***You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants' Report in Appendix I to this document. 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 rely solely on the information contained in this section.***

***The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyses 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, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see "Forward-looking Statements" and "Risk Factors."***

## OVERVIEW

We are a well-established professional outdoor apparel brand in China. Our products cater to the needs of diverse natural environments, such as skiing, mountaineering and hiking, as well as urban scenarios like suburban walk, park leisure and commuting. Our product portfolio includes professional outdoor apparel, primarily consisting of professional down jackets, hardshell jackets and softshell jackets. During the Track Record Period, our brand features three product series — Elite Performance Series, Performance Outdoor Series, and Urban Expedition Series. As of December 31, 2025, our apparel product portfolio comprised 687 SKUs. According to CIC, we are the fourth largest domestic professional outdoor apparel brand in China in terms of retail sales value in 2025.

We achieved continuous growth during the Track Record Period. In 2023 and 2024, our total revenue amounted to RMB1,021.0 million and RMB1,302.5 million, respectively. Notably, our total revenue increased by 68.1% from RMB1,302.5 million in 2024 to RMB2,189.5 million in 2025, as a result of the growing market demand for and the expansion of our product portfolio, as well as our effective marketing strategies that enhanced brand visibility. Our gross profit was RMB576.4 million, RMB715.1 million and RMB1,232.2 million in 2023, 2024 and 2025, respectively, and our gross profit margin for each corresponding year was 56.5%, 54.9% and 56.3%, respectively.

## BASIS OF PREPARATION

The historical financial information of we have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**"), which comprise all standards and interpretations approved by IASB. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by us in the preparation of the historical financial information throughout the Track Record Period. The historical financial information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured at fair value. The new and amended IFRS Accounting Standards that issued but not yet effective are set out in Note 2.2 to the Accountants' Report in Appendix I to this document.

## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

### Macro Economy and Demand for Professional Outdoor Apparel in China

The continuous development of China's professional outdoor apparel industry and our business are subject to a number of factors, including, without limitation, the development of China's macro economy, changes in consumers' disposable income and per capita expenditure on professional outdoor apparel, increasing health awareness and popularity of outdoor lifestyles, as well as governmental policies and incentives affecting the industry.

The professional outdoor apparel industry in China has experienced rapid expansion, driven by an increasing popularity of outdoor activities across China, particularly winter sports. According to CIC, the size of the professional outdoor apparel market in China grew from RMB71.2 billion in 2020 to RMB152.3 billion in 2025, representing a CAGR of 16.4%, and is projected to reach RMB326.4 billion in 2030, representing a CAGR of 16.5% from 2025 to 2030. According to the same source, while the professional outdoor apparel market in China is relatively fragmented, we are the fourth largest domestic professional outdoor apparel brand in China in terms of retail sales value in 2025 with a market share of 2.2%. We believe this positive market outlook, combined with our expanding brand presence and product development capabilities, positions us well to capitalize on these significant opportunities for market expansion and drive our future growth.

### Expanding and Maintaining Our Sales Network

Our multichannel sales strategy combines a consistent offline presence with an expanding online coverage to drive our business growth and enhance brand impact. Our strategically positioned offline stores — both operated by ourselves and distributors — serve as immersive brand showcases which provide hands-on product experiences and personalized service for consumers in major commercial areas and high-traffic shopping malls. Complementing our brick-and-mortar network, we have developed our online sales capabilities featuring livestreaming initiatives, and collaboration with popular KOLs that have significantly accelerated our e-commerce performance. Our multichannel sales strategy allows us to build direct connections with consumers while utilizing the expansive reach of major e-commerce platforms, driving steady sales growth.

We are proactively expanding our online presence through self-operated online stores, e-commerce platforms, and online distributors to reach a broader consumer base and improve accessibility. We have committed significant resources to strengthening our online capabilities, successfully establishing a broad presence across China's leading e-commerce platforms, including Tmall and JD.com, as well as prominent social commerce platforms such as Douyin, Kuaishou and WeChat store. Our revenue generated from online channels grew significantly during the Track Record Period, increasing by 79.6% from RMB348.6 million in 2023 to RMB626.2 million in 2024, and by 100.2% to RMB1,253.7 million in 2025. We are committed to continuously strengthening our online presence and deepening our collaborations with leading platforms to support sustainable growth and enhance the consumer experience.

During the Track Record Period, a substantial portion of our revenue was derived from offline channels, including self-operated offline stores and distributor-operated offline stores, benefiting from our established brand recognition and market presence. Most of our stores are located in major commercial areas and high-traffic shopping malls, serving as critical brand touch points where we reinforce our market positioning. Our distributor-operated offline stores allow us to extend our presence into remote regions where coverage is difficult and management expenses tend to be high. Our offline sales channels are critical to our success during the Track Record Period, generating revenue of RMB638.6 million, RMB635.4 million and RMB875.4 million in 2023, 2024 and 2025, respectively.

### Diversified and Promising Products Empowered by R&D Capabilities

Our product portfolio spans a broad category of professional outdoor apparels, primarily including professional down apparel, hardshell jackets and softshell jackets. Designed to support both demanding natural-environment pursuits, such as skiing, trekking, and mountaineering, as well as urban outdoor activities including leisure sports, spring outings, and glamping, our products offer the versatility and performance required across diverse terrains and weather conditions. Designed for extreme environments such as skiing, high-altitude hiking, and polar exploration, our Elite Performance Series primarily caters to professional athletes, scientific expedition experts, and extreme outdoor enthusiasts. Our Performance Outdoor Series focuses on meeting essential functional needs for moderate to high-intensity, such as mountaineering, camping, and mid-to-low altitude hiking, ensuring warmth and breathability while prioritizing comfort and ease of movement. Our Urban Expedition Series, designed for urban dwellers, blends city living and outdoor exploration, covering scenarios such as suburban walks, park leisure and commuting. As of December 31, 2025, our apparel product portfolio comprised 687 SKUs, serving a broad community of users, from seasoned professionals to weekend adventurers.

Our products integrate technologies specifically designed to meet the distinct functional requirements and consumer expectations of each product series, underpinned by our continuous R&D effort and a strong commitment to quality. We have developed proprietary technologies such as waterproof breathable membranes and advanced structural customizations. These innovations enable our products to deliver high-level performance in moisture management, thermal regulation, and durability. We also partner with top fabric suppliers and research institutions for joint R&D efforts, allowing us to continually meet the consumers' evolving demands. Our efforts on R&D strengthened our market position in the professional outdoor apparel industry and support both our current success and future growth.

### Branding and Marketing Activities

The effectiveness of our branding and marketing initiatives is a critical to our brand awareness and business success. We engage consumers through integrated online and offline marketing activities, with a dedication to building a brand image that resonates with urban consumers seeking inner balance through outdoor exploration and environmental consciousness.

Our branding and marketing efforts focus on promoting a commitment to nature, community, and a high-quality lifestyle. For example, we have established a museum at our headquarters that serves as a brand experience destination and showcases our dedication in outdoor apparel. Leveraging marketing campaigns on social media and influencer collaborations, we aim to create captivating content that highlights our products and engages outdoor enthusiasts. In addition, we proactively organize and sponsor events to demonstrate our commitment in outdoor and adventurous lifestyle. In September 2025, we held our "Snow Dance on the Mountain Peak" outdoor ice and snow trend show at Hangzhou's West Lake. We also collaborate with celebrities, KOLs and outdoor communities and athletes to strengthen the customer recognition of our products. For details, please see "Business — Branding and Marketing — Online Marketing Initiatives." We also sponsored the Austrian Snowboarding National Team and the Chinese Nordic Combined Team who competed at the 2026 Winter Olympics and achieved reliable performance, which further enhanced our brand visibility. Meanwhile, we are upgrading our self-operated offline stores to enhance consumer offline shopping experience. As a result, we strive to more efficiently identify and engage target consumers through effective branding and marketing activities.

In support of these activities, our selling and distribution expenses amounted to RMB355.6 million, RMB508.4 million and RMB808.6 million in 2023, 2024 and 2025, respectively, representing 34.8%, 39.0% and 36.9% of total revenue during the corresponding years. While we expect to continue investment in branding and marketing activities, we aim to improve operational efficiency across our sales and distribution network and leverage economies of scale as we enhance our market presence.

### Value-for-Money Offerings Appealing to Our Target Customers

We do not operate at the extreme high-end of the professional outdoor apparels category but rather occupies a high value-for-money segment. Our target customers seek superior quality, brand prestige, and durability, while remaining pragmatic and cost-conscious. This group boasts a substantial consumer base in China and the majority of which is based in third-tier and other cities. Our best-selling products are concentrated in the core price range of RMB599 to RMB1,299, which is well-calibrated to this consumer segment, balancing quality and affordability in a manner that supports continued revenue growth.

According to CIC, there remain sufficient potential target customers who seek superior quality, brand prestige, and durability. Our product offerings remain affordable to our target consumer base, underpinned by the following factors:

- ***Purchasing power potential of target consumer segments.*** Per capita consumption expenditure is a population-wide average that encompasses non-working age groups, including the elderly and children, and therefore materially understates the purchasing power of our core consumer segment. Our target audience is primarily working-age adults and middle-class families with stable incomes, whose disposable income and consumption capacity are substantially higher than the population-wide average. We accordingly consider that per capita consumption expenditure figures alone do not accurately reflect the affordability of our products to intended customers.

- ***Strong consumption capacity in some East China cities and differentiated expenditure structures.*** Many third-tier cities in which we operate report per capita consumption expenditure materially above the tier-wide average. For example, according to the respective local Bureaus of Statistics, per capita consumption expenditure in 2024 was RMB33,387 in Taizhou and RMB30,637 in Weihai. Moreover, residents in third tier and other cities typically face lower baseline living costs than their counterparts in higher-tier cities, where housing, transportation, and other fixed-cost items absorb a larger share of income. A greater proportion of disposable income in third-tier and other cities is therefore available for discretionary purchases such as apparel, further supporting the affordability of our products in these markets.

- ***Professional outdoor apparels are durable goods for multiple-year use.*** Professional outdoor apparels are characterized by high durability and sustained usage. According to CIC, as these products function as multi-year assets, measuring their affordability solely against a single year's consumption level would be misleading. Taking into account the purchasing power of our target customers, our suggested retail prices represent a reasonable expenditure for consumers in these markets.

### Supply Chain Management and Logistics Efficiency

Our supply chain management is a critical contributor to maintaining product quality, ensuring operational stability, and supporting consistent financial performance. We collaborate closely with a network of contractual manufacturers, many of whom we have worked with for years. Our long-term partnerships ensure consistent production quality and stable sourcing channels. To support our growing business, we continue to expand this network by engaging additional qualified manufacturers. Our on-site management expertise further enhances production efficiency, ensuring our rigorous quality standards are met. Additionally, we also operate self-production facilities. Through exploring production management in these facilities, we have developed inspection protocols for large-scale production based on specific product categories and then replicated these quality control measures with our contractual manufacturers, thereby improving the quality, efficiency, and cost-effectiveness of our contractual manufacturers.

Material quality, especially fabric, is fundamental to the performance and durability of our professional outdoor apparel. We maintain long-term partnerships with leading international and domestic raw material suppliers to ensure a reliable supply with favorable commercial terms.

Our network of contractual manufacturers and material suppliers is further supported by our warehousing and logistics system. As of the Latest Practicable Date, we owned four self-built warehouses in our headquarters in Qingzhou, Shandong province and five leased warehouses across China. Our warehouses function as central hubs within our logistics system, primarily handling the storage of finished products from contractual manufacturers and distributing products to various sales channels. From these facilities, we coordinate shipments to retail outlets, distributors, e-commerce platforms and directly to consumers for certain online orders. We engage third-party logistics providers through rigorous selection process and establish long-term partnerships with them, enabling us to maintain a low capital expenditure while ensuring smooth and reliable logistics operations.

### Seasonality

Our results of operations are exposed to seasonal fluctuations. Our product sales exhibit seasonal patterns, influenced by factors such as holiday promotions and related consumer behaviors. Historically, we typically experience higher sales in the first and fourth quarters of each year. We typically formulate the sales plan for the subsequent 12 months at the end of each year. Accordingly, we commence raw material procurement at the beginning of each year and place orders with contractual manufacturers starting from the first quarter, and build up inventory in preparation for the peak sales season. See "Risk Factors — Risks Relating to Our Business and Industry — Our business, results of operations and financial condition may be affected due to seasonality and changes in climate in markets where we sell our products."

## MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that we believe are most material to the preparation of our historical financial statements. Some of our material accounting policies involve subjective assumptions and estimates, as well as complex judgments by our management relating to accounting items. Our material accounting policies are set forth in details in Note 2.3 to the Accountants' Report in Appendix I to this document.

The preparation of our historical financial information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. Our significant accounting judgements and estimates are set forth in detail in Note 3 to the Accountants' Report in Appendix I to this document.

## DESCRIPTION OF MAJOR COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| **Revenue** | **1,021,042** | **100.0** | **1,302,479** | **100.0** | **2,189,464** | **100.0** |
| Cost of sales | (444,598) | (43.5) | (587,352) | (45.1) | (957,264) | (43.7) |
| **Gross profit** | **576,444** | **56.5** | **715,127** | **54.9** | **1,232,200** | **56.3** |
| Other income and gains | 43,387 | 4.2 | 25,038 | 1.9 | 28,164 | 1.3 |
| Selling and distribution expenses | (355,646) | (34.8) | (508,403) | (39.0) | (808,570) | (36.9) |
| Administrative expenses | (75,494) | (7.4) | (100,523) | (7.7) | (172,775) | (7.9) |
| (Impairment)/Reversal of impairment on financial assets, net | (2,265) | (0.2) | 1,267 | 0.1 | 148 | 0.0 |
| Other expenses | (3,830) | (0.4) | (2,120) | (0.2) | (6,331) | (0.3) |
| Finance costs | (5,856) | (0.6) | (9,518) | (0.7) | (18,203) | (0.8) |
| **Profit before tax** | **176,740** | **17.3** | **120,868** | **9.3** | **254,633** | **11.6** |
| Income tax expense | (37,495) | (3.7) | (13,554) | (1.0) | (31,375) | (1.4) |
| **Profit for the year** | **139,245** | **13.6** | **107,314** | **8.2** | **223,258** | **10.2** |
| Attributable to: | | | | | | |
| Owners of the parent | 139,245 | 13.6 | 107,314 | 8.2 | 223,258 | 10.2 |

### Revenue

During the Track Record Period, we have achieved continuous and sustained revenue growth. Our revenue was primarily generated from the sales of professional outdoor apparel in China, with an insignificant portion derived from accessories.

#### *Revenue by Product Series*

Our product portfolio primarily comprises three series — Elite Performance Series, Performance Outdoor Series, and Urban Expedition Series — each designed to address different wearing scenarios.

The following table sets forth a breakdown of our revenue by product series, both in absolute amounts and as percentages of total revenue, for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Elite Performance Series | 6,782 | 0.7 | 50,902 | 3.9 | 122,497 | 5.6 |
| Performance Outdoor Series | 257,886 | 25.3 | 330,907 | 25.4 | 697,330 | 31.9 |
| Urban Expedition Series | 751,316 | 73.6 | 915,185 | 70.3 | 1,362,801 | 62.2 |
| Accessories | 5,058 | 0.5 | 5,485 | 0.4 | 6,836 | 0.3 |
| **Total** | **1,021,042** | **100.0** | **1,302,479** | **100.0** | **2,189,464** | **100.0** |

The following table sets forth the sales volume and average selling prices of our apparel products by series for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Sales volume | Average selling price | Sales volume | Average selling price | Sales volume | Average selling price |
| | *(unit '000)* | *(RMB)* | *(unit '000)* | *(RMB)* | *(unit '000)* | *(RMB)* |
| Elite Performance Series | 6.6 | 1,028.0 | 54.7 | 931.0 | 164.0 | 747.0 |
| Performance Outdoor Series | 516.9 | 498.9 | 649.5 | 509.5 | 1,277.2 | 546.0 |
| Urban Expedition Series | 2,666.8 | 281.7 | 2,555.0 | 358.2 | 3,283.8 | 415.0 |
| **Total** | **3,190.3** | **318.5** | **3,259.2** | **397.9** | **4,725.0** | **463.4** |

We achieved a continued revenue growth across all product series during the Track Record Period. The overall sales volume growth across all product series was primarily due to our enhanced brand recognition attributable to the launch of new products tailored to a wide range of scenarios and activities, which appealed to a broader consumer base. In addition, we priced our products in a higher range, benefiting from the increasing consumer recognition, as we consistently enhanced the quality and functionality of our products through sourcing premium raw materials, adopting new technologies and collaborating with selected contractual manufacturers.

During the Track Record Period, we have strategically diversified our product portfolio by expanding beyond our established Urban Expedition Series into a diversity of quality professional outdoor offerings. This shift is reflected in the strong revenue growth of our Performance Outdoor Series. The contribution of our Performance Outdoor Series to our revenue remained relatively stable at 25.3% and 25.4% in 2023 and 2024, respectively. It increased to 31.9% in 2025, demonstrating the significant consumer recognition for its technical innovation, advanced functionality, and professional-grade performance. Furthermore, we remained dedicated to and have achieved remarkable results from our strategic expansion into winter sports and extreme-weather apparels, demonstrated by the significant sales growth of our Elite Performance Series. Our revenue from Elite Performance Series increased from RMB6.8 million in 2023 to RMB50.9 million in 2024, and further to RMB122.5 million in 2025.

Sales volume for our Urban Expedition Series declined during 2024 primarily due to our efforts to elevate brand positioning and optimize channel efficiency. As we continued to upgrade the quality and functionality of our products, we successfully elevated the brand positioning of Urban Expedition Series, which shifted the customer purchases towards products at higher average selling price but with lower volume. On the channel side, we discontinued certain underperforming stores to optimize our store network. Some of these stores primarily sold the Urban Expedition Series, which contributed to lower sales volume for this series. Such efforts also resulted in the increase in the average selling price of and revenue from this series throughout the Track Record Period, despite the the temporary decline in sales volume.

The average selling price of our Elite Performance Series decreased during 2024 and 2025, primarily due to our effort to diversify our product portfolio under this series and reach a broader customer base by introducing the Ski Collection, which includes products with relatively lower prices such as ski pants.

### *Revenue by Sales Channels*

During the Track Record Period, we sell our products through an extensive sales network that integrates online and offline channels. The following table sets forth a breakdown of our revenue by sales channels, both in absolute amounts and as percentages of total revenue, for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| **Online channels** | **348,605** | **34.1** | **626,171** | **48.1** | **1,253,669** | **57.3** |
| Self-operated online stores | 234,475 | 23.0 | 480,154 | 36.9 | 1,013,057 | 46.3 |
| Sales to e-commerce platforms | 114,130 | 11.2 | 144,456 | 11.1 | 214,460 | 9.8 |
| Online distributors | – | – | 1,561 | 0.1 | 26,152 | 1.2 |
| **Offline channels** | **638,572** | **62.5** | **635,365** | **48.8** | **875,442** | **40.0** |
| Self-operated offline stores | 405,664 | 39.7 | 389,667 | 29.9 | 475,048 | 21.7 |
| Distributor-operated offline stores | 232,908 | 22.8 | 245,698 | 18.9 | 400,394 | 18.3 |
| **Others**[(1)] | **33,865** | **3.3** | **40,943** | **3.1** | **60,353** | **2.7** |
| **Total** | **1,021,042** | **100.0** | **1,302,479** | **100.0** | **2,189,464** | **100.0** |

*Note:*

(1) Others mainly include sales to enterprise customers. Our enterprise customers primarily include two main categories: (a) large organizations such as airlines and rail operators who procure professional outdoor apparel and benefit from our strong quality-to-price value proposition, and (b) downstream customers for whom we serve as an OEM manufacturer and produce goods to their specifications. Such downstream customers are primarily large-scale retail enterprises in the Chinese mainland principally engaged in supermarket and department store operations. These partnerships drive scale, strengthen our association with recognized enterprises, and enhance our brand visibility.

We sell our products through a comprehensive sales network that integrates both online and offline channels. Our online channels have demonstrated strong growth, reflecting the successful implementation of our strategy to leverage online platforms in reaching and engaging consumers. The revenue growth from online channels was primarily attributable to our strategic focus on expanding the online presence and reaching a broader consumer base through (i) establishing a matrix of stores on e-commerce and social commerce platforms, which target different consumer demographics and usage scenarios, (ii) enhancing online marketing efforts through livestreaming initiatives, strategic KOL collaborations and online advertising placement, and (iii) increasing sales to major e-commerce platforms benefiting from strengthened collaborations.

Meanwhile, a substantial portion of our revenue was derived from offline channels during the Track Record Period, including self-operated offline stores and distributor-operated offline stores, benefiting from our established store network, brand recognition and market presence.

### *Revenue by Geographical Locations*

During the Track Record Period, we primarily sell our products in Chinese Mainland. The following table sets forth a breakdown of our revenue by geographical location, both in absolute amounts and as percentages of total revenue, for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Chinese Mainland | 1,013,198 | 99.2 | 1,294,591 | 99.4 | 2,185,455 | 99.8 |

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Rest of Asia[1] | 6,715 | 0.7 | 3,495 | 0.3 | 2,910 | 0.1 |
| Turkey | 3,866 | 0.4 | 2,870 | 0.2 | 1,526 | 0.1 |
| Saudi Arabia | 2,583 | 0.3 | 625 | 0.0 | 1,331 | 0.0 |
| Georgia | – | – | – | – | 51 | 0.0 |
| Nepal | 61 | 0.0 | – | – | 2 | 0.0 |
| Japan | 107 | 0.0 | – | – | – | – |
| South Korea | 98 | 0.0 | – | – | – | – |
| Others[2] | 1,129 | 0.1 | 4,393 | 0.3 | 1,099 | 0.1 |
| **Total** | **1,021,042** | **100.0** | **1,302,479** | **100.0** | **2,189,464** | **100.0** |

*Notes:*

(1) Rest of Asia refers to the countries of the Asian continent excluding China.

(2) Others primarily include North America and Europe.

*Offline Revenue by City Tier*

The following table sets forth a breakdown of our offline sales revenue by city tier in Chinese Mainland:

| | For the Year ended December 31, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | | 2024 | | | 2025 | | |
| | *(RMB in thousands)* | | | | | | | | |
| | **Self-operated offline stores** | **Distributor-operated offline stores** | **Total** | **Self-operated offline stores** | **Distributor-operated offline stores** | **Total** | **Self-operated offline stores** | **Distributor-operated offline stores** | **Total** |
| First tier and new first tier cities | 70,364 | 23,313 | 93,677 | 67,864 | 31,671 | 99,535 | 66,080 | 41,844 | 107,924 |
| Second tier and new second tier cities | 139,938 | 51,609 | 191,547 | 136,252 | 56,898 | 193,150 | 152,366 | 89,586 | 241,952 |
| Third tier cities | 137,168 | 115,662 | 252,830 | 124,549 | 108,316 | 232,865 | 128,001 | 180,355 | 308,356 |
| Others[1] | 58,194 | 42,324 | 100,518 | 61,002 | 48,813 | 109,815 | 128,601 | 88,609 | 217,210 |
| **Total** | **405,664** | **232,908** | **638,572** | **389,667** | **245,698** | **635,365** | **475,048** | **400,394** | **875,442** |

*Notes:*

(1) Others primarily comprises cities below the third tier, such as Xuchang, Rizhao and Zaozhuang city.

(2) The city tier classifications for each year during the Track Record Period are determined based on the the 2025 report published by Rising Lab (新一線城市研究所).

## Cost of Sales

Our cost of sales mainly consists of (i) procurement costs, mainly consisting of raw materials including down and fabrics, (ii) contractual manufacturing costs, and (iii) other costs mainly including logistics costs, self-production costs and labor costs. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amounts and as percentages of total cost of sales, for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Procurement costs | 282,938 | 63.6 | 386,775 | 65.9 | 621,075 | 64.9 |
| Contractual manufacturing costs | 135,878 | 30.6 | 168,660 | 28.7 | 280,923 | 29.3 |
| Others | 25,782 | 5.8 | 31,917 | 5.4 | 55,266 | 5.8 |
| **Total** | **444,598** | **100.0** | **587,352** | **100.0** | **957,264** | **100.0** |

*Sensitivity Analysis*

The following sensitivity analysis illustrates the impact of hypothetical fluctuation in our cost of raw materials on our profit before tax during the Track Record Period:

| **Hypothetical changes in the cost of raw materials** | **Year ended December 31,** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *(RMB in thousands)* | | |
| ± 2% | 5,659 | 7,736 | 12,422 |
| ± 5% | 14,147 | 19,339 | 31,054 |
| ± 10% | 28,294 | 38,678 | 62,108 |

## Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit amounted to RMB576.4 million, RMB715.1 million and RMB1,232.2 million, respectively. Our overall gross profit margin was 56.5%, 54.9% and 56.3% in the same years, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product series for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Elite Performance Series | 4,228 | 62.3 | 32,268 | 63.4 | 77,601 | 63.4 |
| Performance Outdoor Series | 166,894 | 64.7 | 198,376 | 59.9 | 413,082 | 59.2 |
| Urban Expedition Series | 405,008 | 53.9 | 483,608 | 52.8 | 739,982 | 54.3 |
| Accessories | 314 | 6.2 | 875 | 16.0 | 1,535 | 22.5 |
| **Total** | **576,444** | **56.5** | **715,127** | **54.9** | **1,232,200** | **56.3** |

The gross profit margin of our various product series is primarily influenced by the raw materials and technologies used to meet the diverse requirements of outdoor activities. Each series is tailored to address different performance needs, ranging from casual urban and outdoor use to professional-grade activities in extreme conditions. Higher-performance products, such as Elite

Performance Series and Performance Outdoor Series, designed for more demanding conditions, typically incorporate advanced materials and specialized technologies to ensure durability, functionality and comfort. These factors contribute to variations in production costs while allowing us to charge premium prices and achieve higher margins.

The following table sets forth a breakdown of our gross profit and gross profit margin by sales channel for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin |
| | *RMB'000* | % | *RMB'000* | % | *RMB'000* | % |
| Online channels | 169,927 | 48.7 | 333,786 | 53.3 | 697,797 | 55.7 |
| Offline channels | 393,380 | 61.6 | 370,234 | 58.3 | 515,940 | 58.9 |
| Others[(1)] | 13,137 | 38.8 | 11,107 | 27.1 | 18,463 | 30.6 |
| **Total** | **576,444** | **56.5** | **715,127** | **54.9** | **1,232,200** | **56.3** |

*Note:*

(1) Others mainly include sales to enterprise customers.

Our online channel's gross profit margin continuously improved over the Track Record Period, from 48.7% in 2023 to 53.3% in 2024, and further to 55.7% in 2025. During the Track Record Period, we increased our focus on online channels, investing in their expansion and diversification. Supported by our enhanced promotional efforts, including celebrity endorsements, KOL collaborations and partnerships with professional sports teams, our brand recognition improved among consumers. Our enhanced brand recognition, together with sustained product quality, enabled us to increase the sales contribution of higher-margin products in our online product mix, thereby achieving higher average selling prices and improving our online gross profit margin. Further, as our online channel operations matured, we were able to reach a larger consumer base with a stable and experienced online operations team, achieving greater economies of scale. This was supported by the successful execution of our online channel strategy, as reflected in the increasing revenue contribution from our self-operated online stores, which generally carry higher gross profit margins compared to other online sales channels. We see significant potential for further growth as our online sales and marketing strategies continue to mature. For offline sales, the gross profit margin was primarily affected by incentives and discounts offered to distributors to boost sales and market penetration.

During the Track Record Period, our gross profit margin was higher through offline channels than the gross profit margin through online channels, primarily because (i) we leveraged the broad consumer reach of our online channels to conduct market testing for new products, for which we usually offer a small discount; and (ii) promotional activities such as price discounts, which were recorded as deductions on revenue, were conducted more frequently in online channels than in offline channels.

### Other Income and Gains

Our other income primarily consists of (i) government grants, mainly including non-recurring financial incentives to support the our research activities and the construction of our plant and buildings; (ii) interest income from a related company, associated with our loan to Shandong LanYin Real Estate Co. ("Shandong Lanyin") which has been fully settled as of the Latest Practicable Date; (iii) bank interest income; (iv) rental income; and (v) others. Our gains in 2023 and 2024 primarily consist of gain on disposal of items of property, plant and equipment and gain on disposal of items of land use right. These gains represent the compensation received for demolition of legacy facilities before relocating to Tanboer technology park. The following table sets forth a breakdown of our other income and gains for the years indicated:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| **Other income** | | | |
| Government grants | 2,540 | 11,872 | 18,076 |
| Interest income from a related company | 10,045 | 10,740 | 5,853 |
| Bank interest income | 1,376 | 1,690 | 1,815 |
| Rental income | 462 | 434 | 740 |
| Others | 408 | 302 | 1,450 |
| ***Subtotal*** | **14,831** | **25,038** | **27,934** |
| Gains | 28,556 | – | 230 |
| **Total** | **43,387** | **25,038** | **28,164** |

### Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) salaries and benefits for sales personnels; (ii) offline store management expenses associated with our self-operated offline stores; (iii) advertising and promotion expenses for both of our online and offline marketing activities; (iv) online service fees, mainly include service fees paid to e-commerce platforms and fees and commissions paid to KOLs who serve as livestream shopping hosts; (v) depreciation and amortization; (vi) logistics and delivery expenses; and (vii) others, primarily including office expenses and traveling expenses.

The following table sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as percentages of total selling and distribution expenses, for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | % | *RMB'000* | % | *RMB'000* | % |
| Salaries and benefits for sales personnels | 114,199 | 32.1 | 153,610 | 30.2 | 223,834 | 27.7 |
| Offline store management expenses | 108,126 | 30.4 | 127,057 | 25.0 | 150,062 | 18.6 |
| Advertising and promotion expenses | 56,369 | 15.8 | 112,881 | 22.2 | 195,571 | 24.2 |
| Online service fees | 32,696 | 9.2 | 41,943 | 8.2 | 123,935 | 15.3 |
| Depreciation and amortization | 12,208 | 3.4 | 20,178 | 4.0 | 26,385 | 3.3 |
| Logistics and delivery expenses | 10,056 | 2.8 | 10,465 | 2.1 | 12,833 | 1.6 |
| Others | 21,991 | 6.2 | 42,269 | 8.3 | 75,950 | 9.4 |
| **Total** | **355,646** | **100.0** | **508,403** | **100.0** | **808,570** | **100.0** |

During the Track Record Period, we carried out a range of branding and marketing initiatives that enhanced brand awareness and drove business growth, in particular the sales growth through our online sales channels. For sales made through our self-operated online stores, we incur e-commerce platform service fees, calculated based on sales value on these platforms, which are recognized under online service fees. The service fees paid to e-commerce platforms amounted to RMB13.2 million, RMB25.6 million and RMB53.2 million in 2023, 2024 and 2025, respectively, representing an overall effective service fee rate of 5.0%, 4.7% and 4.6% in the corresponding years. According to CIC, these platform service fee rates are comparable to those incurred by other merchants selling similar products on the same platforms.

We also engaged KOLs across two principal categories to facilitate our offline branding and online sales, including (i) outdoor sports influencers with credible outdoor expertise to reinforce our brand's professional positioning, and (ii) livestream shopping hosts with strong presentation skills and consumer appeal to facilitate our online sales. See "Business — Branding and Marketing — Celebrity Endorsement and KOL Engagement" for details. In 2023, 2024 and 2025, we collaborated with a total of 133, 216 and 322 KOLs, respectively. The fees and commissions paid to outdoor sports influencers, recognized under advertising and promotion expenses, amounted to RMB0.2 million, RMB3.5 million and RMB9.1 million in 2023, 2024 and 2025, respectively, and the fees and commissions paid to livestream shopping hosts, recognized under online service fees, amounted to RMB20.2 million, RMB17.7 million and RMB73.8 million in the corresponding years.

### Administrative Expenses

Our administrative expenses consist of (i) employee salaries and benefits for our administrative personnels; (ii) research and development expenses for product and technology development; (iii) depreciation and amortization; (iv) taxes and surcharges; (v) office expenses; (vi) professional service fees, primarily including recruitment fees and accounting fees; (vii) travel expenses incurred by our management personnels; (viii) [**REDACTED**] expenses; and (ix) others expenses used in our daily operations.

The following table sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of total administrative expenses, for the years indicated:

| | For the Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Employee salaries and benefits | 24,704 | 32.7 | 33,741 | 33.6 | 50,855 | 29.4 |
| Research and development expenses | 33,973 | 45.0 | 36,811 | 36.6 | 53,479 | 31.0 |
| Depreciation and amortization | 3,944 | 5.2 | 8,953 | 8.9 | 23,636 | 13.7 |
| Taxes and Surcharges | 2,751 | 3.6 | 3,575 | 3.6 | 7,059 | 4.1 |
| Office expenses | 3,615 | 4.8 | 7,607 | 7.6 | 10,896 | 6.3 |
| Professional service fees | 4,234 | 5.6 | 3,219 | 3.2 | 5,330 | 3.1 |
| Travel expenses | 1,293 | 1.7 | 2,792 | 2.8 | 2,474 | 1.4 |
| [REDACTED] expenses | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Others | 980 | 1.3 | 3,825 | 3.8 | 6,354 | 3.7 |
| **Total** | **75,494** | **100.0** | **100,523** | **100.0** | **172,775** | **100.0** |

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

Our net impairment and reversal of impairment on financial assets is primarily related to our provision for credit impairment losses. We perform impairment analysis at the end of each year during the Track Record Period using a provision matrix or individually to measure expected credit losses. We incurred net impairment on financial assets of RMB2.3 million in 2023. We recorded net reversal of impairment on financial assets of RMB1.3 million and RMB0.1 million in 2024 and 2025, respectively.

### Other Expenses

Our other expenses primarily represent donations. In 2023, 2024 and 2025, our other expenses amounted to RMB3.8 million, RMB2.1 million and RMB6.3 million, respectively.

### Finance Costs

Our finance costs consist of interest on bank and other borrowings and lease liabilities. In 2023, 2024 and 2025, our finance costs amounted to RMB5.9 million, RMB9.5 million and RMB18.2 million, respectively.

### Income Tax Expense

We recorded income tax expense of RMB37.5 million, RMB13.6 million and RMB31.4 million in 2023, 2024 and 2025, respectively.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Chinese Mainland are subject to corporate income tax at a rate of 25% on the taxable income. We qualify as a High and New Technology Enterprise and was entitled to a preferential enterprise income tax rate of 15% for three consecutive years starting from December 2024.

During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

### Profit for the Year

As a result of the foregoing, we recorded a profit of RMB139.2 million, RMB107.3 million and RMB223.3 million in 2023, 2024 and 2025, respectively.

## YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

#### *Revenue*

Our revenue increased by 68.1% from RMB1,302.5 million in 2024 to RMB2,189.5 million in 2025.

We achieved revenue growth for all product series in 2025, primarily attributable to (i) the growing market demand for our professional outdoor apparels with functionality and consistent quality, driven by the popularity of the outdoor lifestyle and sports; and (ii) a substantial increase in the sales volume across all product series, as we continued expanding our product portfolio that caters to diverse natural environments such as skiing, mountaineering and hiking, as well as urban scenarios including suburban walks, park leisure and commuting, resorting to a broad consumer base.

Our revenue from both online and offline channels increased during the year. Notably, our revenue from online channels increased from RMB626.2 million in 2024 to RMB1,253.7 million in 2025, while our revenue from offline channels increased from RMB635.4 million in 2024 to RMB875.4 million in 2025. Such increases were mainly due to our effective marketing strategies that enhanced brand visibility and drove both online and offline sales, including (i) targeted campaigns on social media, (ii) celebrity endorsements and KOL collaborations, and (iii) strategic offline promotions at high-traffic outdoor activity locations. In 2025, we collaborated with a total of 322

KOLs, including prominent livestream shopping hosts and outdoor sports influencers. We conducted three major offline promotion activities, primarily consisting of product launches and skiing community events at ski resorts. For details, see "Business — Branding and Marketing — Offline Marketing Activities and Events."

***Cost of Sales***

Our cost of sales increased from RMB587.4 million in 2024 to RMB957.3 million in 2025, primarily due to an increase of RMB234.3 million in procurement costs and an increase of RMB112.3 million in contractual manufacturing costs, in line with our revenue growth.

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

As a result of foregoing, our gross profit increased by 72.3% from RMB715.1 million in 2024 to RMB1,232.2 million in 2025.

Our overall gross profit margin increased from 54.9% in 2024 to 56.3% in 2025. This growth was primarily attributable to the improvement of gross profit margin for Urban Expedition Series from 52.8% in 2024 to 54.3% in 2025 driven by the higher average selling price as a result of elevated brand positioning. Our gross profit margins for both the Elite Performance Series and the Performance Outdoor Series remained relatively stable during 2024 and 2025. We maintained a gross profit margin of 63.4% in each of 2024 and 2025 for Elite Performance Series, while we recorded a gross profit margin of 59.9% and 59.2% in 2024 and 2025, respectively, for Performance Outdoor Series.

***Other Income and Gains***

Our other income and gains increased from RMB25.0 million in 2024 and RMB28.2 million in 2025, primarily due to the compensation received in connection with our relocation of facilities.

***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 59.0% from RMB508.4 million 2024 to RMB808.6 million in 2025, primarily due to (i) an increase of RMB70.2 million in salaries and benefits for sales personnels, primarily attributable to the increased sales and marketing personnels to support our business growth; (ii) an increase of RMB82.0 million in online service fees in line with the increased sales volume through our online channels; (iii) an increase of RMB23.0 million in offline store management expenses, primarily due to upgrade and renovation of certain of our self-operated offline stores; and (iv) an increase of RMB82.7 million in advertising and promotion expenses as a result of the enhancement of our marketing initiatives.

***Administrative Expenses***

Our administrative expenses increased by 71.9% from RMB100.5 million in 2024 to RMB172.8 million in 2025, primarily due to (i) an increase of RMB14.7 million in depreciation and amortization; (ii) an increase of RMB16.7 million in research and development expenses, primarily attributable to our continuous efforts in aesthetic design and fabric development; (iii) an increase of RMB17.1 million in employee salaries and benefits, primarily attributable to the increase in compensation to our employees in recognition of their performance; and (iv) an increase of RMB[**REDACTED**] in [**REDACTED**] expenses.

***Reversal of Impairment on Financial Assets, Net***

Our net reversal of impairment on financial assets decreased by 88.3% from RMB1.3 million in 2024 to RMB0.1 million in 2025, primarily due to the continued improvement in the collection of receivables.

***Other Expenses***

Our other expenses increased significantly from RMB2.1 million in 2024 to RMB6.3 million in 2025, mainly attributable to charitable donation to support disaster relief efforts in connection with the Wung Fuk Court fire in Hong Kong.

***Finance Costs***

Our finance costs increased significantly from RMB9.5 million in 2024 to RMB18.2 million in 2025, primarily due to an increase of RMB6.5 million in interest on bank and other borrowings as a result of increased borrowings to support our business expansion.

***Income Tax Expense***

We recorded income tax expense of RMB13.6 million and RMB31.4 million in 2024 and 2025, respectively.

***Profit for the Year***

As a result of the foregoing, our profit was RMB107.3 million and RMB223.3 million in 2024 and 2025, respectively.

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

***Revenue***

Our revenue increased by 27.6% from RMB1,021.0 million in 2023 to RMB1,302.5 million in 2024.

Our revenue from all products series increased during the period. Notably, (i) our revenue from sales of Performance Outdoor Series increased from RMB257.9 million in 2023 to RMB330.9 million in 2024, primarily due to the increased sales volume from 516.9 thousand units in 2023 to 649.5 thousand units in 2024, driven by the enhanced market demand for our products, which balance functionality and comfort across various outdoor activities; and (ii) our revenue from sales of Urban Expedition Series increased from RMB751.3 million in 2023 to RMB915.2 million in 2024, primarily attributable to the increase in average selling price from RMB282 per unit in 2023 to RMB358 per unit in 2024, reflecting a growing consumer recognition of our everyday wear products that provide essential protection for general outdoor scenarios.

Our revenue from online channels increased from RMB348.6 million in 2023 to RMB626.2 million in 2024, primarily due to increased traffic at our self-operated online stores resulting from successful marketing initiatives on social media, complemented by celebrity endorsements and KOL collaborations. We engaged 133 and 216 KOLs, in 2023 and 2024, respectively, including prominent live shopping influencers. See "Business — Branding and Marketing — Online Marketing Initiatives." Meanwhile, our revenue from offline channels slightly decreased from RMB638.6 million in 2023 to RMB635.4 million in 2024, primarily arising from our strategic store network transition, where we closed smaller-scale stores and opened new locations in premium shopping malls to better target high-potential consumers.

***Cost of Sales***

Our cost of sales increased by 32.1% from RMB444.6 million in 2023 to RMB587.4 million in 2024, primarily due to an increase of RMB103.8 million in procurement costs and an increase of RMB32.8 million in contractual manufacturing costs, in line with our revenue growth.

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

As a result of foregoing, our gross profit increased by 24.1% from RMB576.4 million for the year ended December 31, 2023 to RMB715.1 million for the year ended December 31, 2024.

Our overall gross profit margin decreased slightly from 56.5% in 2023 to 54.9% in 2024. This was mainly due to a decrease in the gross profit margin through offline channels from 61.6% in 2023 to 58.3% in 2024, as a result of (i) more favorable prices offered to our offline distributors; (ii) the higher incentive rebates offered to our offline distributors; and (iii) higher costs of functional fabrics that provided better windproof and waterproof properties to our professional outdoor apparels.

***Other Income and Gains***

Our other income and gains decreased by 42.3% from RMB43.4 million in 2023 to RMB25.0 million in 2024, primarily due to a decrease of RMB28.6 million in gains as we have fully recognized the gain on disposal of items of land use right relating to the relocation of our facilities in 2023.

***Selling and Distribution Expenses***

Our selling and distribution expenses increased by 43.0% from RMB355.6 million in 2023 to RMB508.4 million in 2024, primarily due to (i) an increase of RMB56.5 million in advertising and promotion expenses due to our enhanced marketing activities; (ii) an increase of RMB39.4 million in employee salaries and benefits, resulting from the expansion of our sales and marketing team; and (iii) an increase of RMB20.3 million in others.

***Administrative Expenses***

Our administrative expenses increased by 33.2% from RMB75.5 million in 2023 to RMB100.5 million in 2024, primarily due to (i) an increase of RMB9.0 million in employee salaries and benefits driven by an increase in compensation to our employees to award their performance; (ii) an increase of RMB5.0 million in depreciation and amortization; and (iii) an increase of RMB4.0 million in office expenses along with our business expansion.

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

We recorded net impairment on financial assets of RMB2.3 million in 2023 and net reversal of impairment on financial assets of RMB1.3 million in 2024, primarily due to the improvement in the collection of receivables.

***Other Expenses***

Our other expenses decreased slightly from RMB3.8 million in 2023 to RMB2.1 million in 2024, which was in line with our charity projects.

***Finance Costs***

Our finance costs increased by 62.5% from RMB5.9 million in 2023 to RMB9.5 million in 2024, primarily due to an increase of RMB3.2 million in interest on bank and other borrowings mainly for the construction of our TANBOER Technology Park.

***Income Tax Expense***

Our income tax expense amounted to RMB37.5 million and RMB13.6 million in 2023 and 2024, respectively. Such decrease was because we were entitled to a preferential enterprise income tax rate of 15% as a High and New Technology Enterprise starting from December 2024.

### *Profit for the Year*

As a result of the foregoing, our profit was RMB139.2 million and RMB107.3 million in 2023 and 2024, respectively.

## DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statement of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(RMB in thousands)* | |
| Total non-current assets | 763,503 | 673,684 | 653,477 |
| Total current assets | 713,105 | 1,633,669 | 2,002,983 |
| **Total assets** | **1,476,608** | **2,307,353** | **2,656,460** |
| Total current liabilities | 583,646 | 1,282,771 | 1,792,916 |
| **Net current assets** | **129,459** | **350,898** | **210,067** |
| Total non-current liabilities | 258,952 | 283,123 | 188,735 |
| **Total liabilities** | **842,598** | **1,565,894** | **1,981,651** |
| **Net assets** | **634,010** | **741,459** | **674,809** |

### Non-current Assets and Liabilities

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(RMB in thousands)* | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 333,672 | 530,709 | 505,945 |
| Investment properties | 1,768 | 1,556 | 1,345 |
| Right-of-use assets | 94,672 | 120,967 | 121,031 |
| Intangible assets | 4,800 | 5,946 | 7,988 |
| Financial assets at fair value through other comprehensive income | 800 | 900 | – |
| Prepayments, other receivables and other assets | 327,684 | 13,435 | 7,654 |
| Deferred tax assets | 107 | 171 | 9,514 |
| **Total non-current assets** | **763,503** | **673,684** | **653,477** |
| **Non-Current Liabilities** | | | |
| Interest-bearing bank loans and other borrowings | 52,386 | 79,996 | 16,130 |
| Lease liabilities | 16,445 | 28,481 | 14,090 |
| Deferred income | 189,003 | 173,689 | 158,515 |
| Deferred tax liabilities | 1,118 | 957 | – |
| **Total non-current liabilities** | **258,952** | **283,123** | **188,735** |

*Property, Plant and Equipment*

Our property, plant and equipment primarily consisted of buildings, plant and machinery, office equipment, motor vehicles, electronic equipment, construction in progress and leasehold improvements. Our property, plant and equipment increased from RMB333.7 million as of December 31, 2023 to RMB530.7 million as of December 31, 2024, mainly related to the construction of our TANBOER Technology Park and the expansion of our offline stores along with our business expansion. Our property, plant and equipment decreased from RMB530.7 million as of December 31, 2024 to RMB505.9 million as of December 31, 2025, mainly due to depreciation charges recorded in 2025 following the capitalization of TANBOER Technology Park upon its completion in 2024.

*Right-of-Use Assets*

Our right-of-use assets consisted of stores and office premises and land use rights. Our right-of-use assets increased from RMB94.7 million as of December 31, 2023 to RMB121.0 million as of December 31, 2024, primarily related to our newly leased retail area for our offline stores. Our right-of-use assets remained stable at RMB121.0 million as of December 31, 2025.

*Deferred Income*

Our deferred income consisted of government grants which had not been recognized in profit or loss. Our deferred income decreased from RMB189.0 million as of December 31, 2023 to RMB173.7 million as of December 31, 2024 and further to RMB158.5 million as of December 31, 2025, reflecting the gradual recognition and settlement of government grants.

**Current Assets and Liabilities**

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | | (RMB in thousands) | | |
| | | | | (Unaudited) |
| **Current Assets** | | | | |
| Inventories | 256,518 | 693,204 | 925,700 | 1,096,681 |
| Trade and bills receivables | 229,121 | 279,022 | 593,863 | 171,956 |
| Prepayments, other receivables and other assets | 98,044 | 436,800 | 119,084 | 159,578 |
| Tax recoverable | 48 | 27 | 576 | 900 |
| Restricted cash | 44,010 | 70,948 | 100,549 | 194,159 |
| Cash and cash equivalents | 85,364 | 153,668 | 263,211 | 193,648 |
| **Total current assets** | **713,105** | **1,633,669** | **2,002,983** | **1,816,922** |
| **Current Liabilities** | | | | |
| Trade and bills payables | 275,966 | 753,445 | 1,081,362 | 1,092,065 |
| Other payables and accruals | 233,029 | 293,878 | 306,501 | 146,137 |
| Interest-bearing bank borrowings | 30,076 | 189,842 | 342,349 | 244,035 |
| Lease liabilities | 9,588 | 24,391 | 22,752 | 19,017 |
| Tax payable | 29,079 | 5,901 | 24,778 | 697 |
| Deferred income | 5,908 | 15,314 | 15,174 | 15,174 |
| **Total current liabilities** | **583,646** | **1,282,771** | **1,792,916** | **1,517,125** |
| **Net current assets** | **129,459** | **350,898** | **210,067** | **299,797** |

We recorded net current assets of RMB129.5 million, RMB350.9 million, RMB210.1 million and RMB299.8 million as of December 31, 2023, 2024, 2025, and April 30, 2026, respectively.

Our net current assets increased from RMB129.5 million as of December 31, 2023 to RMB350.9 million as of December 31, 2024, primarily due to an increase in our current assets as a result of (i) an increase of RMB436.7 million in inventories, primarily due to adjustment in inventory policy for advancing procurement schedules to ensure adequate stock availability; and (ii) an increase of RMB68.3 million in cash and cash equivalents in line with our business growth, and (iii) an increase of RMB49.9 million in trade and bills receivables, as a result of the growth of our business scale. This was partially offset by an increase in our current liabilities as a result of (i) an increase of RMB477.5 million in trade and bills payables, which was mainly the increased procurement; and (ii) an increase of RMB159.8 million in interest-bearing bank borrowings, reflecting our strategic financial planning to support our continuous business expansion.

Our net current assets decreased from RMB350.9 million as of December 31, 2024 to RMB210.1 million as of December 31, 2025, primarily due to an increase in our current liabilities as a result of (i) an increase of RMB327.9 million in trade and bills payables, mainly due to increased procurement; and (ii) an increase of RMB152.5 million in interest-bearing bank borrowings, which was due to the increase of bank borrowings to support our continuous business expansion. This was partially offset by an increase in our current assets as a result of (i) an increase of RMB314.8 million in trade and bills receivables, in line with our business growth; and (ii) an increase of RMB232.5 million in inventories.

Our net current assets increased from RMB210.1 million as of December 31, 2025 to RMB299.8 million as of April 30, 2026, primarily due to a decrease in our current liabilities, mainly as a result of a decrease of RMB160.4 million in other payables and accruals and a decrease of RMB98.3 million in interest-bearing bank borrowings. This was partially offset by a decrease in our current assets, mainly as a result of a decrease of RMB421.9 million in trade and bills receivables.

***Inventories***

Our inventories consisted of raw materials and finished goods. Our inventory management policies are designed to effectively manage our supply chain and production. We select and procure high-quality raw materials, and negotiate favorable price with suppliers, thereby ensuring efficient control over our supply chain. In accordance with our sales and production plan, we typically commence inventory build-up in the first quarter to secure consistent quality raw materials at favorable costs, leverage abundant production capacity from our contract manufacturers and maintain sufficient safety stock to meet year-round product demand. A substantial portion of our finished goods are sold during the peak selling season that begins in November and extends through the Chinese New Year period. See "Business — Inventory Management and Logistics — Inventory Build-up Strategy."

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

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | | *(RMB in thousands)* | |
| Raw materials | 79,128 | 201,120 | 200,411 |
| Finished goods | 177,390 | 492,084 | 725,289 |
| **Total** | **256,518** | **693,204** | **925,700** |

Our inventories increased significantly from RMB256.5 million as of December 31, 2023 to RMB693.2 million as of December 31, 2024, primarily because we stocked up based on our strong sales projection. Our inventories further increased to RMB925.7 million as of December 31, 2025, primarily due to the stocking up of raw material and finished goods in preparation for sales during Chinese New Year in 2026.

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

| | As of December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Within one year | 194,656 | 75.9 | 668,144 | 96.4 | 876,046 | 94.6 |
| 1 to 2 years | 60,051 | 23.4 | 20,814 | 3.0 | 49,313 | 5.3 |
| 2 to 3 years | 1,812 | 0.7 | 4,246 | 0.6 | 340 | 0.0 |
| **Total** | **256,518** | **100.0** | **693,204** | **100.0** | **925,700** | **100.0** |

Our management team reviews the inventory aging, and turnover analysis of inventories periodically, and maintain a relatively low level of inventories aged one year or above. We organize promotions for slow-moving products such as unsold off-season inventories and in-season defective products. For inventories that have been held for longer periods, we adopt a tiered discounting policy under which higher price discounts are offered. Our management estimates the net realizable value for such inventories primarily based on the latest invoice prices and current market conditions. A write-down of inventories to net realizable value is made based on the estimated net realizable value of inventories, taking into account inventory aging and turnover. The assessment of provision requires the management's estimates and judgment. Where the actual outcome or expectation in the future differs from the estimates, the change in carrying value of inventories results in the write-down/write-back of inventories in the period in which such estimate has been changed. In view of the foregoing, we recorded provision of impairment for inventories of RMB30.3 million, RMB46.7 million and RMB72.0 million as of December 31, 2023, 2024 and 2025, respectively. We have not experienced any noticeable decreases in selling prices, and inventories aged one year or above only accounted for a small portion of our inventories as of December 31, 2025. Considering these factors, market developments and our business plan, we believe that sufficient provision had been made against our inventories as of December 31, 2025.

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

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Inventory turnover days[(1)] | 242.0 | 295.1 | 308.6 |

*Note:*

(1) 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.

In 2023, 2024 and 2025, our inventory turnover days were 242.0 days, 295.1 days, and 308.6 days, respectively. Our inventory turnover days increased from 242.0 days in 2023 to 295.1 days in 2024, and further increased to 308.6 days in 2025, primarily due to our strategic plan to build up inventory in anticipation of future sales. The relatively high inventory turnover days are mainly because, as part of our business strategies, we continuously build up our inventory starting from the first quarter in preparation for the peak sales season.

As of the Latest Practicable Date, RMB578.2 million, or 58.0%, of our inventories as of December 31, 2025 had been sold or utilized. In particular, substantially all raw materials held as of December 31, 2025 were subsequently consumed in production and converted into finished goods. Of the finished goods produced from such raw materials, approximately half were prepared to support our planned sales in subsequent periods, and the remainder were prepared as replenishment for certain continuing, high-demand styles ahead of the peak selling season in the second half of the year. In addition, as of the Latest Practicable Date, RMB378.3 million, or approximately 47.5%, of the finished goods as of December 31, 2025 were subsequently sold. With respect to the remaining inventories, our management has formulated and is executing sales plans and channel initiatives, including continued sales through various e-commerce channels and related marketing activities. Such initiatives typically extend through August. We also continue to implement inventory management measures to align inventory levels with expected demand.

We conducted regular assessments of inventory impairment, taking into account factors such as expected future sales prices and discounts, market demand, and expected future settlement, to ensure that inventories are stated at the lower of cost and net realizable value. Based on these assessments and the subsequent sales/utilisation observed after December 31, 2025, we concluded that there was no indication of material inventory impairment and that no material provision was required.

### *Trade and Bills Receivables*

Our trade and bills receivables were primarily related to sales to e-commerce platform partners and consumers' payments remitted to shopping malls under the commission model. The following table sets forth details of our trade and bills receivables as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(RMB in thousands)* | |
| Trade receivables | 230,716 | 282,971 | 588,138 |
| Bills receivable | 7,470 | 3,430 | 8,032 |
| **Total** | **238,186** | **286,401** | **596,170** |
| Impairment | (9,065) | (7,379) | (2,307) |
| **Net carrying amount** | **229,121** | **279,022** | **593,863** |

Our trade and bills receivables increased from RMB229.1 million as of December 31, 2023 to RMB279.0 million as of December 31, 2024, and further increased to RMB593.9 million as of December 31, 2025, primarily due to an increase of trade receivables driven by an increase in our product sales.

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(RMB in thousands)* | |
| Within 3 months | 215,900 | 271,010 | 588,119 |
| 3 to 6 months | 11,068 | 2,445 | 4,555 |
| 6 to 12 months | 1,613 | 4,894 | 1,011 |
| 1 to 2 years | 540 | 673 | 178 |
| **Total** | **229,121** | **279,022** | **593,863** |

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

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Trade and bills receivables turnover days[1] | 76.4 | 71.2 | 72.8 |

*Note:*

(1) 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.

In 2023, 2024 and 2025, our trade and bills receivables turnover days were 76.4 days, 71.2 days and 72.8 days, respectively. Our trade and bills receivables turnover days decreased from 76.4 days in 2023 to 71.2 days in 2024, primarily due to the increased contribution of online sales, which typically has shorter credit period. Our trade and bills receivables turnover days remained relatively stable at 72.8 days in 2025.

We have been making continual efforts to collect our trade and bills receivables. As a general policy, we periodically evaluate the recoverability of our trade and bills receivables and maintain amicable business relationships and frequently communicate with our e-commerce platform partners and shopping malls to control credit risks. For accounts with extended receivable cycles, we assign dedicated personnel to monitor their collection status and conduct regular follow-ups to ensure timely recovery. We also prioritize customers that align with our strategic focus to ensure long-term and stable partnerships. Through these stringent credit management efforts, we expect to effectively manage our trade and bills receivables. As a result of these initiatives, we have made progress in the collection of trade and bills receivables. Having considered that (i) the trade and bills receivables balances were mainly due from customers with ongoing business relationships with us, (ii) we maintain an amicable relationship with these customers and there were no material ongoing disputes, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, and (iv) we have continuously carried out stringent credit management policy and increased effort in trade and bills receivables collection, our Directors believe that there is no material recoverability issue and that we have sufficient provision for impairment.

As of the Latest Practicable Date, RMB582.0 million, or 97.6% of our trade and bills receivables as of December 31, 2025 had been subsequently collected.

### *Prepayments, Other Receivables and Other Assets*

Our prepayments, other receivables and other assets primarily consisted of (i) other receivables, (ii) deposits, (iii) prepayments, (iv) right-of-return assets, (v) value-added-tax recoverable, (vi) due from a related company, and (vii) deferred [**REDACTED**] expenses. The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Other receivables | 60,830 | 65,652 | 67,065 |
| Deposits | 17,515 | 22,192 | 20,158 |
| Prepayments | 16,222 | 30,957 | 19,280 |
| Right-of-return assets | 3,373 | 5,272 | 16,975 |
| Value-added-tax recoverable | 116 | 2,371 | 36 |

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | (RMB in thousands) | | |
| Due from a related company | 328,809 | 325,184 | – |
| Deferred [REDACTED] expenses | [REDACTED] | [REDACTED] | [REDACTED] |
| Impairment allowance | (1,137) | (1,393) | (788) |
| **Total** | **425,728** | **450,235** | **126,738** |
| Analyzed into: | | | |
| Current portion | 98,044 | 436,800 | 119,084 |
| Non-current portion | 327,684 | 13,435 | 7,654 |

Our prepayments, other receivables and other assets increased from RMB425.7 million as of December 31, 2023 to RMB450.2 million as of December 31, 2024, primarily due to an increase of RMB2.3 million in value-added tax recoverable in relation to the increased sales volume.

Our prepayments, other receivables and other assets decreased from RMB450.2 million as of December 31, 2024 to RMB126.7 million as of December 31, 2025, primarily due to a decrease of RMB325.2 million in amount due from a related company as Shandong Lanyin repaid the loan.

As of the Latest Practicable Date, RMB62.2 million, or 48.8% of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

***Trade and Bills Payables***

Our trade and bills payables primarily related to purchase of raw materials and payment to contractual manufacturers. Our trade payables are normally settled on 30 days to 300 days by cash or bills. The following table sets forth the details of our trade and bills payables as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | (RMB in thousands) | | |
| Bills payables | 83,304 | 206,098 | 364,037 |
| Trade payables | 192,662 | 547,347 | 717,325 |
| **Total** | **275,966** | **753,445** | **1,081,362** |

Our trade and bills payables increased from RMB276.0 million as of December 31, 2023 to RMB753.4 million as of December 31, 2024 and further to RMB1,081.4 million as of December 31, 2025, primarily due to the increased procurement of raw materials and engagement of contractual manufacturers in support of our sales growth.

During the Track Record Period, a substantial majority of our trade and bills payables were outstanding for less than one year. The following table sets forth an aging analysis of our trade and bills payables on invoice date as of the dates indicated:

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | (RMB in thousands) | | |
| Within 1 year | 273,700 | 751,566 | 1,080,121 |
| 1 to 2 years | 2,266 | 753 | 377 |
| Over 2 years | – | 1,126 | 864 |
| **Total** | **275,966** | **753,445** | **1,081,362** |

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

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Trade payables turnover days(1) | 159.4 | 229.9 | 241.1 |

*Note:*

(1) Calculated as the average of the beginning and ending balance of trade payables for the year divided by the cost of sales for that year and multiplied by 365 days.

Our trade payables turnover days increased from 159.4 days in 2023 to 229.9 days in 2024, and further to 241.1 days in 2025, primarily due to (i) our continuous inventory build-up in line with our business expansion, (ii) we obtained longer credit terms with certain suppliers, and (iii) a higher proportion of settlement through notes with relatively long maturity.

As of the Latest Practicable Date, RMB831.0 million, or 76.8%, of our trade and bills payables as of December 31, 2025 had been settled.

### *Other Payables and Accruals*

Our other payables and accruals consisted of (i) other payables in relation to the construction of our TANBOER Technology Park; (ii) other tax payables, mainly including VAT and related surcharges; (iii) payroll payables; (iv) deposits; (v) refund liabilities; (vi) contract liabilities, representing the advance payments received from our distributors; and (vii) payable for [**REDACTED**] expenses.

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Other payables | 92,485 | 151,638 | 131,273 |
| Other tax payables | 61,590 | 15,946 | 52,308 |
| Payrolls payables | 29,244 | 38,784 | 39,470 |
| Deposit | 22,237 | 29,241 | 30,782 |
| Refund liabilities | 8,848 | 13,113 | 33,956 |
| Contract liabilities | 18,625 | 45,156 | 16,854 |
| Payable for [**REDACTED**] expenses | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Total** | **233,029** | **293,878** | **306,501** |

Our other payables and accruals increased from RMB233.0 million as of December 31, 2023 to RMB293.90 million as of December 31, 2024, primarily due to (i) an increase of RMB59.2 million in other payables primarily in relation to the construction of our TANBOER Technology Park, and (ii) an increase of RMB26.5 million in contract liabilities, mainly associated with the expansion of our offline distributor network. This was partially offset by a decrease of RMB45.6 million in other tax payables in line with our increased procurement. Our other payables and accruals increased from RMB293.9 million as of December 31, 2024 to RMB306.5 million as of December 31, 2025, respectively primarily due to an increase of RMB36.4 million in other tax payable, partially offset by a decrease of RMB28.3 million in contract liabilities as we accelerated the fulfillment of delivery obligations to our distributors.

As of the Latest Practicable Date, RMB213.9 million, or 69.8%, of our other payables and accruals as of December 31, 2025 had been settled.

## LIQUIDITY AND CAPITAL RESOURCES

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

As of April 30, 2026, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB193.6 million. As of April 30, 2026, our unutilized banking facilities amounted to RMB126.0 million. See "Risk Factors — Risks Relating to Our Business and Industry — We may require additional funding to finance our operations and expand our business, which may not be available on favorable terms or at all." Considering our internal resources, our cash flow from operations and the estimated [**REDACTED**] from the [**REDACTED**], our Directors confirm that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

### Summary of Consolidated Statements of Cash Flow

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

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | |
| Net cash flows generated from operating activities | 249,793 | 80,185 | 114,491 |
| Net cash flows (used in)/generated from investing activities | (194,911) | (170,342) | 247,084 |
| Net cash flows (used in)/generated from financing activities | (26,802) | 158,461 | (252,032) |
| Net increase in cash and cash equivalents | 28,080 | 68,304 | 109,543 |
| Cash and cash equivalents at beginning of year | 57,284 | 85,364 | 153,668 |
| Cash and cash equivalents at end of the year | 85,364 | 153,668 | 263,211 |

#### *Net Cash Flows Generated from Operating Activities*

In 2025, we had net cash flows generated from operating activities of RMB114.5 million, which represents our profit before taxation of RMB254.6 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB66.6 million, and (ii) impairment of inventories of RMB52.3 million. This was adjusted by changes in working capital, primarily comprising (i) an increase of RMB307.1 million in trade and bills receivables, (ii) an increase of RMB284.8 million in inventories, and (iii) an increase of RMB319.9 million in trade and bills payables.

In 2024, we had net cash flows generated from operating activities of RMB80.2 million, which represents our profit before taxation of RMB120.9 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB36.3 million, (ii) impairment of inventories of RMB36.1 million, and (iii) depreciation of right-of-use assets of RMB18.1 million. This was adjusted by changes in working capital, primarily comprising (i) an increase in inventories of RMB472.8 million, (ii) an increase in trade and bills payables of RMB477.5 million, and (iii) an increase in other payables and accruals of RMB9.9 million.

In 2023, we had net cash flows generated from operating activities of RMB249.8 million, which represents our profit before taxation of RMB176.7 million, as adjusted by non-cash and non-operating items, primarily comprising (i) gain on disposal of items of property, plant and equipment of RMB22.4 million, (ii) depreciation of property, plant and equipment of RMB18.7 million, and (iii) impairment of inventories of RMB19.3 million. This was adjusted by changes in working capital, primarily comprising (i) an increase in other payables and accruals of RMB57.3 million, (ii) a decrease in inventories of RMB57.4 million, and (iii) an increase in trade and bills receivables of RMB32.3 million.

***Net Cash Flows (Used in)/Generated from Investing Activities***

In 2025, we had net cash flows generated from investing activities of RMB247.1 million, primarily attributable to proceeds from repayment of loans to a related company of RMB323.6 million, partially offset by purchases of items of property, plant and equipment of RMB62.8 million.

In 2024, we had net cash flows used in investing activities of RMB170.3 million, primarily attributable to purchases of items of property, plant and equipment of RMB178.5 million, partially offset by proceeds from repayment of loans to a related company of RMB14.6 million.

In 2023, we had net cash flows used in investing activities of RMB194.9 million, primarily attributable to (i) advances of loans to a related company of RMB198.3 million, and (ii) purchases of items of property, plant and equipment of RMB152.4 million, partially offset by repayment from a related company of RMB37.0 million.

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

In 2025, we had net cash flows used in financing activities of RMB252.0 million, primarily attributable to (i) dividend paid of RMB290.0 million, and (ii) repayment of bank and other borrowings of RMB216.4 million; partially offset by new bank and other borrowings of RMB305.3 million.

In 2024, we had net cash flows generated from financing activities of RMB158.5 million, primarily attributable to new bank and other borrowings of RMB217.3 million, partially offset by (i) lease payments of RMB19.4 million, and (ii) repayment of bank and other borrowings of RMB30.1 million.

In 2023, we had net cash flows used in financing activities of RMB26.8 million, primarily attributable to repayment of bank and other borrowings of RMB103.3 million, partially offset by new bank and other borrowings of RMB93.1 million.

## INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and April 30, 2026, being the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *(RMB in thousands)* | | | *(Unaudited)* |
| **Current** | | | | |
| Interest-bearing bank borrowings | 30,076 | 189,842 | 342,349 | 244,035 |
| Lease liabilities | 9,588 | 24,391 | 22,752 | 19,017 |
| **Non-current** | | | | |
| Interest-bearing bank borrowings | 52,386 | 79,996 | 16,130 | 60,395 |
| Lease liabilities | 16,445 | 28,481 | 14,090 | 9,379 |
| **Total** | **108,495** | **322,710** | **395,321** | **332,826** |

Our Directors confirmed that there has not been any material change in our indebtedness since April 30, 2026 to the date of this document. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, we did not have plans for material external debt financing.

### Interest-Bearing Bank Borrowings

As of December 31, 2023, 2024, 2025, and April 30, 2026, we had total borrowings of RMB82.5 million, RMB269.8 million, RMB358.5 million and RMB304.4 million, respectively.

Our bank borrowings bear interest ranging from 3.20% to 4.80% per annum, 3.20% to 4.65% per annum and 3.10% to 4.80% per annum as of December 31, 2023, 2024 and 2025, respectively. As of the same date, certain of our bank loans of RMB82.5 million, RMB259.8 million and RMB289.7 million were guaranteed by our Shareholders and Controlling Shareholders. As confirmed by our Directors, the aforementioned guarantees are expected to be release prior to [**REDACTED**]. See Note 25 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that we did not experience any difficulty in obtaining bank loans, default in payment of bank loans or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

### Lease Liabilities

Our lease liabilities primarily related to the leased properties for our self-operated offline stores.

Our lease liabilities increased from RMB26.0 million as of December 31, 2023 to RMB52.9 million as of December 31, 2024, primarily due to increased number of leased properties in line with our expansion of offline retail stores. Our lease liabilities decreased to RMB36.8 million as of December 31, 2025 primarily due to our adjustment of business strategies to focus on online channels.

## CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures consisted of building, plant and machinery, office equipment, motor vehicle, electronic equipment, construction in progress and leasehold improvement. The following table sets forth our capital expenditures for the years indicated:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | (RMB in thousands) | | |
| Building | 3 | – | – |
| Plant and machinery | 13,494 | 15,191 | 6,731 |
| Office equipment | 2,277 | 6,736 | 3,374 |
| Motor vehicle | 132 | 272 | 574 |
| Electronic equipment | 1,100 | 2,030 | 1,832 |
| Construction in progress | 101,264 | 158,022 | 7,413 |
| Leasehold improvement | 27,087 | 51,152 | 21,943 |
| **Total** | **145,357** | **233,403** | **41,867** |

We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance and cash generated from our operation activities. We will continue to make capital expenditures to meet the expected growth of our business. See the section "Future Plans and [**REDACTED**]" in this document for details.

## COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had commitments contracted for but not yet provided of RMB2.0 million, RMB1.4 million and RMB2.4 million, primarily in connection with contracts in relation to our TANBOER Technology Park and renovation of our offline self-operated stores.

## CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and April 30, 2026, we had no significant contingent liabilities.

## KEY FINANCIAL RATIOS

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

| | As of/For the Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | (%) | | |
| Turnover growth[(1)] | 39.4 | 27.6 | 68.1 |
| Gross profit margin[(2)] | 56.5 | 54.9 | 56.3 |
| Return on equity[(3)] | 24.7 | 15.6 | 31.5 |

*Notes:*

(1) Turnover growth represents the revenue of the year divided by the revenue of the previous year minus one.

(2) Gross profit margin represents gross profit for the year divided by revenue for the year and multiplied by 100%.

(3) Return on equity represents in percentage terms the net profit for the year divided by average shareholders equity.

## RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See Note 33 to the Accountants' Report in Appendix I to this document. Our Directors confirm that each of the material related party transactions during the Track Record Period were conducted on an arm's-length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

## PROPERTY VALUATION

In accordance with the requirement of Rule 5.07 of the Listing Rules, APAC Asset Valuation and Consulting Limited, an independent property valuer, has valued the relevant property interests as of April 30, 2026. Particulars of our property interests are set out in "Appendix III — Property Valuation Report" to this document.

The table below sets out the reconciliation between the net book value of our property as of December 31, 2025 in the Accountants' Report set out in Appendix I to this document and the market value of our property as of April 30, 2026 in the property valuation report set out in Appendix III to this document.

| | *(RMB in thousands)* |
|---|---|
| Net book value of our selective property as of December 31, 2025 | 440,586 |
| Depreciation adjustments | (6,968) |
| Net book value as of April 30, 2026 | 433,618 |
| Valuation surplus as of April 30, 2026 | 46,067 |
| Valuation as of April 30, 2026 as set out in the Property Valuation Report set out in Appendix III to this document | 479,685 |

## QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our principal financial instruments include interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade and bills payables, which arise directly from its operations.

The main risks arising from our financial instruments are credit risk and liquidity risk. For further details, including relevant sensitivity analysis, see Note 36 to the Accountants' Report in Appendix I to this document.

## DIVIDENDS

We did not declare dividends in 2023 or 2024. In 2025, we declared and fully paid dividends of RMB290.0 million to our Shareholders.

We currently do not have a formal dividend policy or a fixed dividend pay-out ratio. Our Board may determine the dividends we pay, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

## RETAINED PROFITS

As of December 31, 2025, we had retained profits of RMB356.6 million.

## [REDACTED]

[**REDACTED**] to be borne by us are estimated to be approximately HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share), representing approximately [**REDACTED**]% of the estimated [**REDACTED**] from the [**REDACTED**] assuming no Shares are issued pursuant to the [**REDACTED**]. The [**REDACTED**] consist of (i) [**REDACTED**]-related expenses, including [**REDACTED**] commission, of approximately HK$[**REDACTED**], and (ii) non-[**REDACTED**]-related expenses of approximately HK$[**REDACTED**], comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$[**REDACTED**], and (b) other fees and expenses of approximately HK$[**REDACTED**]. During the Track Record Period, the [**REDACTED**] charged to our consolidated statements of profit or loss were HK$[**REDACTED**] and the issue costs, which was recognized as prepayments and are expected to be deducted from equity upon the [**REDACTED**], were HK$[**REDACTED**]. After the Track Record Period, approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss, and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. We do not believe any of the above fees or expenses are material or are unusually high for us. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

## NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or [**REDACTED**] position or prospects since December 31, 2025 and up to the date of this document.

## DISCLOSURE REQUIRED UNDER 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.