. We recorded net profit of RMB401.2 million, RMB321.8 million and RMB334.6 million in 2023, 2024 and 2025, respectively. Excluding the impact of share-based payment expenses, we recorded adjusted net profit (non-IFRS measure) of RMB395.1 million, RMB397.3 million and RMB362.0 million in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards are effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions that we early adopted in the preparation of the historical financial information during the Track Record Period.

The historical financial information has been prepared on a historical cost convention, except for financial assets at fair value through profit or loss ("**FVPL**") and financial assets at fair value through other comprehensive income ("**FVOCI**"), which have been measured at fair value. Further details of the material accounting policy information adopted are set forth in Note 2.3 to the Accountants' Report in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are influenced by broader factors affecting the development of China's general materials digital procurement solution industry. Such factors include, among others, market adoption and penetration of digital procurement solutions, enterprises' demand for procurement efficiency, cost reduction and operational optimization, the pace of technological advancement and application of intelligent technologies across the procurement value chain, government policy support and favorable regulatory initiatives, and the availability, reliability and scalability of information technology infrastructure supporting digital procurement transformation. Any adverse developments in these general industry conditions could dampen demand for our solutions and may have a material and adverse impact on our business, results of operations and financial condition.

While our business is influenced by general factors affecting China's general materials digital procurement solution industry, we believe our results of operations are more directly affected by company-specific factors, including the major factors discussed below.

Our Ability to Attract, Retain and Deepen Customer Relationships and Procurement Depth

During the Track Record Period, we generated revenue primarily from the sales of products to state-owned enterprises, financial institutions, Fortune Global 500 companies, China's Top 500 private enterprises, and government agencies under a direct sales model. Our growth was primarily driven by our ability to attract new customers and expand spending from our existing customers.

Our results of operations during the Track Record Period were materially influenced by our ability to attract, retain and deepen relationships with our key accounts. We attract customers mainly through competitive tendering and long-term framework agreements, supported by our track record, service reputation and ability to support digital procurement integration at scale. Through these capabilities, customers are integrated into our systems and standardized order execution framework, which supports customer onboarding, renewal and deeper procurement over time. As of December 31, 2025, we served approximately 58.3 thousand key accounts. Once onboarded, customers typically expand their procurement scope and transaction volumes over time as additional product categories and organizational units are incorporated into established procurement arrangements. As a result, our transaction value retention rate for key accounts remained consistently high at 117.0%, 96.6% and 101.3% in 2023, 2024 and 2025, respectively, indicating stable and deepening customer relationships and supporting the sustainability of our results of operations. Accordingly, our ability to continue attracting new customers and increasing procurement depth among existing customers during the Track Record Period had a direct impact on our revenue growth and results of operations.

Our Ability to Optimize Product Mix, Pricing Strategy and Procurement Costs

Our overall gross profit margin reflects the combined impact of the revenue contribution and margin profile of each of our principal product categories. As these categories differ in pricing dynamics and procurement costs, changes in product mix affected both gross profit and gross profit margin. Our overall gross profit margin was 8.1%, 7.7% and 7.4% in 2023, 2024 and 2025, respectively.

Our ability to improve gross profit margin depends in part on our ability to optimize product mix toward product categories with more favorable margin profiles, while continuing to support broader customer procurement demand across different scenarios. It also depends on our ability to maintain pricing discipline under different customer arrangements, including tender and bidding processes and framework agreements, and to respond appropriately to customer-specific pricing requirements as we expand our business across product categories and customer groups.

In addition, our ability to improve gross profit margin depends on our ability to manage procurement costs effectively. Our cost of sales primarily consists of the cost of purchasing products that we sell directly, and our procurement costs are affected by supplier pricing, product category mix and sourcing arrangements. Leveraging our centralized product governance and supply chain management framework, we seek to optimize procurement costs, improve pricing and sourcing efficiency and support margin improvement over time.

Accordingly, our ability to optimize product mix, pricing strategy and procurement costs had a direct impact on our gross profit and results of operations during the Track Record Period and is expected to remain important to our future performance.

Our Ability to Scale Fulfillment and Execution across Product Categories

Our ability to support growing order volumes, broader product coverage and more complex customer requirements through a standardized and scalable execution framework affects our results of operations. Our business model is designed not only to support customer acquisition and procurement growth, but also to convert such demand into executable orders and consistent fulfillment across multiple product categories and delivery requirements.

Our ability to scale operations depends on the effectiveness of our order flow, product governance framework, supply chain coordination capabilities and nationwide warehousing and logistics infrastructure. Through these capabilities, we are able to process growing transaction volumes, manage broader product coverage and coordinate suppliers, inventories, warehousing and delivery execution across different customer scenarios and geographic locations while maintaining consistent execution and reliable fulfillment.

This operating scalability is particularly important as we expand into product categories with higher execution complexity, such as the supply of MRO products, which typically involve more fragmented demand, broader product coverage, more diverse delivery requirements and more stringent execution standards than procurement of office supplies. Our ability to continue scaling fulfillment and execution capabilities while maintaining service quality, operational discipline and compliance was an important factor affecting our revenue growth and results of operations during the Track Record Period and is expected to remain important to our future performance.

Our Ability to Improve Operating Efficiency

We leverage our information technology and digital capabilities across key stages of our operation, including opportunity identification, tendering and bidding, contract execution, fulfillment and delivery, reconciliation and settlement, and cash collection management. Through standardized and automated workflows, enterprise-wide integration and digitized supply chain execution, this digital framework helps enhance operational visibility and management control, enabling us to support growing transaction volumes and increasingly complex procurement requirements with greater efficiency.

Our results of operations during the Track Record Period were affected in part by our ability to manage operating costs, including selling and distribution expenses as well as administrative expenses, through improvement of operating efficiency. As our business scaled across product categories, particularly in execution-intensive areas such as MRO products, our digital framework supported the optimization of fulfillment workflows, more efficient resource utilization and cost discipline across customer service, logistics, warehousing and payment processes. In addition to our digital operating framework, we manage operating expenses through centralized operating structures, standardized operating processes and disciplined resource allocation. These measures include centralized procurement and fulfillment management, shared service arrangements across regions and product categories, standardized operating procedures and performance-based resource planning, which together support operating leverage and cost discipline as transaction volumes grow. As a result, our ability to manage operating expenses in a cost-effective manner while scaling our operations was an important factor affecting our operating efficiency and results of operation during the Track Record Period.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Material accounting policies, judgments and estimates that are significant for understanding our financial condition and results of operations are set forth in detail in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this Document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances. Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. Since our financial reporting process inherently relies on the use of estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions. When reviewing our financial statements, our [**REDACTED**] should consider the judgments and uncertainties affecting the application of key accounting policies and the sensitivity of reported results and changes in estimates caused by the application of accounting policies. Our accounting policy information, judgments and estimates on revenue from contracts with customers, and trade and bills receivables as detailed in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this Document are critical and involve the most important estimates and judgments we used in preparing our financial statements.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Revenue	**13,306,994**	**100.0**	**13,831,436**	**100.0**	**15,048,206**	**100.0**
Cost of sales	(12,231,985)	(91.9)	(12,764,367)	(92.3)	(13,932,829)	(92.6)
Gross profit	**1,075,009**	**8.1**	**1,067,069**	**7.7**	**1,115,377**	**7.4**
Other income and gains	95,825	0.7	136,212	1.0	96,684	0.6
Fulfillment expenses	(155,061)	(1.2)	(139,781)	(1.0)	(168,678)	(1.1)
Selling and distribution expenses	(362,739)	(2.7)	(374,330)	(2.7)	(380,591)	(2.5)
Administrative expenses	(108,081)	(0.8)	(201,950)	(1.5)	(161,894)	(1.1)
Research and development expenses	(24,889)	(0.2)	(27,251)	(0.2)	(29,676)	(0.2)
Other expenses	(3,602)	(0.0)	(4,071)	(0.0)	(6,185)	(0.0)
Impairment losses on financial assets, net	(22,121)	(0.2)	(21,969)	(0.2)	(12,024)	(0.1)
Operating Profit	**494,341**	**3.7**	**433,929**	**3.1**	**453,013**	**3.0**
Finance costs	(1,073)	(0.0)	(2,264)	(0.0)	(1,752)	(0.0)
Profit before tax	**493,268**	**3.7**	**431,665**	**3.1**	**451,261**	**3.0**
Income tax expense	(92,061)	(0.7)	(109,882)	(0.8)	(116,614)	(0.8)
Profit for the year	**401,207**	**3.0**	**321,783**	**2.3**	**334,647**	**2.2**

Non-IFRS Measure

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as the additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We believe that the non-IFRS measure provides useful information to [**REDACTED**] and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as net profit for the years adjusted by adding back share-based payment expenses. The following table reconciles our adjusted net profit (non-IFRS measure) for the years presented in accordance with IFRS Accounting Standards, which is net profit for the years:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Reconciliation of net profit to adjusted net profit (non-IFRS measure)			
Net profit for the year	401,207	321,783	334,647
Add:			
– Share-based payment expenses[(1)]	(6,066)	75,566	27,363
Adjusted net profit (non-IFRS measure)	**395,141**	**397,349**	**362,010**

Note:

(1) Share-based payment expenses were non-cash in nature and represented the arrangement under which we receive services from employees as consideration for our equity instruments. Share-based payment expenses are not expected to result in future cash payments.

Revenue

During the Track Record Period, we generated all of our revenue from the sales of products, primarily including (i) office supplies, (ii) MRO products and (iii) marketing gifts and employee welfare products. An insignificant portion of our revenue was generated from products under our proprietary brand, Colipu, which contributed to less than 1.5% of our total revenue in each year during the Track Record Period. The table below sets forth a breakdown of our revenue by product category in absolute amounts and as percentages of total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Office supplies	5,879,856	44.2	5,753,498	41.6	5,609,396	37.3
MRO products	2,698,276	20.3	3,574,533	25.8	4,269,009	28.4
Marketing gifts and employee welfare products	4,728,862	35.5	4,503,405	32.6	5,169,801	34.3
Total	**13,306,994**	**100.0**	**13,831,436**	**100.0**	**15,048,206**	**100.0**

Cost of Sales

Our cost of sales primarily consisted of the procurement cost of products that we sold directly to customers. The following table sets forth a breakdown of our cost of sales by product category in absolute amounts and as percentages of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Office supplies	5,355,427	43.8	5,268,192	41.3	5,144,430	36.9
MRO products	2,470,868	20.2	3,305,055	25.9	3,966,969	28.5
Marketing gifts and employee welfare products	4,405,690	36.0	4,191,120	32.8	4,821,430	34.6
Total	**12,231,985**	**100.0**	**12,764,367**	**100.0**	**13,932,829**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit margins vary across product categories due to differences in market dynamics, cost structures, and competitive positioning. The following table sets forth a breakdown of our gross profit and gross profit margin by product category 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
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Office supplies	524,429	8.9	485,306	8.4	464,966	8.3
MRO products	227,408	8.4	269,478	7.5	302,040	7.1
Marketing gifts and employee welfare products	323,172	6.8	312,285	6.9	348,371	6.7
Total	**1,075,009**	**8.1**	**1,067,069**	**7.7**	**1,115,377**	**7.4**

Other Income and Gains

During the Track Record Period, our other income and gains mainly consisted of (i) government grants and subsidies, (ii) bank interest income, and (iii) fair value gains on financial assets at fair value through profit or loss, which represented gains arising from our investment in wealth management products. The following table sets forth a breakdown of our other income and gains for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants and subsidies			
– related to income	60,806	84,964	67,080
– related to assets	11,215	2,080	2,017
Bank interest income	14,312	17,929	14,125
Fair value gains on financial assets at fair value through profit or loss	7,009	8,561	12,558
Gain arising from disposal of items of property, plant and equipment	637	372	115
Others	1,846	22,306	789
Total	**95,825**	**136,212**	**96,684**

Our government grants and subsidies consisted of grants related to income and grants related to assets. Grants related to income were mainly received as rewards for our contribution to local economic growth and were recognized in profit or loss upon receipt, with no unfulfilled conditions or contingencies during the Track Record Period. Grants related to assets were primarily received in connection with investments in intelligent warehouses and were recognized in profit or loss over the useful lives of the relevant assets. The availability, timing and amount of future government grants may vary depending on applicable government policies, budget allocation and the satisfaction of relevant requirements.

Fulfillment Expenses

Our fulfillment expenses primarily consisted of (i) customer service expenses, primarily comprising platform service fees, and (ii) logistics and other service expenses, mainly representing the payment for fulfillment services to our logistics and other suppliers. The following table sets forth a breakdown of our fulfillment expenses both in absolute amounts and as percentages of total fulfillment expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Customer service expenses	83,033	53.5	72,353	51.8	89,604	53.1
Logistics and other service expenses	72,028	46.5	67,428	48.2	79,074	46.9
Total	**155,061**	**100.0**	**139,781**	**100.0**	**168,678**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses mainly consisted of (i) employee benefit expenses for sales and marketing personnel, (ii) service fees, which primarily comprised labor outsourcing service fee and marketing advisory fee, and (iii) office and travel expenses. The following table sets forth a breakdown of our selling and distribution expenses by nature both in absolute amounts and as percentages of total selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	166,081	45.8	177,028	47.3	187,245	49.2
Service fees	106,899	29.5	112,802	30.1	110,413	29.0
Office and travel expenses	53,330	14.7	51,521	13.8	52,123	13.7
Rental and property management expenses	13,124	3.6	13,856	3.7	14,570	3.8
Depreciation and amortization	14,255	3.9	11,788	3.2	8,751	2.3
Marketing and promotion expenses	6,467	1.8	5,534	1.5	4,947	1.3
Others	2,583	0.7	1,801	0.4	2,542	0.7
Total	**362,739**	**100.0**	**374,330**	**100.0**	**380,591**	**100.0**

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefit expenses for administrative personnel, (ii) share-based payment expenses, (iii) depreciation and amortization, (iv) office and travel expenses, and (v) service fees, which primarily comprised labor outsourcing service fee and certain consultancy fee incurred in connection with professional services. The following table sets forth a breakdown of our administrative expenses by nature both in absolute amounts and as percentages of total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	58,962	54.6	63,582	31.5	68,062	42.0
Share-based payment expenses	(6,066)	(5.6)	75,566	37.4	27,363	16.9
Depreciation and amortization	19,747	18.3	23,386	11.6	27,310	16.9
Office and travel expenses	18,773	17.4	19,825	9.8	20,687	12.8
Service fees	11,802	10.9	14,700	7.3	11,715	7.2
Rental and property management expenses	3,593	3.3	4,278	2.1	5,327	3.3
Others	1,270	1.1	613	0.3	1,430	0.9
Total	**108,081**	**100.0**	**201,950**	**100.0**	**161,894**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefit expenses for our research and development personnel, and (ii) technology service fees. The following table sets forth a breakdown of our research and development expenses by nature both in absolute amounts and as percentages of total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	19,427	78.1	21,625	79.4	25,097	84.6
Technology service fees	5,433	21.8	5,607	20.6	4,569	15.4
Others	29	0.1	19	0.0	10	0.0
Total	**24,889**	**100.0**	**27,251**	**100.0**	**29,676**	**100.0**

Other Expenses

During the Track Record Period, our other expenses primarily consisted of compensatory expenses incurred in connection with fulfillment activities. In 2023, 2024 and 2025, our other expenses amounted to RMB3.6 million, RMB4.1 million and RMB6.2 million, respectively.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets mainly consisted of net impairment losses on trade and bills receivables. The following table sets forth a breakdown of our net impairment losses on financial assets by nature both in absolute amounts and as percentages of total net impairment losses on financial assets for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Impairment losses on trade and bills receivables, net	18,076	81.7	15,502	70.6	10,794	89.8
Impairment losses on other receivables, net	4,045	18.3	6,467	29.4	1,230	10.2
Total	**22,121**	**100.0**	**21,969**	**100.0**	**12,024**	**100.0**

Finance Costs

Our finance costs consisted of interest on lease liabilities. In 2023, 2024 and 2025, our finance costs amounted to RMB1.1 million, RMB2.3 million and RMB1.8 million, respectively.

Income Tax Expense

Our income tax expenses mainly represented current tax and deferred tax in accordance with the relevant laws and regulations in the PRC where the members of the Group are domiciled and operated. In 2023, 2024 and 2025, our income tax expenses amounted to RMB92.1 million, RMB109.9 million and RMB116.6 million, respectively.

Pursuant to the PRC corporate income tax law ("**CIT Law**") and the relevant regulations, our Company and our subsidiaries are subject to a CIT rate of 25% on the taxable income during the Track Record Period.

One of our subsidiaries was accredited as a double soft certification enterprise ("**DSE**") under the CIT Law. Starting from 2020, such subsidiary was exempted from corporate income tax for two years, followed by a 50% reduction of the applicable corporate income tax rate for the subsequent three years from 2022 to 2024, subject to continued satisfaction of the DSE qualification criteria. Certain of our subsidiaries are qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 5% during the Track Record Period. See Note 10 to the Accountants' Report in Appendix I to this Document for more information.

During the Track Record Period and up to the Latest Practicable Date, we did not have any dispute with any tax authority, and we were not subject to any material tax investigation enquiries, penalties or surcharges.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with the Year Ended December 31, 2024

Revenue

Our total revenue increased by 8.8% from RMB13,831.4 million in 2024 to RMB15,048.2 million in 2025, primarily attributable to the improvement in our service and execution capabilities supported by Puyuan, which contributed to (i) our business expansion and the growth of customer base for MRO and marketing gifts and employee welfare products, and (ii) the increase in purchases from our key accounts.

- Our revenue generated from the sales of office supplies remained relatively stable at RMB5,753.5 million and RMB5,609.4 million in 2024 and 2025, respectively, as we maintained relatively stable engagement with our key accounts, primarily through our continued inclusion in their bidding and tendering processes and the renewal of relevant sales contracts on a recurring basis.
- Our revenue generated from the sales of MRO products increased by 19.4% from RMB3,574.5 million in 2024 to RMB4,269.0 million in 2025, primarily due to (i) our continuous acquisition of new customers, (ii) expanded sales of MRO products to existing customers across additional product categories, and (iii) improved MRO product sales as a result of an enriched SKU portfolio.
- Our revenue generated from the sales of marketing gifts and employee welfare products increased by 14.8% from RMB4,503.4 million in 2024 to RMB5,169.8 million in 2025, primarily attributable to (i) our continuous acquisition of new customers, and (ii) expanded cross-category selling of marketing gifts and employee welfare products among existing customers.

Cost of Sales

Our cost of sales increased by 9.2% from RMB12,764.4 million in 2024 to RMB13,932.8 million in 2025, which was generally in line with the growth in our revenue. Furthermore, we faced an increase in the procurement prices of certain MRO products from suppliers due to the price volatility driven by market supply conditions, which was managed through our scale aggregation, supplier diversification and contractual arrangements. See "Business — Our Product Flow — Our Supplier Management System."

Gross Profit and Gross Profit Margin

We recorded gross profit of RMB1,067.1 million and RMB1,115.4 million in 2024 and 2025, respectively. Our gross profit margin remained relatively stable at 7.7% and 7.4% in 2024 and 2025, respectively.

Our gross profit margin for office supplies remained relatively stable at 8.4% and 8.3% in 2024 and 2025, respectively. Our gross profit for MRO products increased by 12.1% from RMB269.5 million in 2024 to RMB302.0 million in 2025, with gross profit margin remaining relatively stable at 7.5% and 7.1% in respective years. Our gross profit for marketing gifts and employee welfare products increased from RMB312.3 million in 2024 to RMB348.4 million in 2025, with a relatively stable gross profit margin of 6.9% and 6.7% in respective years.

Other Income and Gains

Our other income and gains decreased by 29.0% from RMB136.2 million in 2024 to RMB96.7 million in 2025, primarily attributable to the decrease in our government grants and subsidies related to income from RMB85.0 million in 2024 to RMB67.1 million in 2025 as a result of fewer grants and subsidies received from local government authorities in 2025.

Fulfillment Expenses

Our fulfillment expenses increased by 20.7% from RMB139.8 million in 2024 to RMB168.7 million in 2025, primarily due to the growth in both customer service expenses and logistics-related expenses, consistent with our growing fulfillment activities.

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB374.3 million in 2024 to RMB380.6 million in 2025, primarily due to higher employee benefit expenses, as a result of the expansion of our sales and marketing workforce and higher average annual compensation levels, in line with our normal operational and staffing practices.

Administrative Expenses

Our administrative expenses decreased by 19.8% from RMB202.0 million in 2024 to RMB161.9 million in 2025, primarily because our share-based payment expense decreased by 63.8% from RMB75.6 million in 2024 to RMB27.4 million in 2025.

Research and Development Expenses

Our research and development expenses increased by 8.9% from RMB27.3 million in 2024 to RMB29.7 million in 2025, primarily due to the increase in employee benefit expenses as a result of higher average salary base for research and development personnel.

Other Expenses

Our other expenses increased by 51.9% from RMB4.1 million in 2024 to RMB6.2 million in 2025, primarily due to compensatory expenses incurred in connection with fulfillment activities.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets decreased by 45.3% from RMB22.0 million in 2024 to RMB12.0 million in 2025, primarily due to a decrease in the expected credit loss allowance of our trade and bills receivables and prepayments, other receivables and other assets, as we enhanced our collection of receivables in 2025.

Finance Costs

Our finance costs decreased by 22.6% from RMB2.3 million in 2024 to RMB1.8 million in 2025, mainly attributable to lower interest expenses on lease liabilities as the number of our office leases decreased.

Income Tax Expense

Our income tax expenses increased by 6.1% from RMB109.9 million in 2024 to RMB116.6 million in 2025, primarily due to an increase in our taxable profit from operations.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 4.0% from RMB321.8 million in 2024 to RMB334.6 million in 2025.

Year Ended December 31, 2024 Compared with the Year Ended December 31, 2023

Revenue

Our total revenue increased by 3.9% from RMB13,307.0 million in 2023 to RMB13,831.4 million in 2024, primarily attributable to the growth in revenue from the sales of MRO products, which increased by 32.5% from RMB2,698.3 million in 2023 to RMB3,574.5 million in 2024. The growth in MRO product sales was mainly attributable to our strategic focus on market expansion, including targeted efforts to acquire more customers and improve cross-selling of MRO products to our existing customers. The revenue generated from the sales of office supplies and marketing gifts and employee welfare products remained relatively stable in the respective years.

Cost of Sales

Our cost of sales increased by 4.4% from RMB12,232.0 million in 2023 to RMB12,764.4 million in 2024, primarily due to the increase in procurement costs. The increase in procurement costs was mainly attributable to changes in product mix, as we increased the proportion of MRO products, which generally carry higher unit costs. In particular, cost of sales for MRO products increased by 33.8% from RMB2,470.9 million in 2023 to RMB3,305.1 million in 2024, driven by the expansion of MRO product sales and the corresponding increase in procurement volume.

Gross Profit and Gross Profit Margin

Our gross profit remained relatively stable at RMB1,075.0 million and RMB1,067.1 million in 2023 and 2024, respectively. Our gross profit margin decreased from 8.1% in 2023 to 7.7% in 2024, primarily attributable to (i) the decrease in gross profit margin for office supplies from 8.9% in 2023 to 8.4% in 2024 due to the price fluctuations in global supply chain, resulting in the increase of the procurement costs of office supplies, and (ii) the decrease in gross profit margin for our MRO products from 8.4% in 2023 to 7.5% in 2024.

Other Income and Gains

Our other income and gains increased by 42.1% from RMB95.8 million in 2023 to RMB136.2 million in 2024, primarily attributable to the increase in government grants and subsidies related to income from RMB60.8 million in 2023 to RMB85.0 million in 2024.

Fulfillment Expenses

Our fulfillment expenses decreased by 9.9% from RMB155.1 million in 2023 to RMB139.8 million in 2024, primarily attributed to the decreases in customer service expenses and logistic and other service expenses as we continued to optimize our operating efficiency.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 3.2% from RMB362.7 million in 2023 to RMB374.3 million in 2024, primarily due to the expansion of our sales and marketing personnel.

Administrative Expenses

Our administrative expenses increased by 86.9% from RMB108.1 million in 2023 to RMB202.0 million in 2024, primarily attributable to the increase in share-based payment expense in 2024. We incurred a share-based payment expense of RMB75.6 million in 2024 as we granted incentive shares to certain eligible employees under our share incentive scheme.

Research and Development Expenses

Our research and development expenses increased by 9.5% from RMB24.9 million in 2023 to RMB27.3 million in 2024, mainly attributable to the increase in the employee benefit expenses as a result of the increases in our numbers of research and development personnel and average salary base.

Other Expenses

Our other expenses increased by 13.0% from RMB3.6 million in 2023 to RMB4.1 million in 2024, primarily due to the increase in compensatory expenses incurred in connection with fulfillment activities.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets remained relatively stable at RMB22.1 million and RMB22.0 million in 2023 and 2024, respectively.

Finance Costs

Our finance costs increased significantly from RMB1.1 million in 2023 to RMB2.3 million in 2024, primarily due to the increase in our interest on lease liabilities, as a result of the increased number of leases for office use.

Income Tax Expense

Our income tax expenses increased by 19.4% from RMB92.1 million in 2023 to RMB109.9 million in 2024, primarily due to the increase in our taxable profit for operations.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 19.8% from RMB401.2 million in 2023 to RMB321.8 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-Current Assets and Liabilities

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	15,651	18,918	21,644
Right-of-use assets	57,339	50,180	26,879
Intangible assets	423	228	187
Other non-current assets	228	60	174
Deferred tax assets	99,322	89,582	79,373
Total non-current assets	**172,963**	**158,968**	**128,257**
Non-current liabilities			
Deferred tax liabilities	27,368	27,258	32,174
Deferred income	8,640	6,560	4,543
Lease liabilities	27,545	18,841	5,182
Total non-current liabilities	**63,553**	**52,659**	**41,899**

Property, Plant and Equipment

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Machinery	6,325	4,837	3,343
Office equipment	5,452	4,730	6,401
Motor vehicle	3,262	2,545	2,716
Leasehold improvements	612	601	9,162
Construction in progress	–	6,205	22
Total	**15,651**	**18,918**	**21,644**

Our property, plant and equipment increased from RMB15.7 million as of December 31, 2023 to RMB18.9 million as of December 31, 2024, primarily because we incurred construction in progress of RMB6.2 million in 2024, as a result of the renovation of certain of our leased office spaces, which was reclassified under leasehold improvements in 2025. Our property, plant and equipment increased from RMB18.9 million as of December 31, 2024 to RMB21.6 million as of December 31, 2025, primarily attributable to the increases in office equipment and leasehold improvements due to the renovation of our leased office spaces.

Right-of-use Assets

Our right-of-use assets comprised of (i) office premises, warehouses and carports, and (ii) equipment. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Office premises, warehouses and carports	57,183	50,055	26,879
Equipment	156	125	–
Total	**57,339**	**50,180**	**26,879**

Our right-of-use assets decreased by 12.5% from RMB57.3 million as of December 31, 2023 to RMB50.2 million as of December 31, 2024, and further by 46.4% to RMB26.9 million as of December 31, 2025, primarily due to the decrease in leased office premises, warehouses and carports by 12.5% from RMB57.2 million in 2023 to RMB50.1 million in 2024, and further by 46.3% to RMB26.9 million in 2025. This was primarily due to (i) the decrease in our leases due to relocation arrangements or expiration of lease contracts, and (ii) depreciation charges.

Deferred Tax Assets

Our deferred tax assets primarily arose from (i) impairment of assets, (ii) lease liabilities, (iii) deferred income, and (iv) accruals and others. Our deferred tax assets decreased by 9.8% from RMB99.3 million as of December 31, 2023 to RMB89.6 million as of December 31, 2024, primarily due to the decreases in accruals and others. Our deferred tax assets further decreased by 11.4% to RMB79.4 million as of December 31, 2025, primarily due to decreases in lease liabilities as the number of our office leases decreased.

Current Assets and Liabilities

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current assets			
Inventories	92,227	117,381	109,931
Trade and bills receivables	3,135,578	3,350,493	4,119,433
Prepayments, other receivables and other assets	143,498	143,972	186,504
Financial assets at fair value through profit or loss	303,839	412,400	1,023,669
Financial assets at fair value through other comprehensive income	39,533	28,475	31,212
Restricted cash and time deposits	106,514	3,675	108,780
Cash and cash equivalents	1,913,417	2,670,275	2,556,694
Total current assets	**5,734,606**	**6,726,671**	**8,136,223**
Current liabilities			
Trade payables	3,922,512	4,156,034	5,085,637
Other payables and accruals	262,746	240,518	342,713
Tax payables	47,125	55,997	60,686
Lease liabilities	24,732	26,632	17,736
Total current liabilities	**4,257,115**	**4,479,181**	**5,506,772**
Net current assets	**1,477,491**	**2,247,490**	**2,629,451**

Inventories

Our inventories primarily consisted of finished goods and goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Finished goods	89,466	111,140	108,267
Goods in transit	2,911	6,600	2,801
Provision for impairment of inventories	(150)	(359)	(1,137)
Total	**92,227**	**117,381**	**109,931**

Our inventories increased from RMB92.2 million as of December 31, 2023 to RMB117.4 million as of December 31, 2024, primarily attributable to the increase in our finished goods due to our increasingly diverse product offerings with expanded product categories. Our inventories remained relatively stable at RMB117.4 million and RMB109.9 million as of December 31, 2024 and 2025, respectively.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	92,231	116,532	109,532
One to two years	140	1,183	477
Over two years	6	25	1,059
Total	**92,377**	**117,740**	**111,068**

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

	Year ended December 31,		
	2023	2024	2025
	(days)		
Inventory turnover days[(1)]	3.7	3.0	3.0

Note:

(1) Inventory turnover days are calculated using the average of opening balance and closing balance of gross inventories (before provision for impairment) for a year divided by cost of sales for the relevant year and multiplied by 360 days for the year.

Our inventory turnover days remained relatively stable at 3.7 days, 3.0 days and 3.0 days in 2023, 2024 and 2025, respectively, primarily attributable to the continued optimization of our inventory structure and ongoing improvements of supply chain management efficiency, such as our swift order fulfillment capability, supplemented by our warehousing, logistic infrastructure, and digital framework. See "Business — Our Warehousing and Logistics System."

As of March 31, 2026, RMB94.5 million, or 85.1% of inventories as of December 31, 2025, had been subsequently used, consumed or sold.

Trade and Bills Receivables

Our trade and bills receivables consisted of (i) trade receivables, which represented receivables arising from sales to our customers on credit in our ordinary course of business, and (ii) bills receivables at amortized cost, which represented sales made through commercial acceptance bills in accordance with customers' settlement preferences. The following table sets forth a breakdown of our trade and bills receivables, net of impairment, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	3,137,545	3,372,382	4,114,533
Bills receivables, at amortized cost	40,318	28,707	64,767
Impairment	(42,285)	(50,596)	(59,867)
Total	**3,135,578**	**3,350,493**	**4,119,433**

Our trade and bills receivables increased from RMB3,135.6 million as of December 31, 2023 to RMB3,350.5 million as of December 31, 2024, and further increased to RMB4,119.4 million as of December 31, 2025, primarily in line with our revenue growth in respective years.

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

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 6 months	2,865,497	3,001,922	3,676,819
6 months to 1 year	220,210	276,132	330,322
1 to 2 years	46,443	69,093	110,317
2 to 3 years	3,428	3,346	1,975
Total	**3,135,578**	**3,350,493**	**4,119,433**

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

	Year ended December 31,		
	2023	**2024**	**2025**
	(days)		
Trade and bills receivables turnover days(1)	77.1	85.6	90.7

Note:

(1) Trade and bills receivables turnover days are calculated using the average of opening balance and closing balance of gross trade and bills receivables (before provision for impairment) for a year divided by revenue for the relevant year and multiplied by 360 days for the year.

Our trade and bills receivables turnover days increased from 77.1 days in 2023 to 85.6 days in 2024, and further increased to 90.7 days in 2025, primarily because certain of our customers were granted extended payment terms in light of our long-term and in-depth business relationships. During the Track Record Period, we usually granted our customers a credit term of 30 days to 180 days.

As of March 31, 2026, RMB2,767.7 million, or 66.2% of our trade and bills receivables as of December 31, 2025, had been subsequently settled.

Trade Payables

Our trade payables primarily represented the amounts payable to our suppliers. Our trade payables increased from RMB3,922.5 million as of December 31, 2023 to RMB4,156.0 million as of December 31, 2024, and further increased to RMB5,085.6 million as of December 31, 2025, primarily attributable to the increase in our procurement, in line with the growth in our revenue in the respective years.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	3,849,083	3,931,198	4,819,886
1 to 2 years	64,808	172,736	198,290
2 to 3 years	7,463	43,543	44,842
Over 3 years	1,158	8,557	22,619
Total	**3,922,512**	**4,156,034**	**5,085,637**

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

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade payables turnover days[(1)]	104.2	113.9	119.4

Note:

(1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 360 days for the year.

Our trade payables turnover days increased from 104.2 days in 2023 to 113.9 days in 2024, and further to 119.4 days in 2025, primarily due to more favorable payment arrangements with our suppliers as a result of strengthened supplier relationships. During the Track Record Period, our suppliers typically granted us a credit term of 30 days to 180 days.

As of March 31, 2026, RMB3,610.4 million, or 71.0% of our trade payables as of December 31, 2025, had been subsequently settled.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consisted primarily of (i) deposits, comprised primarily performance bonds, (ii) right-of-return assets, (iii) rebate receivables, and (iv) prepayments to suppliers. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Deposits	51,020	63,420	78,103
Right-of-return assets	52,696	49,388	78,149
Rebate receivables	25,931	25,202	29,432
Prepayments to suppliers	27,904	8,689	13,798
Prepayment for income tax	–	6,890	–
Prepaid expenses	6,964	4,133	2,301
Value-added tax recoverable	1,692	2,666	2,972
Others	3,839	3,599	2,744
	170,046	163,987	207,499
Impairment	(26,548)	(20,015)	(20,995)
Total	**143,498**	**143,972**	**186,504**

Our prepayments, other receivables and other assets remained relatively stable at RMB143.5 million and RMB144.0 million as of December 31, 2023 and 2024, respectively. Our prepayments, other receivables and other assets increased by 29.5% from RMB144.0 million as of December 31, 2024 to RMB186.5 million as of December 31, 2025, primarily due to the increases in (i) right-of-return assets for a higher anticipation of returnable goods, which is in line with increase in product sales, (ii) deposits, primarily attributable to higher performance bonds paid for increasing tendering and bidding activities, and (iii) prepayments to suppliers as a result of enlarged procurement value.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consisted of conservative wealth management products. Our financial assets at fair value through profit or loss increased from RMB303.8 million as of December 31, 2023 to RMB412.4 million as of December 31, 2024, and further increased to RMB1,023.7 million as of December 31, 2025, primarily because we acquired more conservative wealth management products in light of our adequate cash position. We have implemented internal policies governing the purchase and management of wealth management products. Our finance department monitors weekly cash balances and initiates investment proposals when excess funds are identified. The investment decisions are made on a case-by-case basis after careful consideration of a number of factors, such as general market conditions, credit of the commercial banks, our cash flow performance and the expected profit or potential loss of the investments. Our annual investment budget is formulated and subject to approval at the beginning of each financial year by the general manager and the chief financial officer who have robust experience in corporate governance and investment. See "Directors and Senior Management — Senior Management." To the extent that any such investment constitutes a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements thereunder, including the applicable announcement, reporting and/or shareholders' approval requirements.

Other Payables and Accruals

Our other payables and accruals primarily represented (i) accrued expenses, (ii) refund liabilities, (iii) tax payable other than corporate income tax, (iv) payroll and welfare payable, (v) unexpired endorsement transfers and factoring transfers, and (vi) deposits. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Accrued expenses	67,555	61,796	70,894
Refund liabilities	56,752	53,072	83,608
Tax payable other than corporate income tax	55,790	48,299	53,897
Payroll and welfare payable	29,928	31,394	33,916
Unexpired endorsement transfers and factoring transfers	30,380	21,075	49,680
Deposits	19,042	22,681	45,393
Others	3,299	2,201	5,325
Total	**262,746**	**240,518**	**342,713**

Our other payables and accruals remains relatively stable at RMB262.7 million as of December 31, 2023 and RMB240.5 million as of December 31, 2024, and increased to RMB342.7 million as of December 31, 2025, primarily due to (i) higher refund liabilities, which mainly represented higher anticipation of product returns as a result of the increase in product sales, (ii) an increase in unexpired endorsed bills and factoring transfers, mainly due to a higher volume of bills endorsed and transferred to suppliers, and (iii) higher deposits and advances paid to suppliers in connection with expanded business scale and procurement activities.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations and capital contributions from our Shareholders. After the [**REDACTED**], we intend to finance our future capital requirements through cash generated from operations and the [**REDACTED**] from the [**REDACTED**]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB1,913.4 million, RMB2,670.3 million and RMB2,556.7 million, respectively. Taking into account the [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including our cash and cash equivalents and cash flows from operating activities, 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.

Current Assets and Liabilities

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	92,227	117,381	109,931	105,421
Trade and bills receivables	3,135,578	3,350,493	4,119,433	3,932,270
Prepayments, other receivables and other assets	143,498	143,972	186,504	179,848
Financial assets at fair value through profit or loss	303,839	412,400	1,023,669	875,564
Financial assets at fair value through other comprehensive income	39,533	28,475	31,212	28,579
Restricted cash and time deposits	106,514	3,675	108,780	7,688
Cash and cash equivalents	1,913,417	2,670,275	2,556,694	1,574,106
Total current assets	**5,734,606**	**6,726,671**	**8,136,223**	**6,703,476**
Current liabilities				
Trade payables	3,922,512	4,156,034	5,085,637	3,663,932
Other payables and accruals	262,746	240,518	342,713	280,266
Tax payables	47,125	55,997	60,686	34,651
Lease liabilities	24,732	26,632	17,736	14,428
Total current liabilities	**4,257,115**	**4,479,181**	**5,506,772**	**3,993,277**
Net current assets	**1,477,491**	**2,247,490**	**2,629,451**	**2,710,199**

Our net current assets increased from RMB2,629.5 million as of December 31, 2025 to RMB2,710.2 million as of March 31, 2026, primarily due to a decrease in trade payables, partially offset by a decrease in cash and cash equivalents, mainly because we settled more payments with suppliers in the first quarter of the year.

Our net current assets increased from RMB2,247.5 million as of December 31, 2024 to RMB2,629.5 million as of December 31, 2025, primarily due to (i) an increase in trade and bills receivables in line with our growing product sales, and (ii) an increase in financial assets at fair value through profit or loss as we acquired more conservative wealth management products in light of our adequate cash position.

Our net current assets increased from RMB1,477.5 million as of December 31, 2023 to RMB2,247.5 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents, (ii) an increase in trade and bills receivables in line with our growing product sales, and (iii) an increase in financial assets at fair value through profit or loss as we acquired more conservative wealth management products.

Cash Flow

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

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash generated from operating activities	638,358	527,092	524,767
Net cash generated from/(used in) investing activities	2,766	(107,944)	(608,464)
Net cash generated from/(used in) financing activities	(27,640)	337,710	(29,884)
Net increase/(decrease) in cash and cash equivalents	613,484	756,858	(113,581)
Cash and cash equivalents at the beginning of the year	1,299,933	1,913,417	2,670,275
Cash and cash equivalents at the end of the year	1,913,417	2,670,275	2,556,694

Net Cash Generated from Operating Activities

In 2025, our net cash generated from operating activities was RMB524.8 million, reflecting our profit before tax of RMB451.3 million, adjusted by non-cash and non-operating items, movements in working capital and payment of income tax of RMB96.8 million. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of right-of-use assets of RMB28.9 million, and (ii) equity-settled share-based payment expenses of RMB27.4 million, partially offset by interest income of RMB14.1 million and fair value changes in financial assets at fair value through profit or loss, net, of RMB12.6 million. Our movements in working capital primarily comprised of (a) increase in trade payables of RMB929.6 million, and (b) increase in other payables and accruals of RMB102.2 million, partially offset by increase in trade and bills receivables of RMB779.7 million.

In 2024, our net cash generated from operating activities was RMB527.1 million, reflecting our profit before tax of RMB431.7 million, adjusted by non-cash and non-operating items, movements in working capital and payment of income tax of RMB91.4 million. Adjustments of non-cash and non-operating items primarily comprised (i) equity-settled share-based payment expenses of RMB75.6 million, and (ii) depreciation of right-of-use assets of RMB29.9 million, partially offset by interest income of RMB17.9 million. Our movements in working capital primarily comprised of increase in trade payables of RMB233.5 million, partially offset by increase in trade and bills receivables of RMB230.4 million.

In 2023, our net cash generated from operating activities was RMB638.4 million, reflecting our profit before tax of RMB493.3 million, adjusted by non-cash and non-operating items, movements in working capital and payment of income tax of RMB109.3 million. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of right-of-use assets of RMB26.5 million, and (ii) impairment losses recognized on financial assets, net of RMB22.1 million, partially offset by interest income of RMB14.3 million. Our movements in working capital primarily comprised (a) increase in trade payables of RMB766.6 million, and (b) decrease in inventories of RMB69.4 million, partially offset by increase in trade and bills receivables of RMB654.3 million.

Net Cash Generated from / (Used in) Investing Activities

In 2025, our net cash used in investing activities was RMB608.5 million, primarily attributable to the purchases of (i) financial assets at fair value through profit or loss of RMB800.0 million, and (ii) items of property, plant and equipment of RMB9.9 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB200.0 million.

In 2024, our net cash used in investing activities was RMB107.9 million, primarily attributable to the purchases of (i) financial assets at fair value through profit or loss of RMB200.0 million, and (ii) items of property, plant and equipment of RMB8.4 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB100.0 million.

In 2023, our net cash generated from investing activities was RMB2.8 million, primarily attributable to (i) interest received from financial assets at fair value through profit or loss of RMB4.3 million and (ii) proceeds from disposal of items of property, plant and equipment of RMB0.7 million, partially offset by the purchase of items of property, plant and equipment of RMB1.9 million.

Net Cash Generated from / (Used in) Financing Activities

In 2025, our net cash used in financing activities was RMB29.9 million, primarily attributable to principal portion of lease payments of RMB28.1 million and interest portion of lease payments of RMB1.8 million.

In 2024, our net cash generated from financing activities was RMB337.7 million, primarily attributable to capital contribution from shareholders of RMB758.9 million, partially offset by (i) payment of dividends of RMB306.1 million, and (ii) capital deduction by shareholders of RMB83.3 million.

In 2023, our net cash used in financing activities was RMB27.6 million, which was attributable to principal portion of lease payments of RMB26.6 million and interest portion of lease payments of RMB1.1 million.

INDEBTEDNESS

During the Track Record Period, our indebtedness included lease liabilities, and up to March 31, 2026:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			*(Unaudited)*
Current				
Lease liabilities	24,732	26,632	17,736	14,428
Non-current				
Lease liabilities	27,545	18,841	5,182	3,393
Total	**52,277**	**45,473**	**22,918**	**17,821**

As of March 31, 2026, our unutilized bank facilities amounted to RMB967.4 million.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and March 31, 2026, we had lease liabilities of RMB52.3 million, RMB45.5 million, RMB22.9 million and RMB17.8 million, respectively, mainly representing lease contracts for various buildings and space used in our operations, which typically have lease terms of one to three years. During the Track Record Period, our lease liabilities decreased by 13.0% from RMB52.3 million as of December 31, 2023 to RMB45.5 million as of December 31, 2024, by 49.6% to RMB22.9 million as of December 31, 2025, and further by 22.2% to RMB17.8 million as of March 31, 2026, primarily due to our payment of leases.

Contingent Liabilities and Guarantees

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

Indebtedness Statement

Save as disclosed above, as of March 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or any material contingent liabilities in connection therewith. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since March 31, 2026.

KEY FINANCIAL RATIOS

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

	Year ended/as of December 31,		
	2023	2024	2025
Gross profit margin(%)[(1)]	8.1	7.7	7.4
Net profit margin(%)[(2)]	3.0	2.3	2.2
Return on equity(%)[(3)]	28.9	16.3	13.2
Current ratio[(4)]	1.3	1.5	1.5
Quick ratio[(5)]	1.3	1.5	1.5
Cash conversion cycle[(6)]	(23.4)	(25.3)	(25.7)

Notes:

(1) Gross profit margin equals gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin equals profit for the year divided by revenue and multiplied by 100%.

(3) Return on equity equals profit for the year divided by the average of the beginning and ending total equity multiplied by 100%.

(4) Current ratio is calculated by dividing current assets by current liabilities.

(5) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

(6) The cash conversion cycle is calculated by adding inventory turnover days and trade and bills receivables turnover days, then subtracting trade payables turnover days.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CAPITAL COMMITMENTS

Our capital commitments consisted of contractual commitments but not provided for property, plant and equipment. The following table sets forth our capital commitments for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Contracted, but not provided for: property, plant and equipment	1,028	5,566	390

CAPITAL EXPENDITURES

Our capital expenditures consisted of purchases of property, plant and equipment and purchases of intangible assets. The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Purchase of property, plant and equipment	1,854	8,394	9,877
Purchase of intangible assets	297	25	118
Total	**2,151**	**8,419**	**9,995**

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities. We intend to fund our future capital expenditures with a combination of operating cashflow and [**REDACTED**] from the [**REDACTED**].

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties, mainly with our holding company and fellow subsidiaries, i.e., M&G Group, M&G Corporation and its subsidiaries from time to time. Our transactions during the Track Record Period with our related parties primarily comprised trade-related transactions of (i) purchase of products from M&G Corporation, (ii) sale of goods to our related parties, and (iii) leasing transactions with our related parties. We only entered into sporadic non-trade related transactions with M&G Corporation. For details about our related party transactions during the Track Record Period, see Note 34 to Appendix I to this Document. All of our balances with related parties that were non-trade in nature will be fully settled prior to the [**REDACTED**].

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

Our activities expose us to a variety of financial risks, including credit risk and liquidity risk. Our overall risk management program focuses on the macroeconomic dynamic and unpredictability of financial markets while seeking to minimize potential adverse effects on our financial performance. For more details of our financial risk and management measures, see Note 38 to Appendix I to this Document.

DIVIDEND

On May 28, 2024, we declared dividends of RMB306.1 million to our Shareholders, which were paid in May 2024. No other dividend was paid or declared by our Group or other entities comprising our Group during the Track Record Period. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have a formal dividend policy or any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of RMB197.3 million.

[REDACTED] EXPENSE

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the [**REDACTED**] of the indicative [**REDACTED**] range stated in this Document), the aggregate [**REDACTED**], together with the Stock Exchange [**REDACTED**], AFRC transaction levy, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the [**REDACTED**], which are payable by us, are estimated to amount in aggregate to be approximately RMB[**REDACTED**], accounting for [**REDACTED**]% of the [**REDACTED**] from the [**REDACTED**]. By nature, our [**REDACTED**] are composed of (i) [**REDACTED**] of approximately RMB[**REDACTED**], and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**], which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] and other fees and expenses of approximately RMB[**REDACTED**]. We did not incur any [**REDACTED**] expenses during the Track Record Period. Approximately RMB[**REDACTED**] of the total [**REDACTED**] expenses is expected to be charged to profit and loss after the Track Record Period, and approximately RMB [**REDACTED**] is directly attributable to the [**REDACTED**] and [**REDACTED**] and will be deducted from equity upon the [**REDACTED**].

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

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

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest audited financial statements and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that 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.