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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis in conjunction with audited consolidated financial information included in “Appendix I — Accountants’ Report” to this Document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see “Forward-looking Statements” and “Risk Factors” in this Document.*

### OVERVIEW

We are a global leading biomanufacturing company, primarily engaged in the R&D, production and sales of probiotic species and cultures. We ranked third globally and first in Asia and China in 2025 by the production volume of probiotic raw powder, according to Frost & Sullivan. We are committed to providing high-viability, high-stability and functional probiotic powder, probiotic formula, and dairy cultures to companies in human health (namely functional foods and dietary supplements), dairy and agricultural industries through our proprietary probiotic strain resources and advanced fermentation and production processes.

We have achieved steady growth during the Track Record Period. Our total revenue increased from RMB495.9 million in 2023 to RMB544.1 million in 2024, and further increased to RMB701.5 million in 2025. Our gross profit increased from RMB246.6 million in 2023 to RMB264.8 million in 2024, and further increased to RMB332.9 million in 2025.

Excluding the impact of share-based payment expenses, [REDACTED] expenses and fair value changes on other financial instruments, our adjusted net profit (non-IFRS measure) amounted to RMB96.0 million, RMB83.7 million and RMB106.9 million in 2023, 2024 and 2025, respectively. Further excluding the impact of the income tax expense, finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets and finance income, our adjusted EBITDA (non-IFRS measure) amounted to RMB166.0 million, RMB170.8 million and RMB219.8 million in 2023, 2024 and 2025, respectively. Our corresponding adjusted EBITDA margin (non-IFRS measure) was 33.5%, 31.4% and 31.3% for the same respective years. Please see “— Non-IFRS Measure” for details.

### MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the major factors affecting our results of operations and financial condition include the following:

#### **Consumer Demand for Probiotic Products**

Our results of operations are affected by the overall development of the probiotic raw powder market industry, as well as consumer demand for probiotic products. Demand for probiotic end products

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is an important driver of demand for probiotic raw powder, which in turn affects our business, financial condition and results of operations. According to Frost & Sullivan, the global probiotic end product market size increased from US\$58.7 billion in 2020 to US\$86.7 billion in 2025, with a CAGR of 8.1% from 2020 to 2025, and is expected to reach US\$151.1 billion in 2030, with a CAGR of 11.8% from 2025 to 2030. In parallel with the expansion of the end product market, the global probiotic raw powder market has experienced robust expansion in recent years. According to the same source, the global probiotic raw powder market size increased from US\$2,323.0 million in 2020 to US\$3,263.6 million in 2025, with a CAGR of 7.0% from 2020 to 2025, and is expected to reach US\$4,820.6 million in 2030, with a CAGR of 8.1% from 2025 to 2030. While the sustained expansion of the market provides a favorable demand environment, the industry is also subject to evolving regulatory requirements and intensifying competition, which may affect pricing and cost structures. In particular, intensified competition may lead to downward pressure on our product pricing and average selling prices, which could materially and adversely affect our revenue and profitability.

Consumer demand for probiotic products is shaped by shifting preferences and growing health awareness. As disposable incomes rise and consumers become more health-conscious, there is a growing emphasis on the nutritional value of food, along with a greater willingness to pay a premium for high-quality probiotic offerings. Our ability to command favorable pricing for our products depends on our success in aligning with these consumer trends and maintaining a premium brand positioning. Any failure to meet evolving consumer preferences could result in reduced demand and corresponding pressure on our selling prices. Key factors influencing consumer demand include emerging health trends, changing dietary habits, and the diversification of consumption scenarios.

As a leading player in the probiotic strains and cultures industry, we leverage our strong R&D capabilities and in-depth market insights to continuously develop innovative products that align with consumer needs. Our focus on science-backed formulations and high-quality strains has enabled us to build strong customer trust and loyalty. We believe that our ongoing commitment to meeting evolving consumer preferences is essential to sustaining our growth and strengthening our market position.

### **Ability to Attract New Customers and Retain Existing Customers**

Our results of operations depend significantly on customer demand. We have a diverse customer base, covering industries such as health and functional foods, dairy products, pharmaceuticals, agriculture and food manufacturing. In 2023, 2024 and 2025, we directly sold our products to 1,150, 1,573 and 1,937 domestic customers and 251, 382 and 498 overseas customers, respectively.

Our results of operations depend largely on our ability to retain existing customers and to acquire new customers. Our ability to attract and retain customers is affected by our brand image, product quality, product offerings, pricing, geographic footprint and capacity. Our comprehensive and high-quality product offerings and strong scientific and technical expertise have enabled us to enter into new sales orders with existing customers and attract new customers. However, our customer relationships and the pricing we can achieve are subject to market competition and customer bargaining power. In particular, larger corporate customers may possess significant negotiating leverage, which could result in pricing concessions or reduced order volumes, leading to decreases in our average selling prices and adversely affecting our financial performance.

### **Our Ability to Broaden Our Portfolio of Strains**

Our future financial growth is tied to our success in developing and commercializing a broader portfolio of proprietary probiotic strains and expanding their applications into new market segments. We had established a large-scale and highly diverse probiotic strain bank with over 40,000 strains as of the Latest Practicable Date, among which more than 100 candidate strains have clear functional

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characteristics and have completed industrial feasibility assessments. In 2023, 2024 and 2025, we incurred research and development costs of RMB57.2 million, RMB74.9 million and RMB88.8 million, respectively, representing 11.5%, 13.8% and 12.7% of our revenue for the same years, respectively.

We will continue to increase our investment in R&D and plan to further strengthen our R&D capabilities. Further, we will translate our R&D achievements into broader and higher value-added end-application solutions, focusing on achieving breakthroughs in high-barrier areas such as infant and toddler nutrition and deepening cooperation with dairy enterprises and agriculture enterprises. However, such strategic expansion is subject to certain factors. Even with scientific validation, commercial success still depends on educating the market, differentiating our strains from competitors, and aligning with consumer trends. Whether our R&D efforts will achieve our intended results, and whether we will be able to successfully broaden our portfolio of strains and successfully expand the application into new markets to achieve our intended benefits, will affect our business and results of operations.

### **Our Ability to Manage Costs and Improve Operating Efficiency**

Our ability to control costs and improve operating efficiency is critical to our profitability. During the Track Record Period, our cost of sales primarily consisted of (i) costs of materials; (ii) depreciation and amortization; (iii) transportation costs; (iv) staff costs; (v) utilities; (vi) share-based payment; and (vii) others. Our cost of sales amounted to RMB249.2 million, RMB279.3 million and RMB368.6 million in 2023, 2024 and 2025, respectively, among which costs of materials accounted for the majority. Accordingly, our ability to source key raw materials at competitive prices affects our gross profit margin and profitability. In addition, staff costs remain a key component of our cost of sales. Fluctuations in staff costs could significantly affect our results of operations and profit margins.

We are committed to continuing to scale up our business operations while effectively managing our cost of sales to achieve higher gross profit margins. We are also constantly exploring ways to improve our operating efficiency in various areas. For instance, we plan to continuously optimize our production efficiency and yield by utilizing intelligent manufacturing in our production base and our business.

### **BASIS OF PREPARATION**

Our historical financial information has been prepared in accordance with applicable International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss (“FVPL”), which are carried at fair value.

### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Our judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further detail in Note 4 to the Accountants’ Report in Appendix I to this Document. When reviewing our financial information, you should consider: (i) our selection of accounting policies as disclosed in Note 2 to the Accountants’ Report in Appendix I to this Document; and (ii) the results to changes in conditions and assumptions. We believe that the material accounting policy information and estimates as detailed in Note 2 and Note 4 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.

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### DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT OR LOSS

The following table sets forth our consolidated statements of comprehensive profit or loss for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Revenue	495,852	100.0	544,070	100.0	701,481	100.0
Cost of sales	(249,215)	(50.3)	(279,265)	(51.3)	(368,551)	(52.5)
<b>Gross profit</b>	<b>246,637</b>	<b>49.7</b>	<b>264,805</b>	<b>48.7</b>	<b>332,930</b>	<b>47.5</b>
Other income	14,519	2.9	20,483	3.8	18,259	2.6
Other losses, net	(5,608)	(1.1)	(8,279)	(1.5)	(660)	(0.1)
Selling and marketing expenses	(42,566)	(8.6)	(52,960)	(9.7)	(69,079)	(9.8)
General and administrative expenses	(79,557)	(16.0)	(51,251)	(9.4)	(56,863)	(8.1)
Research and development costs	(57,185)	(11.5)	(74,875)	(13.8)	(88,808)	(12.7)
Impairment losses under expected credit loss model, net of reversal	(3,582)	(0.7)	(120)	—	(9,897)	(1.4)
Fair value change on other financial instruments	(28,400)	(5.7)	(1,800)	(0.3)	(37,000)	(5.3)
<b>Operating profit</b>	<b>44,258</b>	<b>8.9</b>	<b>96,003</b>	<b>17.6</b>	<b>88,882</b>	<b>12.7</b>
Finance income	1,125	0.2	1,424	0.3	984	0.1
Finance costs	(3,722)	(0.8)	(5,535)	(1.0)	(7,730)	(1.1)
Finance costs — net	(2,597)	(0.5)	(4,111)	(0.8)	(6,746)	(1.0)
<b>Profit before income tax</b>	<b>41,661</b>	<b>8.4</b>	<b>91,892</b>	<b>16.9</b>	<b>82,136</b>	<b>11.7</b>
Income tax expense	(16,236)	(3.3)	(12,278)	(2.3)	(16,926)	(2.4)
<b>Profit for the year</b>	<b>25,425</b>	<b>5.1</b>	<b>79,614</b>	<b>14.6</b>	<b>65,210</b>	<b>9.3</b>
<b>Other comprehensive (loss)/income for the year</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising from translation of foreign operations	(7)	—	22	—	(283)	—
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>25,418</b>	<b>5.1</b>	<b>79,636</b>	<b>14.6</b>	<b>64,927</b>	<b>9.3</b>

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### NON-IFRS MEASURE

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items listed below. We also believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such 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 substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year excluding share-based payment expenses, [REDACTED] expenses and fair value change on other financial instruments. We define adjusted EBITDA (non-IFRS measure) as adjusted net profit (non-IFRS measure) for the year adding back income tax expenses, finance costs, and depreciation and amortization, and less finance income. We define adjusted EBITDA margin (non-IFRS measure) as adjusted EBITDA (non-IFRS measure) for the year divided by revenue for the same year and multiplied by 100%. We adjust these items because they are neither operating in nature nor indicative of our core operating results and business outlook. These reconciling items are non-recurring, which comply with Chapter 3.11 of the Guide.

We therefore believe that adjusting these items provides potential investors and management with greater visibility to our operating results and financial performance, so that they can assess our underlying core performance undistorted. The following table reconciles our adjusted net profit (non-IFRS measure), adjusted EBITDA (non-IFRS measure) and adjusted EBITDA margin (non-IFRS measure) for the years indicated:

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands, except percentages)		
Profit for the year	25,425	79,614	65,210
Add:			
Share-based payment expenses	42,161	2,246	3,213
[REDACTED] expenses	—	—	[REDACTED]
Fair value change on other financial instruments	28,400	1,800	37,000
<b>Adjusted net profit (non-IFRS measure)</b>	<b>95,986</b>	<b>83,660</b>	<b>106,874</b>

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	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands, except percentages)		
Add:			
Income tax expense	16,236	12,278	16,926
Finance costs	3,722	5,535	7,730
Depreciation and amortization <sup>(1)</sup>	51,170	70,734	89,252
Less:			
Finance income	1,125	1,424	984
<b>Adjusted EBITDA (non-IFRS measure)</b>	<b>165,989</b>	<b>170,783</b>	<b>219,798</b>
<b>Adjusted EBITDA margin (non-IFRS measure)</b>	<b>33.5%</b>	<b>31.4%</b>	<b>31.3%</b>

*Note:*

- (1) Depreciation and amortization included depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets.

### Revenue

#### *Revenue by Business Lines*

During the Track Record Period, our revenue was primarily derived from the sales of probiotic powder and probiotic formula applied for human health, dairy, agriculture and others, and provision of technical services. For details, see “Business — Our Products and Services.” The following table sets forth a breakdown of our revenue by business line, in an absolute amount and as a percentage of our total revenue, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Human health:						
Probiotic powder	218,788	44.1	250,399	46.0	352,264	50.2
Probiotic formula	224,303	45.3	245,826	45.2	294,651	42.0
	<b>443,091</b>	<b>89.4</b>	<b>496,225</b>	<b>91.2</b>	<b>646,915</b>	<b>92.2</b>
Dairy	13,592	2.7	11,182	2.0	17,739	2.5
Agriculture	1,178	0.2	7,674	1.4	9,808	1.4
Others <sup>(1)</sup>	29,205	5.9	21,562	4.0	22,879	3.3
Technical services	8,786	1.8	7,427	1.4	4,140	0.6
<b>Total</b>	<b>495,852</b>	<b>100.0</b>	<b>544,070</b>	<b>100.0</b>	<b>701,481</b>	<b>100.0</b>

*Note:*

- (1) Primarily included revenue from product sales to end customers and sales of by-products.

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Our revenue increased by 9.7% from RMB495.9 million in 2023 to RMB544.1 million in 2024, and further increased by 28.9% to RMB701.5 million in 2025. The changes in our revenue during the Track Record Period were primarily attributable to sales volume growth in our human health business. For sales volumes and ASPs by product category, see “Business — Our Products and Services — Sales Volume and Average Sales Price.”

### *Revenue by Geographic Region*

During the Track Record Period, a majority of our revenue was generated from domestic sales. The following table sets forth a breakdown of our total revenue by geographical region, in an absolute amount and as a percentage of our total revenue, for the years indicated.

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
<b>Greater China</b>	<b>335,174</b>	<b>67.6</b>	<b>342,366</b>	<b>62.9</b>	<b>419,778</b>	<b>59.8</b>
<b>Overseas sales</b>	<b>160,678</b>	<b>32.4</b>	<b>201,704</b>	<b>37.1</b>	<b>281,703</b>	<b>40.2</b>
— North America	73,831	14.9	96,063	17.7	163,417	23.3
— Europe	69,421	14.0	77,371	14.2	80,522	11.5
— Others <sup>(1)</sup>	17,426	3.5	28,270	5.2	37,764	5.4
<b>Total</b>	<b>495,852</b>	<b>100.0</b>	<b>544,070</b>	<b>100.0</b>	<b>701,481</b>	<b>100.0</b>

*Note:*

(1) Primarily included Asia (excluding Greater China), Oceania and Africa.

### **Cost of Sales**

Our cost of sales primarily consisted of (i) costs of materials, primarily representing procurement costs of raw materials and packing materials; (ii) depreciation and amortization; (iii) transportation costs; (iv) staff costs, primarily representing payroll and related expenses for our employees engaged in production activities; (v) utilities; (vi) share-based payments; and (vii) others, primarily including equipment maintenance fees incurred in connection with production and travel and accommodation expenses. The following table sets forth a breakdown of our cost of sales by nature, in an absolute amount and as a percentage of our revenue, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Costs of materials	164,851	33.3	153,846	28.3	201,567	28.7
Depreciation and amortization	24,021	4.8	35,549	6.5	51,299	7.3
Transportation costs	18,150	3.7	26,159	4.8	41,106	5.9
Staff costs	18,815	3.8	32,527	6.0	36,746	5.2
Utilities	16,405	3.3	19,215	3.5	25,216	3.6
Share-based payments	455	0.1	335	0.1	106	—
Others	6,518	1.3	11,634	2.1	12,511	1.8
<b>Total</b>	<b>249,215</b>	<b>50.3</b>	<b>279,265</b>	<b>51.3</b>	<b>368,551</b>	<b>52.5</b>

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The following table sets forth a breakdown of our cost of sales by business lines, in an absolute amount and as a percentage of our total cost of sales, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Human health						
Probiotic powder	72,936	29.3	85,141	30.5	130,609	35.4
Probiotic formula	<u>144,248</u>	<u>57.9</u>	<u>161,324</u>	<u>57.8</u>	<u>200,567</u>	<u>54.4</u>
	<b>217,184</b>	<b>87.2</b>	<b>246,465</b>	<b>88.3</b>	<b>331,176</b>	<b>89.8</b>
Dairy	8,859	3.6	7,064	2.5	11,667	3.2
Agriculture	827	0.3	6,853	2.5	6,786	1.8
Others	20,041	8.0	13,795	4.9	17,176	4.7
Technical services	<u>2,304</u>	<u>0.9</u>	<u>5,088</u>	<u>1.8</u>	<u>1,746</u>	<u>0.5</u>
<b>Total</b>	<b><u>249,215</u></b>	<b><u>100.0</u></b>	<b><u>279,265</u></b>	<b><u>100.0</u></b>	<b><u>368,551</u></b>	<b><u>100.0</u></b>

### Gross Profit and Profit Margin

Our gross profit increased by 7.4% from RMB246.6 million in 2023 to RMB264.8 million in 2024, and further increased by 25.7% to RMB332.9 million in 2025. Our gross profit margin was 49.7%, 48.7% and 47.5% in 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our gross profit in absolute amounts and gross profit margin in percentages by business lines for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Gross profit Amount	Gross margin %	Gross profit Amount	Gross margin %	Gross profit Amount	Gross margin %
	(RMB in thousands, except percentages)					
Human health						
Probiotic powder	145,852	66.7	165,258	66.0	221,655	62.9
Probiotic formula	<u>80,055</u>	<u>35.7</u>	<u>84,502</u>	<u>34.4</u>	<u>94,084</u>	<u>31.9</u>
	<b>225,907</b>	<b>51.0</b>	<b>249,760</b>	<b>50.3</b>	<b>315,739</b>	<b>48.8</b>
Dairy	4,733	34.8	4,118	36.8	6,072	34.2
Agriculture	351	29.8	821	10.7	3,022	30.8
Others	9,164	31.4	7,767	36.0	5,703	24.9
Technical services	<u>6,482</u>	<u>73.8</u>	<u>2,339</u>	<u>31.5</u>	<u>2,394</u>	<u>57.8</u>
<b>Total</b>	<b><u>246,637</u></b>	<b><u>49.7</u></b>	<b><u>264,805</u></b>	<b><u>48.7</u></b>	<b><u>332,930</u></b>	<b><u>47.5</u></b>

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### Other Income

Our other income primarily consisted of (i) government grants, mainly representing subsidies received from local governments in Chinese Mainland; and (ii) additional deduction of value-added tax (“VAT”), mainly because we were certified as an advanced manufacturing enterprise by local government in Chinese Mainland.

### Other Losses, Net

Our other losses, net consisted of (i) foreign currency exchange gain/(loss), net; (ii) net losses on disposal of property, plant and equipment and intangible assets, related to the disposal of our equipment; (iii) fair value (loss)/gain on financial assets at FVPL, mainly related to losses or gains arising from changes in fair value change of our unlisted equity investments and structured deposit; and (iv) others, which mainly included donation and loss resulting from the disposal of patents.

### Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) staff costs for sales and marketing personnel; (ii) marketing and promotion expenses incurred for our sales and marketing activities; (iii) office, travel and business development expenses, incurred by our sales and marketing team in connection with customer acquisition, business development and market expansion; (iv) depreciation and amortization; (v) share-based payments for sales and marketing personnel; and (vi) others. The following table sets forth a breakdown of our selling and marketing expenses, in an absolute amount and as a percentage of our total selling and marketing expenses, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Staff costs	21,216	49.8	26,138	49.4	34,410	49.8
Marketing and promotion expenses	9,211	21.7	11,714	22.1	15,256	22.1
Office, travel and business development expenses	9,056	21.3	13,050	24.6	14,887	21.6
Depreciation and amortization	1,508	3.5	1,104	2.1	3,547	5.1
Share-based payments	494	1.2	322	0.6	23	—
Others	1,081	2.5	632	1.2	956	1.4
<b>Total</b>	<b>42,566</b>	<b>100.0</b>	<b>52,960</b>	<b>100.0</b>	<b>69,079</b>	<b>100.0</b>

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### General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) staff costs for administrative personnel; (ii) depreciation and amortization; (iii) office expenses; (iv) other tax and surcharge; (v) travel and business development expenses; (vi) share-based payments for administrative personnel; (vii) professional service fees, primarily relating to audit, legal, consulting and other professional services in the ordinary course of business; (viii) [REDACTED] expenses in connection with the [REDACTED]; and (ix) others, primarily including conference expenses and insurance expenses. The following table sets forth a breakdown of our general and administrative expenses, in an absolute amount and as a percentage of our total general and administrative expenses, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Staff costs	15,003	18.8	16,335	31.9	22,244	39.1
Depreciation and amortization	9,455	11.9	10,573	20.6	7,948	14.0
Office expenses	3,931	4.9	6,748	13.2	6,121	10.7
Other tax and surcharge	3,168	4.0	4,834	9.4	6,050	10.6
Travel and business development expenses	3,558	4.5	6,185	12.1	5,384	9.5
Share-based payments	40,554	51.0	929	1.8	2,793	4.9
Professional service fees	1,561	2.0	2,638	5.1	1,751	3.1
[REDACTED] expenses	—	—	—	—	[REDACTED]	[REDACTED]
Others	2,327	2.9	3,009	5.9	3,121	5.5
<b>Total</b>	<b>79,557</b>	<b>100.0</b>	<b>51,251</b>	<b>100.0</b>	<b>56,863</b>	<b>100.0</b>

### Research and Development Costs

Our research and development costs primarily consisted of (i) staff costs for R&D personnel, (ii) professional service fees, mainly relating to service fees paid to universities and research institutions in connection with collaborative research and development; (iii) materials and testing expenses; (iv) depreciation and amortization; (v) office expenses; (vi) share-based payments for R&D personnel; and (vii) others, primarily including travel expenses and conference-related expenses incurred by our R&D personnel in attending industry conferences. The following table sets forth a breakdown of our research and development costs, in an absolute amount and as a percentage of our total research and development costs, for the years indicated:

	For the Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentages)					
Staff costs	22,875	40.0	27,990	37.4	34,955	39.3
Professional service fees	18,911	33.1	18,285	24.4	17,719	20.0
Materials and testing expenses	5,630	9.8	12,657	16.9	15,207	17.1
Depreciation and amortization	5,730	10.0	8,051	10.8	12,856	14.5
Office expenses	1,810	3.2	3,226	4.3	3,177	3.6
Share-based payments	657	1.1	660	0.9	291	0.3
Others	1,572	2.8	4,006	5.3	4,603	5.2
<b>Total</b>	<b>57,185</b>	<b>100.0</b>	<b>74,875</b>	<b>100.0</b>	<b>88,808</b>	<b>100.0</b>

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### **Impairment Losses under Expected Credit Loss Model, Net of Reversal**

We recorded impairment losses under the expected credit loss model, net of reversal primarily due to the expected credit losses on trade receivables arising from product sales and other receivables. In 2023, 2024 and 2025, our impairment losses under the expected credit loss model, net of reversal amounted to RMB3.6 million, RMB0.1 million and RMB9.9 million, respectively.

### **Fair Value Change on Other Financial Instruments**

We recorded fair value change on other financial instruments of RMB28.4 million, RMB1.8 million and RMB37.0 million in 2023, 2024 and 2025, respectively. For details of our other financial instruments, see Note 37 to the Accountants’ Report set out in Appendix I to this Document.

### **Finance Income**

Our finance income represented bank interest income from bank balances and time deposits. In 2023, 2024 and 2025, our finance income was RMB1.1 million, RMB1.4 million and RMB1.0 million, respectively.

### **Finance Costs**

Our finance costs mainly represented interest expenses on bank borrowings and lease liabilities. In 2023, 2024 and 2025, our finance costs were RMB3.7 million, RMB5.5 million and RMB7.7 million, respectively.

### **Income Tax Expense**

#### ***Chinese Mainland***

In 2023, 2024 and 2025, we recorded income tax expense of RMB16.2 million, RMB12.3 million and RMB16.9 million, respectively.

Entities in Chinese Mainland are generally subject to a statutory corporate income tax rate of 25.0%. Certain of our subsidiaries which qualified as high and new technology enterprises enjoyed a preferential corporate income tax rate of 15.0% under the Enterprise Income Tax Law.

#### ***US Corporate Income Tax***

The applicable income tax rate of the United States where our subsidiaries had significant operations during the Track Record Period included state income tax rates ranging from nil to 10% and the U.S. federal corporate income tax rate of 21%.

During the Track Record Period and as of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

## **RESULTS OF OPERATIONS**

### **Year Ended December 31, 2025 Compared with Year Ended December 31, 2024**

#### ***Revenue***

Our revenue increased by 28.9% from RMB544.1 million in 2024 to RMB701.5 million in 2025, primarily due to the growth of human health business.

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**Human health.** Our revenue from products for human health application increased by 30.4% from RMB496.2 million in 2024 to RMB646.9 million in 2025, primarily attributable to increased sales volumes, mainly driven by (i) growing demand from downstream probiotic products; (ii) our deeper cooperation with health and functional foods companies; (iii) accelerated domestic substitution; (iv) continued customer acquisition; and (v) increased overseas sales.

**Dairy.** Our revenue from products for dairy application increased by 58.6% from RMB11.2 million in 2024 to RMB17.7 million in 2025, primarily due to an increase in sales volume mainly driven by an increase in the number of customers.

**Agriculture.** Our revenue from products for agriculture application increased by 27.8% from RMB7.7 million in 2024 to RMB9.8 million in 2025, primarily as we optimized our product mix and strategically increased the sales contribution from products with relatively higher unit selling prices.

**Others.** Our revenue from others remained relatively stable at RMB21.6 million in 2024 and RMB22.9 million in 2025.

**Technical services.** Our revenue from rendering technical services decreased by 44.3% from RMB7.4 million in 2024 to RMB4.1 million in 2025, primarily reflecting the timing and number of technical service projects completed during the year.

### **Cost of Sales**

Our cost of sales increased by 32.0% from RMB279.3 million in 2024 to RMB368.6 million in 2025, primarily due to (i) an increase of RMB47.7 million in costs of materials mainly driven by the increased sales volume; (ii) an increase of RMB15.8 million in depreciation and amortization following the completion and use of our Suzhou Production Base; (iii) an increase of RMB14.9 million in transportation costs, mainly attributable to higher shipment volume and higher proportion of overseas sales; and (iv) an increase of RMB4.2 million in staff costs. Such increase in cost of sales was generally in line with our revenue growth. The percentage of our cost of sales to total revenue remained relatively stable at 51.3% in 2024 and 52.5% in 2025.

### **Gross Profit and Gross Profit Margin**

As a result of the above, our gross profit increased by 25.7% from RMB264.8 million in 2024 to RMB332.9 million in 2025.

Our overall gross profit margin slightly decreased from 48.7% in 2024 to 47.5% in 2025, primarily due to the decreases in gross profit margins for products for human health application, which contributed the majority of our revenue. Our gross profit margin for products for human health application decreased from 50.3% in 2024 to 48.8% in 2025, primarily due to the increase of depreciation and amortization, mainly because the newly established production base in Suzhou was during the initial ramp-up stage and had not yet reached full production capacity, resulting in higher fixed cost absorption per unit.

### **Other Income**

Our other income decreased by 10.9% from RMB20.5 million in 2024 to RMB18.3 million in 2025, primarily due to a decrease in additional deduction of VAT, following the relatively high amount recognized in 2024 as a result of higher procurement volumes in certain months of 2024.

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### *Other Losses, Net*

Our other losses, net decreased from RMB8.3 million in 2024 to RMB0.7 million in 2025, primarily due to (i) fair value gain on financial assets at FVPL in 2025; and (ii) a decrease in net losses on disposal of property, plant and equipment and intangible assets as compared with 2024.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by 30.4% from RMB53.0 million in 2024 to RMB69.1 million in 2025, primarily due to (i) an increase of RMB8.3 million in staff costs mainly driven by the increased number of our selling and marketing personnel and related compensation; (ii) an increase of RMB5.4 million in aggregate in marketing and promotion expenses, and office, travel and business development expenses resulting from the expansion of our selling and marketing activities; and (iii) an increase of RMB2.4 million in depreciation and amortization, resulting from the additional lease of office to support the business growth.

### *General and Administrative Expenses*

Our general and administrative expenses increased by 11.0% from RMB51.3 million in 2024 to RMB56.9 million in 2025, primarily due to (i) an increase of RMB5.9 million in staff costs mainly driven by higher compensation for our administrative personnel; and (ii) an increase of RMB1.5 million in [REDACTED] expenses, partially offset by a decrease of RMB2.6 million in depreciation and amortization, following the completion and use of our facilities in Suzhou.

### *Research and Development Costs*

Our research and development costs increased by 18.6% from RMB74.9 million in 2024 to RMB88.8 million in 2025, primarily due to (i) an increase of RMB7.0 million in staff costs driven by the expansion of our research and development team; (ii) an increase of RMB4.8 million in depreciation and amortization following the completion and use of our research and development building in Suzhou; and (iii) an increase of RMB2.6 million in materials and testing expenses mainly attributable to greater consumption of consumables used in research and development activities.

### *Impairment Losses under Expected Credit Loss Model, Net of Reversal*

Our impairment losses under the expected credit loss model, net of reversal increased from RMB0.1 million in 2024 to RMB9.9 million in 2025, primarily due to provision of trade and bills receivables for our customers, including one major customer during the Track Record Period.

### *Fair Value Change on Other Financial Instruments*

We recorded fair value change on other financial instruments of RMB1.8 million in 2024 and RMB37.0 million in 2025, primarily due to the mandatory distribution rights attached to our ordinary shares.

### *Finance Income*

Our finance income represented the interest income of our bank deposit. Our finance income remained relatively stable at RMB1.4 million in 2024 and RMB1.0 million in 2025.

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## FINANCIAL INFORMATION

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### *Finance Costs*

Our finance costs mainly represented the interest expenses on bank borrowings and lease liabilities. Our finance costs increased from RMB5.5 million in 2024 to RMB7.7 million in 2025, primarily due to the increase in our bank borrowings in 2025.

### *Income Tax Expense*

Our income tax expense amounted to RMB12.3 million and RMB16.9 million in 2024 and 2025, respectively. Accordingly, our effective tax rate was 13.4% and 20.6%, respectively, in 2024 and 2025. The increase in effective tax rate in 2025 was mainly due to the fair value change on other financial instruments and impairment losses under the expected credit loss model, net of reversal, both of which were non-deductible expenses before tax.

### *Profit for the Year*

As a result of the above, we recorded profit of RMB79.6 million and RMB65.2 million in 2024 and 2025, respectively. In 2024 and 2025, our adjusted net profit (non-IFRS measure) amounted to RMB83.7 million and RMB106.9 million, respectively. Please see “— Non-IFRS Measure” for details.

## **Year Ended December 31, 2024 Compared with Year Ended December 31, 2023**

### *Revenue*

Our revenue increased by 9.7% from RMB495.9 million in 2023 to RMB544.1 million in 2024, primarily due to the growth of our human health business.

**Human health.** Our revenue from products for human health application increased by 12.0% from RMB443.1 million in 2023 to RMB496.2 million in 2024, primarily due to increases in sales volume mainly driven by (i) the growing demand in downstream probiotic products; (ii) continued customer acquisition; (iii) accelerated domestic substitution; and (iv) increased overseas sales.

**Dairy.** Our revenue from products for dairy application decreased by 17.7% from RMB13.6 million in 2023 to RMB11.2 million in 2024, primarily due to a decrease in average selling price, mainly resulting from a more competitive pricing strategy adopted to maintain and expand our customer base and intensified market competition.

**Agriculture.** Our revenue from products for agriculture application increased from RMB1.2 million in 2023 to RMB7.7 million in 2024, primarily attributable to increased sales volume.

**Others.** Our revenue from others decreased by 26.2% from RMB29.2 million in 2023 to RMB21.6 million in 2024, primarily due to changes in product mix.

**Technical services.** Our revenue from rendering technical services decreased by 15.5% from RMB8.8 million in 2023 to RMB7.4 million in 2024, primarily reflecting the timing and number of technical service projects completed during the year.

### *Cost of Sales*

Our cost of sales increased by 12.1% from RMB249.2 million in 2023 to RMB279.3 million in 2024, primarily due to (i) an increase of RMB13.7 million in staff costs, mainly driven by an increase in the number of our production employees; (ii) an increase of RMB11.5 million in depreciation and amortization in connection with the completion and use of our Suzhou Production Base; and (iii) an

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increase of RMB8.0 million in transportation costs, mainly attributable to higher shipment volumes and a higher proportion of overseas sales. The increase in cost of sales was partially offset by a decrease of RMB11.0 million in costs of materials, primarily attributable to the improved production efficiency and lower material consumption per unit achieved through process optimization at the newly established Suzhou Production Base. The percentage of our cost of sales to total revenue remained relatively stable at 50.3% in 2023 and 51.3% in 2024.

### *Gross Profit and Gross Profit Margin*

As a result of the above, our gross profit increased by 7.4% from RMB246.6 million in 2023 to RMB264.8 million in 2024.

Our overall gross profit margin slightly decreased from 49.7% in 2023 to 48.7% in 2024, primarily due to decreases in gross profit margins for products for human health application, which contributed the majority of our revenue. The decreases in gross profit margins for products for human health application were primarily due to decreases in average selling prices as we adopted more competitive pricing strategies in response to intensified market competition, to expand our customer base, enhance market penetration and increase market share.

### *Other Income*

Our other income increased by 41.1% from RMB14.5 million in 2023 to RMB20.5 million in 2024, primarily due to (i) an increase of RMB2.8 million in government grants; and (ii) an increase of RMB3.1 million in additional deduction of VAT mainly attributable to higher procurement volumes in certain months of 2024, resulting in a higher amount of additional deduction of VAT recognized during the year.

### *Other Losses, Net*

We recorded other losses, net of RMB5.6 million in 2023 and RMB8.3 million in 2024, primarily due to fair value loss on financial assets at FVPL related to our equity investments.

### *Selling and Marketing Expenses*

Our selling and marketing expenses increased by 24.4% from RMB42.6 million in 2023 to RMB53.0 million in 2024, primarily due to (i) an increase of RMB4.9 million in staff costs, mainly driven by an increase in the number of our selling and marketing personnel and related compensation; and (ii) an increase of RMB6.5 million in aggregate in marketing and promotion expenses, and office, travel and business development expenses resulting from the expansion of our selling and marketing activities.

### *General and Administrative Expenses*

Our general and administrative expenses decreased by 35.6% from RMB79.6 million in 2023 to RMB51.3 million in 2024, primarily due to a decrease of RMB39.7 million in share-based payments as the share incentives were granted to our administrative personnel in 2023, partially offset by (i) an increase of RMB2.8 million in office expenses, mainly resulting from the expansion of office space and enhanced investment in office operation support; (ii) an increase of RMB2.6 million in travel and business development expenses in line with revenue growth; and (iii) an increase of RMB1.3 million in staff costs, mainly driven by higher compensation for our administrative personnel.

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### *Research and Development Costs*

Our research and development costs increased by 30.9% from RMB57.2 million in 2023 to RMB74.9 million in 2024, primarily due to (i) an increase of RMB7.1 million in materials and testing expenses, attributable to the increased number of research and development projects in 2024; (ii) an increase of RMB5.1 million in staff costs driven by the expansion of our research and development team; and (iii) an increase of RMB2.4 million in depreciation and amortization following the completion and use of our research and development building in Suzhou.

### *Impairment Losses under Expected Credit Loss Model, Net of Reversal*

Our impairment losses under the expected credit loss model, net of reversal decreased from RMB3.6 million in 2023 to RMB0.1 million in 2024, primarily attributable to our collection of trade and bills receivables.

### *Fair Value Change on Other Financial Instruments*

We recorded fair value change on other financial instruments of RMB28.4 million in 2023 and RMB1.8 million in 2024, primarily due to the mandatory distribution rights attached to our ordinary shares.

### *Finance Income*

Our finance income represented interest income of bank deposits. Our finance income remained relatively stable at RMB1.1 million in 2023 and RMB1.4 million in 2024.

### *Finance Costs*

Our finance costs mainly represented interest expenses on bank borrowings and lease liabilities. Our finance costs increased from RMB3.7 million in 2023 to RMB5.5 million in 2024, primarily due to the increases in our bank borrowings in 2024.

### *Income Tax Expense*

Our income tax expense amounted to RMB16.2 million and RMB12.3 million in 2023 and 2024, respectively. Accordingly, our effective tax rate was 39.0% and 13.4%, respectively, in 2023 and 2024. The relatively high effective tax rate in 2023 was mainly due to the tax effect of non-deductible expenses.

### *Profit for the Year*

As a result of the above, our profit for the year amounted to RMB25.4 million and RMB79.6 million in 2023 and 2024, respectively. In 2023 and 2024, our adjusted net profit (non-IFRS measure) amounted to RMB96.0 million and RMB83.7 million, respectively. Please see “— Non-IFRS Measure” for details.

## FINANCIAL INFORMATION

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

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
<b>Non-current assets</b>			
Property, plant and equipment	605,325	752,227	908,457
Right-of-use assets	67,480	70,895	52,922
Intangible assets	2,571	5,112	4,068
Deferred tax assets	9,257	11,630	10,953
Prepayments for non-current assets	4,394	66,589	56,752
Investment in an associate	606	638	662
Financial assets at fair value through profit or loss (“FVPL”)	8,722	1,956	1,610
<b>Total non-current assets</b>	<b>698,355</b>	<b>909,047</b>	<b>1,035,424</b>
<b>Current assets</b>			
Inventories	55,755	84,145	89,073
Trade and bills receivables	49,006	73,821	76,609
Prepayments, deposits and other receivables	26,266	40,853	46,512
Income tax recoverable	—	—	107
Financial assets at FVPL	—	114,167	23,000
Restricted bank deposits	16,162	7,500	3,002
Time deposits	—	20,000	3,514
Cash and cash equivalents	89,250	167,427	268,657
<b>Total current assets</b>	<b>236,439</b>	<b>507,913</b>	<b>510,474</b>
<b>Total Assets</b>	<b>934,794</b>	<b>1,416,960</b>	<b>1,545,898</b>
<b>Current liabilities</b>			
Trade and bills payables	50,990	33,743	55,739
Contract liabilities	14,111	18,915	19,696
Other payables and accruals	83,423	105,612	118,388
Borrowings	30,000	16,390	12,781
Lease liabilities	10,084	15,042	9,664
Deferred income	8,218	10,594	10,673
Income tax payable	10,872	6,446	7,226
<b>Total current liabilities</b>	<b>207,698</b>	<b>206,742</b>	<b>234,167</b>
<b>Net current assets</b>	<b>28,741</b>	<b>301,171</b>	<b>276,307</b>
<b>Total assets less current liabilities</b>	<b>727,096</b>	<b>1,210,218</b>	<b>1,311,731</b>
<b>Non-current liabilities</b>			
Borrowings	66,773	208,818	236,448
Lease liabilities	45,687	47,530	38,486
Deferred tax liabilities	1,389	732	513
Deferred income	71,096	67,533	60,967
Other financial instruments	239,100	240,900	277,900
<b>Total non-current liabilities</b>	<b>424,045</b>	<b>565,513</b>	<b>614,314</b>
<b>Net assets</b>	<b>303,051</b>	<b>644,705</b>	<b>697,417</b>

## FINANCIAL INFORMATION

### Property, Plant and Equipment

Our property, plant and equipment consisted of (i) property and buildings; (ii) machinery equipment; (iii) electronic equipment; (iv) transportation vehicle; (v) construction in progress; and (vi) leasehold improvement. The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property and buildings	119,361	357,338	350,447
Machinery equipment	204,562	335,950	335,565
Electronic equipment	3,928	6,904	8,186
Transportation vehicle	2,448	2,402	2,971
Construction in progress	233,024	13,563	176,688
Leasehold improvement	42,002	36,070	34,600
<b>Total</b>	<b>605,325</b>	<b>752,227</b>	<b>908,457</b>

Our property, plant and equipment increased from RMB605.3 million as of December 31, 2023 to RMB752.2 million as of December 31, 2024, primarily due to (i) transfers of completed construction in progress to property and buildings as the facilities in Suzhou were completed and put into use; and (ii) additions of machinery and equipment to support our business expansion. Our property, plant and equipment further increased to RMB908.5 million as of December 31, 2025, primarily due to the launch of pilot-scale platform and the upgrade of our existing production facilities.

### Right-of-use Assets

Our right-of-use assets consisted of land use rights, leased properties and machinery equipment. Our right-of-use assets increased from RMB67.5 million as of December 31, 2023 to RMB70.9 million as of December 31, 2024, primarily attributable to additional leased properties in Shanghai, Henan and the United States to support our business expansion. Our right-of-use assets then decreased to RMB52.9 million as of December 31, 2025, primarily due to the regular depreciation of right-of-use assets and the adjustments made to right-of-use assets.

### Intangible Assets

Our intangible assets primarily included patents, non-patented technologies and software. Our intangible assets increased from RMB2.6 million as of December 31, 2023 to RMB5.1 million as of December 31, 2024, primarily driven by increased software purchases. Our intangible assets then decreased to RMB4.1 million as of December 31, 2025, primarily due to the amortization.

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### Financial Assets at FVPL

Our financial assets at FVPL included (i) equity investments; and (ii) structured deposits. The following table sets forth our financial assets at FVPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
<b>Non-current assets</b>			
Equity investments	8,722	1,956	1,610
<b>Current assets</b>			
Structured deposits	—	114,167	23,000
<b>Total</b>	<b>8,722</b>	<b>116,123</b>	<b>24,610</b>

Our financial assets at FVPL that were classified as non-current assets decreased from RMB8.7 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024 and further decreased to RMB1.6 million as of December 31, 2025, primarily reflecting the fair value change of our equity investment in unlisted securities. The fair values of these equity securities are measured using a valuation technique with unobservable inputs and hence classified as Level 3 of the fair value hierarchy. For more details about the major assumptions used in the valuation, please see Note 3.4 to the Accountants’ Report in Appendix I to this Document.

Structured deposits represented wealth management products issued by banks in Chinese Mainland. During the Track Record Period, we primarily purchased wealth management products issued by banks in Chinese Mainland. Our financial assets at FVPL that were classified as current assets increased from nil as of December 31, 2023 to RMB114.2 million as of December 31, 2024 and then decreased to RMB23.0 million as of December 31, 2025, primarily due to the fluctuations in our investment in wealth management products.

We have established management systems that specify the approval authority, authorization management, operation processes, financial accounting, supervision and risk control procedures of our wealth management activities. The types of wealth management products we choose are low-risk products with high safety and good liquidity. Adhering to prudent investment principles, we conduct investment activities with an aim to improve capital utilization efficiency and investment returns on cash assets. Our finance department manages our wealth management product portfolio, primarily including the preparation of our annual wealth management plan, handling wealth management products, and conducting daily management and accounting procedures.

Following the [REDACTED], our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

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### Inventories

Our inventories primarily comprised (i) raw materials used in the production of probiotic powder, probiotic formula and other products; (ii) work in progress; and (iii) finished goods. The following table sets forth our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	21,983	25,086	23,132
Work in progress	3,375	5,040	5,457
Finished goods	31,753	56,006	61,784
Less: provision for impairment loss	(1,356)	(1,987)	(1,300)
<b>Total</b>	<b>55,755</b>	<b>84,145</b>	<b>89,073</b>

Our inventories increased from RMB55.8 million as of December 31, 2023 to RMB84.1 million as of December 31, 2024, and further increased to RMB89.1 million as of December 31, 2025, primarily due to increases in finished goods and raw materials to support our business expansion and anticipated customer demand.

We have adopted strict and effective procurement policies, together with a demand-based production model, to ensure that our inventory levels remain healthy and stable. In 2023, 2024 and 2025, our inventory turnover days were 84 days, 91 days and 86 days, respectively. Our inventory turnover days are calculated as the average of the beginning and ending balance of inventories for the year divided by the cost of sales for that year and multiplied by 365 days. Our inventory turnover days increased from 84 days in 2023 to 91 days in 2024, primarily as we increased our inventories balance to prepare for growing market demand and to ensure sufficient stock levels to support anticipated sales growth and supply chain stability. Our inventory turnover days then decreased to 86 days in 2025 primarily driven by the sales volumes of our products for human health and dairy products, as well as our enhanced inventory management.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	50,828	78,122	83,579
1 to 2 years	4,119	4,523	4,359
Over 2 years	808	1,500	1,135
<b>Total</b>	<b>55,755</b>	<b>84,145</b>	<b>89,073</b>

As of February 28, 2026, approximately RMB55.5 million, or 62.4% of our inventories as of December 31, 2025, had been subsequently sold or disposed.

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### Trade and Bills Receivables

Our trade and bills receivables primarily consisted of trade receivables and bills receivables, mainly representing the receivables from customers of our sales of products. The following table sets forth the details of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	54,174	79,841	92,590
Less: loss allowance for trade receivables	(5,990)	(6,060)	(15,981)
	48,184	73,781	76,609
Bills receivables	822	40	—
<b>Total</b>	<b>49,006</b>	<b>73,821</b>	<b>76,609</b>

Our trade and bills receivables increased from RMB49.0 million as of December 31, 2023 to RMB73.8 million as of December 31, 2024, and further increased to RMB76.6 million as of December 31, 2025, primarily driven by (i) increased sales orders; and (ii) the extension of credit periods granted to selected customers to strengthen the cooperation with our major customers.

Our trade and bills receivables primarily arose from sales of products to the customers. We generally grant a credit period of 7 to 90 days to our customers. Our trade and bills receivables turnover days increased from 31 days in 2023 to 41 days in 2024, primarily resulting from the extended credit period to selected customers to strengthen the cooperation with our major customers. Our trade and bills receivables turnover days decreased to 39 days in 2025. Our trade and bills receivables turnover days are calculated as the average of the beginning and ending balance of trade and bills receivables for the year divided by the revenue for that year and multiplied by 365 days.

As of December 31, 2023, 2024 and 2025, loss allowance for trade receivables amounted to RMB6.0 million, RMB6.1 million and RMB16.0 million, respectively. The increase in loss allowance for trade receivables as of December 31, 2025 was mainly attributable to outstanding receivables from one of our major customers during the Track Record Period. The relevant receivables arose from product sales in the ordinary course of business. As of the Latest Practicable Date, there was no dispute between us and the relevant customer. We had been actively communicating with the customer and following up on the settlement arrangement. In view of the longer outstanding period of the relevant receivables, we had made impairment provision under the expected credit loss model on a prudent basis after considering the aging profile of the receivables, our historical dealings with the customer and other relevant information available to us.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0 to 30 days	33,551	51,257	47,177
31 to 60 days	7,932	8,183	11,929
61 to 90 days	2,755	4,245	10,003
91 to 180 days	4,766	11,927	7,173
181 days to 365 days	3,783	1,388	12,994
Over 365 days	1,387	2,841	3,314
<b>Total</b>	<b>54,174</b>	<b>79,841</b>	<b>92,590</b>

## FINANCIAL INFORMATION

As of February 28, 2026, approximately RMB15.5 million, or 20.2% of our trade and bills receivables as of December 31, 2025, had been settled.

### Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consisted of (i) prepayments for acquisition of property, plant and equipment; (ii) other tax receivables, primarily represented value-added tax recoverable; (iii) deposits, primarily represented rental deposits for premises; and (iv) prepayments made to the third-party suppliers, primarily consisted of advance payment for raw materials procurement.

The following table sets forth our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
<b>Non-current</b>			
Prepayments for acquisition of property, plant and equipment	4,394	66,589	56,752
<b>Current</b>			
Other tax receivables	14,031	26,302	22,848
Deposits	875	2,296	2,275
Prepayments made to the third-party suppliers	10,564	10,831	20,740
Others	858	1,539	719
	26,328	40,968	46,582
Less: provision for impairment	(62)	(115)	(70)
	26,266	40,853	46,512
<b>Total</b>	<b>30,660</b>	<b>107,442</b>	<b>103,264</b>

Our prepayments, deposits and other receivables increased from RMB30.7 million as of December 31, 2023 to RMB107.4 million as of December 31, 2024, primarily due to (i) an increase in prepayments for acquisition of property, plant and equipment mainly attributable to increased prepayments for equipment procurement in connection with our capacity expansion; and (ii) an increase in other tax receivables as a result of the increase in recoverable input VAT. Our prepayments, deposits and other receivables then decreased to RMB103.3 million as of December 31, 2025, primarily due to (i) a decrease in prepayments for acquisition of property, plant and equipment mainly because a portion of the equipment previously prepaid was delivered; and (ii) a decrease in other tax receivables as a result of the decrease in recoverable input VAT, partially offset by an increase in prepayments made to the third-party suppliers mainly in connection with our research and development activities.

### Restricted Bank Deposits

Our restricted bank deposits primarily consisted of pledged bank deposits for financing bills. We had restricted bank deposits of RMB16.2 million, RMB7.5 million and RMB3.0 million as of December 31, 2023, 2024 and 2025.

### Cash and Cash Equivalents

We had cash and cash equivalents of RMB89.3 million, RMB167.4 million and RMB268.7 million as of December 31, 2023, 2024 and 2025, respectively. For a detailed analysis of our cash flow during the Track Record Period, see “— Liquidity and Capital Resources.”

## FINANCIAL INFORMATION

### Trade and Bills Payables

Our trade and bills payables primarily related to the purchase of goods, raw materials and services. The following table sets forth our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
<b>Trade payables</b>	21,421	33,743	30,887
<b>Bills payable</b>	29,569	—	24,852
<b>Total</b>	<b>50,990</b>	<b>33,743</b>	<b>55,739</b>

Our trade and bills payables decreased from RMB51.0 million as of December 31, 2023 to RMB33.7 million as of December 31, 2024, primarily due to a decrease in procurement of materials attributable to the improved production efficiency and lower material consumption per unit achieved through process optimization at the newly established Suzhou Production Base. Our trade and bills payables then increased to RMB55.8 million as of December 31, 2025, primarily due to an increase of RMB24.9 million in bills payable as we increased the use of bills settlement with our suppliers, and increased procurement in line with business expansion. The credit period granted by our suppliers was generally between 7 to 90 days during the Track Record Period.

Our trade and bills payables turnover days decreased from 70 days in 2023 to 55 days in 2024, primarily due to a decrease in trade and bills payables. It further decreased to 44 days in 2025, primarily due to an increase in costs of sales mainly driven by our business growth. Our trade and bills payables turnover days are calculated as the average of the beginning and ending balance of trade and bills payables for the year divided by cost of sales for that year and multiplied by 365 days.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
0 to 60 days	20,596	33,061	30,147
61 to 120 days	733	662	625
Over 120 days	92	20	115
<b>Total</b>	<b>21,421</b>	<b>33,743</b>	<b>30,887</b>

As of February 28, 2026, approximately RMB42.6 million, or 76.4% of our trade and bills payables as of December 31, 2025, had been settled.

### Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations. We recorded contract liabilities of RMB14.1 million, RMB18.9 million and RMB19.7 million as of December 31, 2023, 2024 and 2025, respectively, which were in line with our business expansion.

## FINANCIAL INFORMATION

### Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payables for non-current assets, primarily related to our purchase of property, plant and equipment and intangible assets; (ii) other payables, mainly representing our Group’s compensation obligations to grantees under the Employee Incentive Platform. For details, please see Note 29 to the Accountants’ Report included in Appendix I to this Document; (iii) payroll and welfare payables, primarily representing the salaries and staff benefits; (iv) compensation payable to shareholders, mainly representing the provision of compensation for breach of shareholder agreement in terms of special rights. As of the Latest Practicable Date, such special rights have been terminated.

The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payables for non-current assets	18,441	35,822	40,512
Other payables	21,179	22,242	25,467
Payroll and welfare payables	18,179	20,216	23,183
Compensation payable to shareholders	19,200	19,200	19,200
Accruals	2,020	4,582	5,052
Other tax payables	3,051	3,352	4,818
Interest payable	51	158	156
Other current liabilities	1,302	40	—
<b>Total</b>	<b>83,423</b>	<b>105,612</b>	<b>118,388</b>

Our other payables and accruals increased from RMB83.4 million as of December 31, 2023 to RMB105.6 million as of December 31, 2024, and further increased to RMB118.4 million as of December 31, 2025, primarily due to (i) an increase in payables for non-current assets mainly because we purchased additional equipment; and (ii) an increase in payroll and welfare payables, mainly attributable to headcount growth.

### Deferred Income

Our deferred income consisted of government grants related to assets and government grants related to income. As of December 31, 2023, 2024 and 2025, our deferred income amounted to RMB79.3 million, RMB78.1 million and RMB71.6 million, respectively, reflecting the fluctuations in government grants. As of December 31, 2023, 2024 and 2025, our government grants related to assets amounted to RMB79.3 million, RMB78.1 million and RMB67.7 million, respectively. As of December 31, 2023, 2024 and 2025, our government grants related to income amounted to nil, nil and RMB3.9 million, respectively.

### Other Financial Instruments

Other financial instruments represented the mandatory distribution rights granted to our investors. The mandatory distribution rights are expected to cease to be effective and be discontinued upon the [REDACTED]. As of December 31, 2023, 2024 and 2025, we had other financial instruments of RMB239.1 million, RMB240.9 million and RMB277.9 million, respectively. Other financial instruments increased during the Track Record Period, reflecting the issuance of ordinary shares with mandatory distribution rights and the changes in fair value. For details, please see Note 37 to the Accountants’ Report included in Appendix I to this Document.

## FINANCIAL INFORMATION

### LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the daily operations of our business. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with cash generated from our operations and borrowings. Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, the net [REDACTED] from the [REDACTED], and other future equity or debt financings. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB89.3 million, RMB167.4 million and RMB268.7 million, respectively.

#### Net Current Assets

	As of December 31,			As of February 28,
	2023	2024	2025	2026
				(unaudited)
	(RMB in thousands)			
<b>Current assets</b>				
Inventories	55,755	84,145	89,073	103,329
Trade and bills receivables	49,006	73,821	76,609	95,736
Prepayments, deposits and other receivables	26,266	40,853	46,512	42,095
Income tax recoverable	—	—	107	3,884
Financial assets at FVPL	—	114,167	23,000	80,000
Restricted bank deposits	16,162	7,500	3,002	1,368
Time deposits	—	20,000	3,514	13,846
Cash and cash equivalents	89,250	167,427	268,657	320,518
<b>Total current assets</b>	<b><u>236,439</u></b>	<b><u>507,913</u></b>	<b><u>510,474</u></b>	<b><u>660,776</u></b>
<b>Current liabilities</b>				
Trade and bills payables	50,990	33,743	55,739	66,035
Contract liabilities	14,111	18,915	19,696	17,917
Other payables and accruals	83,423	105,612	118,388	98,576
Borrowings	30,000	16,390	12,781	12,781
Lease liabilities	10,084	15,042	9,664	8,960
Deferred income	8,218	10,594	10,673	10,613
Income tax payable	10,872	6,446	7,226	7,565
<b>Total current liabilities</b>	<b><u>207,698</u></b>	<b><u>206,742</u></b>	<b><u>234,167</u></b>	<b><u>222,447</u></b>
<b>Net current assets</b>	<b><u>28,741</u></b>	<b><u>301,171</u></b>	<b><u>276,307</u></b>	<b><u>438,329</u></b>

Our net current assets increased from RMB28.7 million as of December 31, 2023 to RMB301.2 million as of December 31, 2024, primarily due to (i) an increase of RMB28.4 million in inventories, primarily driven by the increased amount of sales volumes; (ii) an increase of RMB24.8 million in trade and bills receivables driven by our overall business growth; (iii) an increase of RMB14.6 million in prepayments, deposits and other receivables; (iv) an increase of RMB114.2 million in financial assets at FVPL, primarily due to our purchase of structured deposits; (v) an increase of RMB78.2 million in cash and cash equivalents; (vi) a decrease of RMB17.2 million in trade and bills payables, due to the decrease in bills payable as we did not settle with suppliers through bills in 2024; and (vii) a decrease of RMB13.6 million in borrowings, partially offset by an increase of RMB22.2 million in other payables and accruals, mainly attributable to an increase in payables for non-current assets mainly related to equipment purchases.

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Our net current assets decreased from RMB301.2 million as of December 31, 2024 to RMB276.3 million as of December 31, 2025, primarily due to (i) a decrease of RMB91.2 million in financial assets at FVPL, primarily due to the fluctuations in our investment in wealth management products; (ii) a decrease of RMB16.5 million in time deposits; (iii) an increase of RMB22.0 million in trade and bills payables; and (iv) an increase of RMB12.8 million in other payables and accruals, primarily due to an increase in payables for non-current assets mainly because we purchased additional equipment, and an increase in payroll and welfare payables, mainly attributable to headcount growth, partially offset by an increase of RMB101.3 million in cash and cash equivalents.

Our net current assets increased from RMB276.3 million as of December 31, 2025 to RMB438.3 million as of February 28, 2026, primarily due to (i) an increase of RMB57.0 million in financial assets at FVPL, primarily due to our purchase of structured deposits; (ii) an increase of RMB51.9 million in cash and cash equivalents; (iii) a decrease of RMB19.8 million in other payables and accruals due to the decrease of compensation payable to shareholders attributable to the termination of special rights previously granted to shareholders; (iv) an increase of RMB19.1 million in trade and bills receivables which was driven by our overall business growth; and (v) an increase of RMB14.3 million in inventories, primarily driven by the increased amount of sales volumes. Our net current assets were partially offset by an increase of RMB10.3 million in trade and bills payables, mainly attributable to the increased purchase from our suppliers of goods, raw materials and services.

Taking into account our net current assets status, the financial resources available to us, including cash flows from operating activities, cash and cash equivalents at the end of the Track Record Period and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this Document.

### Cash Flows

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

	For the Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cashflows generated from operating activities	198,645	101,309	216,786
Net cashflows used in investing activities	(287,893)	(398,092)	(107,210)
Net cashflows generated from/(used in) financing activities	<u>134,950</u>	<u>374,751</u>	<u>(7,936)</u>
Net increase in cash and cash equivalents	45,702	77,968	101,640
Cash and cash equivalents at the beginning of year	43,552	89,250	167,427
Effects of exchange rate changes on cash and cash equivalents	<u>(4)</u>	<u>209</u>	<u>(410)</u>
<b>Cash and cash equivalents at end of year</b>	<b><u><u>89,250</u></u></b>	<b><u><u>167,427</u></u></b>	<b><u><u>268,657</u></u></b>

### *Net Cashflows Generated from Operating Activities*

In 2025, net cashflows generated from operating activities were RMB216.8 million, which was primarily attributable to the profit before tax of RMB82.1 million, as adjusted by (i) non-cash items which primarily consisted of depreciation of property, plant and equipment of RMB76.0 million, depreciation of right-of-use assets of RMB12.0 million, release of deferred income of RMB10.6 million, and fair value loss on other financial instruments of RMB37.0 million, (ii) changes in working capital, which primarily resulted from increase in trade and bills receivables of RMB13.1 million, increase in trade and bills payables of RMB22.4 million and increase in other payables and accruals of RMB12.8 million, and (iii) income tax paid of RMB15.7 million.

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## **FINANCIAL INFORMATION**

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In 2024, net cashflows generated from operating activities were RMB101.3 million, which was primarily attributable to the profit before tax of RMB91.9 million, as adjusted by (i) non-cash items which primarily consisted of depreciation of property, plant and equipment of RMB59.8 million, depreciation of right-of-use assets of RMB9.6 million and release of deferred income of RMB8.5 million, (ii) changes in working capital, which primarily resulted from increase in inventories of RMB30.4 million, increase in trade and bills receivables of RMB24.8 million, increase in prepayments, deposits and other receivables of RMB14.6 million, decrease in trade and bills payables of RMB17.5 million and increase in other payables and accruals of RMB22.1 million, and (iii) income tax paid of RMB19.7 million.

In 2023, net cashflows generated from operating activities were RMB198.6 million, which was primarily attributable to the profit before tax of RMB41.7 million, as adjusted by (i) non-cash items which primarily consisted of depreciation of property, plant and equipment of RMB40.9 million, depreciation of right-of-use assets of RMB9.5 million, fair value loss on other financial instruments of RMB28.4 million and share-based payment expenses of RMB42.2 million, (ii) changes in working capital, which primarily resulted from increase in trade and bills receivables of RMB16.4 million, increase in prepayments, deposits and other receivables of RMB13.7 million and increase in deferred income of RMB47.8 million, and (iii) income tax paid of RMB6.3 million.

### ***Net Cashflows Used in Investing Activities***

Net cashflows used in investing activities in 2025 were RMB107.2 million, primarily attributable to purchases of financial assets at FVPL of RMB678.5 million and purchases of property, plant and equipment of RMB224.3 million, partially offset by proceeds from disposal of financial assets at FVPL of RMB771.7 million.

Net cashflows used in investing activities in 2024 were RMB398.1 million, primarily attributable to purchases of financial assets at FVPL of RMB628.0 million, purchases of property, plant and equipment of RMB279.8 million and placement of time deposits of RMB20.0 million, partially offset by proceeds from disposal of financial assets at FVPL of RMB515.2 million.

Net cashflows used in investing activities in 2023 were RMB287.9 million, primarily attributable to purchases of property, plant and equipment of RMB296.0 million and placement of restricted bank deposits of RMB28.0 million, partially offset by withdrawal of restricted bank deposits of RMB25.1 million.

### ***Net Cashflows Generated from/(used in) Financing Activities***

Net cashflows used in financing activities in 2025 were RMB7.9 million, primarily attributable to repayment of borrowings of RMB17.4 million and dividends paid of RMB15.4 million, partially offset by proceeds from borrowings of RMB41.4 million.

Net cashflows generated from financing activities in 2024 were RMB374.8 million, primarily attributable to proceeds from issue of shares of RMB274.8 million and proceeds from borrowings of RMB158.4 million, partially offset by repayment of borrowings of RMB30.0 million and dividends paid of RMB15.0 million.

Net cashflows generated from financing activities in 2023 were RMB135.0 million, primarily attributable to proceeds from borrowings of RMB97.8 million and proceeds from issue of shares of RMB64.0 million, partially offset by repayment of borrowings of RMB28.4 million.

## FINANCIAL INFORMATION

### INDEBTEDNESS

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

	As of December 31,			As of
	2023	2024	2025	February 28, 2026
	(RMB in thousands)			(unaudited)
<b>Current</b>				
Borrowings	30,000	16,390	12,781	12,781
Lease liabilities	10,084	15,042	9,664	8,960
<b>Non-current</b>				
Borrowings	66,773	208,818	236,448	236,448
Lease liabilities	45,687	47,530	38,486	36,457
<b>Total</b>	<b>152,544</b>	<b>287,780</b>	<b>297,379</b>	<b>294,646</b>

### Borrowings

The following table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	February 28, 2026
	(RMB in thousands)			(unaudited)
<b>Current</b>				
Bank borrowings, unsecured	10,000	10,000	—	—
Bank borrowings, secured <sup>(1)</sup>	20,000	6,390	12,781	12,781
<b>Non-current</b>				
Bank borrowings, secured <sup>(1)</sup>	66,773	208,818	236,448	236,448
<b>Total</b>	<b>96,773</b>	<b>225,208</b>	<b>249,229</b>	<b>249,229</b>

*Note:*

- (1) Our secured bank borrowings were secured by (i) the guarantees provided by our Company and certain subsidiaries; (ii) pledge of property, plant and equipment, which had a net carrying amount of approximately RMB119,884,000 and RMB345,798,000 as of 31 December 2024 and 2025, respectively; and (iii) pledge of right-of-use assets, which had a net carrying amount of approximately RMB22,138,000, RMB21,667,000 and RMB21,196,000 as of 31 December 2023, 2024 and 2025, respectively.

Our borrowings during the Track Record Period were primarily used for the construction of facility in Suzhou, general business development and working capital purpose. During the Track Record Period, the interest rate of our borrowings ranged from approximately 2.05% to 3.65%. As of February 28, 2026, we had borrowings of RMB249.2 million. As of February 28, 2026, we had unutilized bank facilities of RMB458.1 million.

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### Lease Liabilities

The following table sets forth the carrying amount of our lease liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
<b>Current</b>	10,084	15,042	9,664	8,960
<b>Non-current</b>	45,687	47,530	38,486	36,457
<b>Total</b>	<b>55,771</b>	<b>62,572</b>	<b>48,150</b>	<b>45,417</b>

Our lease liabilities increased from RMB55.8 million as of December 31, 2023 to RMB62.6 million as of December 31, 2024, primarily attributable to the increased leased properties as we established new offices to support our business expansion. Our lease liabilities further decreased to RMB48.2 million as of December 31, 2025, primarily due to the lease payments made during the year. Our lease liabilities decreased from RMB48.2 million as of December 31, 2025 to RMB45.4 million as of February 28, 2026, primarily as we made the lease payment.

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

As of February 28, 2026, being the most recent practicable date for purposes of the indebtedness disclosures in this Document, except as otherwise disclosed in this Document, 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. Since February 28, 2026, and up to the Latest Practicable Date, there had been no material adverse change to our indebtedness.

### CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of purchases of property, plant and equipment and intangible assets during the Track Record Period. In 2023, 2024 and 2025, we incurred capital expenditures of RMB296.0 million, RMB283.7 million and RMB224.5 million, respectively.

We plan to finance our future capital expenditures primarily with available financial resources, including cash generated from operations, net [REDACTED] from the [REDACTED] and potential future financing.

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## FINANCIAL INFORMATION

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### CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of RMB150.6 million, RMB16.3 million and RMB17.4 million, respectively, primarily in connection with our acquisition of property, plant and equipment and acquisition of intangible assets.

### CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

### KEY FINANCIAL RATIOS

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

	For the Year ended/As of December 31,		
	2023	2024	2025
Current ratio <sup>(1)</sup>	1.1	2.5	2.2
Quick ratio <sup>(2)</sup>	0.9	2.0	1.8
Adjusted net profit margin (non-IFRS measure) <sup>(3)</sup>	19.4%	15.4%	15.2%
Adjusted EBITDA margin (non-IFRS measure) <sup>(4)</sup>	33.5%	31.4%	31.3%
Adjusted return on assets (non-IFRS measure) <sup>(5)</sup>	12.5%	7.1%	7.2%

*Notes:*

- (1) Current ratio represents current assets divided by current liabilities as of the same date.
- (2) Quick ratio represents current assets less inventories, divided by current liabilities as of the same date.
- (3) Adjusted net profit margin (non-IFRS measure) is calculated using the adjusted net profit (non-IFRS measure) divided by revenue for a given year. Please see “— Non-IFRS Measure” for details of adjusted net profit (non-IFRS measure).
- (4) Adjusted EBITDA margin (non-IFRS measure) is calculated using the adjusted EBITDA (non-IFRS measure) divided by revenue for a given year and multiplied by 100%. Please see “— Non-IFRS Measure” for details.
- (5) Adjusted return on assets (non-IFRS measure) equals adjusted net profit (non-IFRS measure) for the year divided by the average of the opening and ending balances of total assets for the same year and multiplied by 100%. Please see “— Non-IFRS Measure” for details of adjusted net profit (non-IFRS measure).

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 41 to the Accountants’ Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

## **FINANCIAL INFORMATION**

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As of December 31, 2023, 2024 and 2025, our outstanding balances due from related parties amounted to RMB1.0 million, RMB0.4 million and RMB0.1 million, respectively. All of our balances with related parties were trade in nature during the Track Record Period.

### **MARKET RISK DISCLOSURE**

We are exposed to credit, liquidity, interest rate and currency risks arising from the normal course of our business. For details, see Note 3 to the Accountants’ Report set out in Appendix I to this Document.

#### **Foreign Exchange Risk**

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. Our businesses are principally conducted in RMB, USD and other foreign currencies. We regularly monitor our foreign exchange risk to ensure there is no undue exposure to significant foreign exchange risk. We continuously monitor the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks. For details, see Note 3.2(a)(i) to the Accountants’ Report set out in Appendix I to this Document.

#### **Interest Rate Risk**

Our interest rate risk primarily arises from borrowings, cash and cash equivalents, time deposits and restricted bank deposits. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 32 to the Accountants’ Report set out in Appendix I to this Document. As of December 31, 2023, 2024 and 2025, we were not exposed to significant interest rate risk as all financial instruments were mainly fixed-rate instruments with no floating-rate components. We regularly monitor our interest rate risk to ensure there is no undue exposure to significant interest rate risk.

#### **Credit Risk**

We are exposed to credit risk in relation to our cash and cash equivalents, time deposits, restricted bank deposits, trade and bills receivables, deposits and other receivables. The carrying amount of each class of the above assets represents our maximum exposure to credit risk in relation to the corresponding class of assets. For details, see Note 3.2(b) to the Accountants’ Report set out in Appendix I to this Document.

#### **Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the ability to raise funds through debt and equity financing. Liquidity risk is centrally managed by our finance department. The finance department ensures that we maintain sufficient funding to meet our debt obligations under reasonably foreseeable scenarios by monitoring cash balances, marketable securities, and rolling 12-months cash flow forecasts.

### **DIVIDEND**

During the Track Record Period, our Company declared dividends of RMB15.0 million and RMB15.4 million in 2024 and 2025, respectively. As of the Latest Practicable Date, all of such dividends had been settled in full. See Note 16 to the Accountants’ Report in Appendix I to this Document for details.

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## FINANCIAL INFORMATION

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Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders. We may provide our Shareholders with interim or annual dividends as the Board deems appropriate, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See “Risk Factors — Risks Relating to the [REDACTED] — We cannot assure you when, whether and in what form or size we will pay dividends in the future.”

### DISTRIBUTABLE RESERVES

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

### [REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] million (based on an [REDACTED] of HK\$[REDACTED] per H Share), representing approximately [REDACTED]% of the estimated gross [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] expenses consist of (i) [REDACTED]-related expenses, including [REDACTED], of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED] million, comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK\$[REDACTED] million, and (b) other fees and expenses of approximately HK\$[REDACTED] million. During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] million, of which (i) RMB[REDACTED] million was charged to the consolidated statements of profit or loss, and (ii) RMB[REDACTED] million was directly attributable to the [REDACTED] of our H Shares to the public and is expected to be deducted from equity upon the [REDACTED]. Subsequent to the Track Record Period, approximately HK\$[REDACTED] million of the [REDACTED] expenses is expected to be charged to profit or loss, and approximately HK\$[REDACTED] million directly attributable to the [REDACTED] of the H Shares is expected to be deducted from equity upon the completion of the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The [REDACTED] expenses 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

For details, see “Appendix II — Unaudited [REDACTED] Financial Information.”

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this Document, there had been no material adverse change in our financial, operational or prospects since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report included in Appendix I to this Document.

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## FINANCIAL INFORMATION

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### PROPERTY INTERESTS AND VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuation company, has valued our property interests of our owned property as of February 28, 2026 and is of the opinion that our property interests were valued at an aggregate amount of RMB410.1 million as of February 28, 2026. Texts of its letter, valuation report and valuation certificate in connection with such property interests are set out in Appendix III to this Document.

The table below sets forth the reconciliation between the net book value of our property interests as of December 31, 2025 and the market value as of February 28, 2026 as stated in the property valuation report in Appendix III to this Document:

	<u>(RMB in thousands)</u>
Net book value of the property interests as of December 31, 2025	383,205
Addition	7,746
Depreciation	(2,963)
Net book value of the property interests as of February 28, 2026	387,988
Valuation of the property interests as of February 28, 2026 set out in Appendix III to this Document	410,100

### DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed 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.