You should read the following discussion and analysis in conjunction with our consolidated financial statements, including the notes thereto, as set forth in the Accountants' Report in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with International Financial Reporting Standards (the "IFRS"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-looking Statements" in this document.

OVERVIEW

We are a leading content asset operator in China. Content assets are systematically created and managed collection of digital content, such as text, images, and video, that can be used to achieve specific business objectives, such as brand building, sales conversion, and user growth. We provide AI-powered content marketing solutions and content management services to our enterprise customers, delivering a complete service cycle of content asset creation, accumulation, analysis, distribution, and optimization. Our content marketing solutions enable enterprise customers to create and distribute content assets, establish brand influence and connect with their customers, while our content management services drive the systematic accumulation, analysis and long-term reuse of content assets.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations and financial condition include the following.

Our ability to retain existing customers and acquire new customers

Our revenue and financial performance are influenced by the composition of our customer base. During the Track Record Period, our customer base primarily consisted of enterprises that utilized our content marketing solutions and content management services.

We have strategically focused on serving established enterprise customers, which has contributed to the stability of our revenue streams and improved the quality and recoverability of our trade receivables. However, such customer strategy has also resulted in a certain level of customer concentration. In 2023, 2024 and 2025, our top five customers in each period accounted for 68.2%, 57.6% and 57.3% of our total revenue, respectively, and our largest customer in each period accounted for 34.8%, 22.2% and 16.9% of our total revenue, respectively. As a result, changes in the business scale, marketing budgets or level of engagement of these key customers, as well as the stability of our relationships with them, may affect our revenue, trade receivables and cash flows.

In addition, our ability to continue attracting new high-quality customers, diversifying our customer base, as well as maintaining stable relationships with existing customers, will continue to influence the stability and predictability of our revenue.

Development of the content operations industry in China and our technology-driven solutions

The content operations industry has expanded in recent years alongside the rapid growth of social media platforms, online content ecosystems and digital advertising channels. As enterprises increasingly rely on social media platforms to promote their products and engage with consumers, demand for content-driven marketing campaigns and related marketing technology solutions has increased.

During the Track Record Period, the continued development of the content operations industry contributed to the demand for our services, including our influencer marketing services, and content amplification services. In particular, enterprises have shown increasing demand for integrated solutions that combine influencer-based marketing execution with data analytics and content management capabilities.

In addition, technological developments in areas such as data analytics and AI have increasingly shaped the digital marketing landscape. Our ability to leverage such technologies to enhance campaign planning, content performance analysis and marketing optimization has supported the expansion of our service offerings and customer base during the Track Record Period.

Our ability to collaborate with content creators and MCNs

We collaborate with content creators and MCNs to execute marketing campaigns for our enterprise customers. These content creators play an important role in producing and distributing digital content that enables enterprise customers to reach target audiences across various social media platforms.

Our ability to effectively collaborate with high-quality content creators and the MCNs representing such creators affects the scale and effectiveness of the marketing campaigns we deliver for our customers. A broad and diversified content creator network enables us to match appropriate content creators with specific campaign objectives, industries and target audiences.

During the Track Record Period, our ability to maintain such content creator relationships and media resources supported the execution of marketing campaigns and contributed to the generation of revenue from our influencer marketing.

Our ability to maintain strong business relationships with major social media platforms

Both our content marketing solutions and content management services rely on our cooperation with major social media platforms in China. These platforms typically have large user bases and generate substantial volumes of data.

Given the widespread adoption of these platforms, enterprise customers target their users as key audiences, and the related data serve as important references for formulating marketing strategies, which are essential to our business operations.

During the Track Record Period, we accessed public data from social media platforms through APIs and commercial arrangements to obtain marketing-related information. In addition, the procurement of media resources on such platforms is critical in enabling our customers to reach their target audiences. Our ability to maintain and manage relationships with these platforms on commercially reasonable terms has been an important factor affecting our business operations and overall profitability during the Track Record Period.

Our ability to manage media resource procurement and marketing execution cost

A significant portion of our cost of sales is associated with the procurement of media resources and the execution of marketing campaigns. During the Track Record Period, media resources cost accounted for approximately 96.9%, 96.7% and 97.0% of our total cost of sales, respectively.

These costs are closely linked to the scale of marketing campaigns conducted for our customers, the pricing of advertising inventory and user traffic on social media platforms, and the fees charged by content creators and media partners. As the volume of campaigns we execute increases, our media resource procurement and campaign execution costs also change accordingly.

Our ability to manage such costs through efficient campaign planning, long-term cooperation with content creators and media partners, and the use of AI-powered solutions to optimize marketing performance has been an important factor affecting our gross margins and overall profitability during the Track Record Period.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board. We have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on January 1, 2026 are set out in Note 2.2 to the Accountants' Report in Appendix I to this document. The historical financial information has been prepared under the historical cost basis, except for certain financial assets, which are measured at fair value. See Note 2.1 to the Accountants' Report in Appendix I to this document for details on our basis of preparation and presentation.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates, assumptions, and complex judgments related to accounting items. These estimates, assumptions and judgments have a significant impact on our financial position and results of operations. Our management continuously evaluates such estimates, assumptions, and judgments based on past experience, industry practices, and expectations of future events that are deemed reasonable under the circumstances. During the Track Record Period, there had not been any material deviation between our management's estimates or assumptions and actual results, and we had not made any material changes to these estimates or assumptions. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Our accounting policies, judgments and estimates, as well as other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Note 2 and Note 3 to the Accountants' Report in Appendix I to this document.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Revenue	**1,425,231**	**100.0**	**1,563,966**	**100.0**	**1,949,630**	**100.0**
Cost of sales	(1,250,878)	(87.8)	(1,408,803)	(90.1)	(1,690,755)	(86.7)
Gross profit	**174,353**	**12.2**	**155,163**	**9.9**	**258,875**	**13.3**
Other income and gains	11,779	0.8	21,166	1.4	4,746	0.2
Selling and marketing expenses	(34,462)	(2.4)	(39,723)	(2.5)	(51,647)	(2.6)
Administrative expenses	(45,237)	(3.2)	(49,676)	(3.2)	(53,458)	(2.7)
Research and development expenses	(60,097)	(4.1)	(52,941)	(3.5)	(67,596)	(3.6)
Impairment on financial assets, net	(798)	(0.1)	(11,041)	(0.7)	1,314	0.1
Other expenses	(303)	(0.0)	(182)	(0.0)	(11,860)	(0.6)
Finance costs	(13,864)	(1.0)	(12,952)	(0.8)	(16,137)	(0.8)
Share of losses of associates	(865)	(0.1)	—	—	—	—
Profit before tax	**30,506**	**2.1**	**9,814**	**0.6**	**64,237**	**3.3**
Income tax credit/(expense)	2,421	0.2	2,110	0.2	(1,431)	(0.1)
Profit for the year	**32,927**	**2.3**	**11,924**	**0.8**	**62,806**	**3.2**

Revenues

During the Track Record Period, we generated revenues primarily from (i) content marketing solutions, which consist of (a) influencer marketing, and (b) content amplification, and (ii) content management services.

For influencer marketing, we provide content marketing solutions to enterprise customers, covering strategy formulation, media placement and performance monitoring across social media platforms. We mainly charge our customers service fees based on the cost-plus model, taking into account the costs of media resources procured and a service fee calculated as a percentage of such costs. For content amplification, we generate revenue mainly by charging customers service fees under either a performance-based model, where fees are calculated based on the actual volume of ad delivery multiplied by a pre-agreed unit price, or a cost-plus model, which consists of the total costs of the content promotion campaign plus a service fee calculated as a percentage of such costs.

For content management services, we generate revenue mainly through enterprise applications, under which customers pay subscription fees for the use of our AI-powered enterprise content management application matrix. We also provide other related services, including data consulting services, delivering customized research reports on platform dynamics and operation strategies

The following table sets forth a breakdown of our revenues by service type, each in an absolute amount and as a percentage of our total revenues, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Content marketing solutions	**1,325,698**	**93.0**	**1,485,280**	**95.0**	**1,836,612**	**94.2**
Influencer marketing	1,293,121	90.7	1,459,249	93.3	1,800,025	92.3
Content amplification	32,577	2.3	26,031	1.7	36,587	1.9
Content management services	**99,533**	**7.0**	**78,686**	**5.0**	**113,018**	**5.8**
Total	**1,425,231**	**100.0**	**1,563,966**	**100.0**	**1,949,630**	**100.0**

Cost of sales

The following table sets forth a breakdown of our cost of sales by businesses, in absolute amounts and as a percentage of our total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Content marketing solutions	**1,205,266**	**96.4**	**1,384,834**	**98.3**	**1,660,653**	**98.2**
Influencer marketing	1,197,634	95.8	1,377,330	97.8	1,651,976	97.7
Content amplification	7,632	0.6	7,504	0.5	8,677	0.5
Content management services	**45,612**	**3.6**	**23,969**	**1.7**	**30,102**	**1.8**
Total	**1,250,878**	**100.0**	**1,408,803**	**100.0**	**1,690,755**	**100.0**

The following table sets forth a breakdown of our cost of sales by nature, each in an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Media resources cost	1,211,048	96.9	1,361,685	96.7	1,640,391	97.0
Staff cost	35,507	2.8	42,633	3.0	46,678	2.8
Lease and server hosting fees	4,323	0.3	4,485	0.3	3,686	0.2
Total	**1,250,878**	**100.0**	**1,408,803**	**100.0**	**1,690,755**	**100.0**

Our cost of sales primarily consists of (i) media resources cost, mainly representing (a) marketing content production and collaboration costs, covering content creators' expenses for content creation and social media platform publishment, and (b) promotional procurement costs, which are primarily payments to third-party social media platforms for advertising placement procurement, (ii) staff cost, mainly representing staffing and human resources expenditures, and (iii) lease and server hosting fees relating to cloud server rental fees, data storage fees, and bandwidth charges.

Gross profit and gross profit margin

As a result of the foregoing, we recorded gross profit of RMB174.4 million, RMB155.2 million and RMB258.9 million in 2023, 2024 and 2025, respectively, representing gross profit margin of 12.2%, 9.9% and 13.3%, respectively, during the same periods.

The following table sets forth a breakdown of our gross profit and gross profit margin by businesses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in thousands, except for percentages)					
Content marketing solutions	**120,432**	**9.1**	**100,446**	**6.8**	**175,959**	**9.6**
Influencer marketing	95,487	7.4	81,919	5.6	148,049	8.2
Content amplification	24,945	76.6	18,527	71.2	27,910	76.3
Content management services	**53,921**	**54.2**	**54,717**	**69.5**	**82,916**	**73.4**
Total	**174,353**	**12.2**	**155,163**	**9.9**	**258,875**	**13.3**

Other income and gains

Our other income and gains primarily consists of (i) government grants, primarily representing value-added tax incentives, tax refunds, employment stabilization subsidies and other incentives received from local authorities, (ii) bank interest income, (iii) investment income from wealth management products, (iv) gain on disposal of a subsidiary, (v) gain on disposal of an associate, (vi) gain on termination of lease, (vii) gain on reversal of provisions made in 2021, resulting from the reduction in the estimated compensation amount following the final judgment of legal proceedings in December 2024, and (viii) others.

The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Other income						
Government grants	9,886	84.0	2,099	9.9	4,450	93.8
Bank interest income	733	6.2	604	2.9	225	4.7
Investment income from wealth management products	9	0.1	573	2.7	33	0.7
Other gains						
Gain on disposal of a subsidiary	1,146	9.7	—	—	—	—
Gain on disposal of an associate	—	—	3,585	16.9	—	—
Gain on termination of lease	—	—	—	—	38	0.8
Gain on reversal of provisions	—	—	14,299	67.6	—	—
Others	5	0.0	6	0.0	—	—
Total	**11,779**	**100.0**	**21,166**	**100.0**	**4,746**	**100.0**

Selling and marketing expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expenses, representing salaries and benefits for our sales personnel, (ii) office expenses, representing depreciation of right-of-use assets and related costs for office premises used by our sales and marketing teams, and (iii) marketing and promotion expenses, mainly relating to our branding and marketing activities, including online promotional expenses and other expenses incurred by the sales and marketing teams.

The following table sets forth a breakdown of our selling and marketing expenses by nature, each in an absolute amount and as a percentage of our total selling and marketing expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	25,803	74.9	28,965	73.0	40,567	78.5
Office expenses	4,516	13.1	5,501	13.8	6,693	13.0
Marketing and promotion expenses	4,143	12.0	5,257	13.2	4,387	8.5
Total	**34,462**	**100.0**	**39,723**	**100.0**	**51,647**	**100.0**

Administrative expenses

Our administrative expenses consist of (i) employee benefit expenses, representing salaries and benefits for our administrative personnel, (ii) office and other administrative expenses, representing general administrative and office-related expenses incurred by, and depreciation of right-of-use assets and related costs for office premises used by our administrative teams, (iii) professional services expenses, representing auditing, legal and consulting fees associated with our general operations, (iv) [REDACTED], and (v) others.

The following table sets forth a breakdown of our administrative expenses by nature, each in an absolute amount and as a percentage of our total administrative expenses, for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	37,011	81.9	38,372	77.2	42,318	79.1
Office and other administrative expenses	3,936	8.7	7,190	14.5	6,755	12.6
Professional services expenses	1,651	3.6	1,572	3.2	199	0.4
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	2,639	5.8	2,542	5.1	2,758	5.2
Total	**45,237**	**100.0**	**49,676**	**100.0**	**53,458**	**100.0**

Research and development expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, representing salaries and benefits for our research and development personnel, (ii) servers and other development expenses, representing cloud server cost, database cost, and other hardware and software purchased for research and development purpose, (iii) office expenses, representing general administrative and office-related expenses incurred by, and depreciation of right-of-use assets and related costs for office premises used by our research and development teams and (iv) others.

The following table sets forth a breakdown of our research and development expenses by nature, each in an absolute amount and as a percentage of our total research and development expenses, for periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	47,501	79.1	37,610	71.0	48,918	72.3
Servers and other development expenses	8,721	14.5	12,237	23.1	13,857	20.5
Office expenses	3,136	5.2	2,634	5.0	4,370	6.5
Others	739	1.2	460	0.9	451	0.7
Total	**60,097**	**100.0**	**52,941**	**100.0**	**67,596**	**100.0**

Impairment on financial assets, net

Our impairment on financial assets, net primarily represent expected credit losses on our financial assets, mainly relating to trade receivables and other receivables. We recorded impairment loss on financial assets, net of RMB0.8 million, RMB11.0 million in 2023 and 2024, respectively, and a net of reversal of RMB1.3 million in 2025.

Other expenses

Other expenses primarily represent our non-operating expenditure arising in the ordinary course of our business. We recorded other expenses of RMB0.3 million, RMB0.2 million and RMB11.9 million in 2023, 2024 and 2025, respectively.

Finance costs

Our finance costs primarily consist of (i) interest on bank loans, (ii) interest on factoring of trade receivables, and (iii) interest on lease liabilities. We recorded finance costs of RMB13.9 million, RMB13.0 million, and RMB16.1 million in 2023, 2024 and 2025, respectively.

Income tax credit/(expense)

Income tax expense primarily represents income tax payable by us in accordance with the EIT Law and its corresponding implementation regulations. This income tax comprises both current income tax and deferred income tax credit/(expense).

Entities located in the PRC are subject to a statutory income tax rate of 25%, certain entities within our Group were eligible for preferential income tax rates pursuant to the relevant tax regulations. For instance, our Company and one of our subsidiaries, Beijing Newrank were qualified as "High and New Technology Enterprise" under the relevant PRC laws and regulations and, accordingly, enjoyed a preferential income tax rate of 15% for the years from 2023 to 2025. In addition, certain of our subsidiaries that are qualified as small and micro enterprises were entitled to a reduced effective preferential income tax rates of 5% for the years from 2023 to 2025.

We recorded income tax credit of RMB2.4 million, RMB2.1 million in 2023 and 2024, respectively, and income tax expense of RMB1.4 million in 2025.

Profit for the year

As a result of the foregoing, we record profit for the year of RMB32.9 million, RMB11.9 million and RMB62.8 million in 2023, 2024 and 2025, respectively.

COMPARISON OF RESULTS OF OPERATIONS

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

Revenues

Our total revenues increased by 24.7% from RMB1,564.0 million in 2024 to RMB1,949.6 million in 2025, primarily driven by the growth of our two main businesses:

Content marketing solutions. Our revenue generated from content marketing solutions increased by 23.7% from RMB1,485.3 million in 2024 to RMB1,836.6 million in 2025.

- ***Influencer marketing***. Our revenue generated from influencer marketing increased by 23.4% from RMB1,459.2 million in 2024 to RMB1800.0 million in 2025, primarily due to our continued expansion into new industries, including consumer electronics and electric vehicle industries, particularly our strengthened collaboration with a major consumer electronics customer. During the same period, the number of enterprise customers decreased as a result of our strategic focus on higher-value accounts. Notwithstanding such decrease, the total number of content placements increased by 44.4% from approximately 58,300 in 2024 to 84,200 in 2025, reflecting increased engagement and higher placement volume per customer. The average price per placement decreased by 14.4% from approximately RMB25,000 in 2024 to RMB21,400 in 2025, primarily attributable to a shift in service mix towards mid- to long-tail content creators, which generally commanded lower average cost per placement, as well as our provision of more scalable, high-frequency content marketing solutions.

- ***Content amplification***. Our revenue generated from content amplification increased by 40.8% from RMB26.0 million in 2024 to RMB36.6 million in 2025, primarily driven by our strategic focus on feeds and search traffic placement services on *RedNote*. Such services typically offer broader and more precise user targeting and higher conversion efficiency, which enhanced advertising performance for our customers and increased demand, particularly from small and medium-sized enterprises.

Content management services. Our revenue generated from content management services increased by 43.6% from RMB78.7 million in 2024 to RMB113.0 million in 2025, primarily attributable to the increasing market adoption of our AI-powered enterprise applications which led to a broader customer base and higher level of enterprise customer engagement. The number of customers for our content management services increased by 73.6% from 235 in 2024 to 408 in 2025, contributing to the growth of our recurring revenue streams. Such growth was also supported by the expansion of our product matrix, with *Voice Connect* and *Mass Hub* introduced in 2024.

Cost of sales

Our cost of sales increased by 20.0% from RMB1,408.8 million in 2024 to RMB1,690.8 million in 2025, primarily due to an increase in our media resource costs by 20.5% from RMB1,361.7 million in 2024 to RMB1,640.4 million in 2025. The increase was generally in line with our revenue growth for the same period. During the same period, the total number of content placements increased by 44.4% from approximately 58,300 to 84,200, reflecting the expansion of our business scale and increased customer engagement. The average cost per placement decreased by 16.9% from approximately RMB23,600 to RMB19,600, primarily attributable to a shift in service mix towards mid- to long-tail content creators as well as our provision of more scalable, high-frequency content marketing solutions.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 66.8% from RMB155.2 million in 2024 to RMB258.9 million in 2025. Our gross profit margin increased from 9.9% in 2024 to 13.3% in 2025.

Content marketing solutions. The gross profit for our content marketing solutions increased by 75.3% from RMB100.4 million in 2024 to RMB176.0 million in 2025. The gross profit margin for our content marketing solutions increased from 6.8% in 2024 to 9.6% in 2025.

- ***Influencer marketing***. The gross profit for our influencer marketing increased by 80.7% from RMB81.9 million in 2024 to RMB148.0 million in 2025. The gross profit margin for our influencer marketing increased from 5.6% in 2024 to 8.2% in 2025. The increase in such gross profit and gross profit margin primarily driven by the improvement in our customer mix, with a higher contribution from enterprise customers in emerging industries, such as consumer electronics and electric vehicles, which typically have stronger budget capacity, allowing for enhanced project-level profitability.

- ***Content amplification***. The gross profit for our content amplification increased by 50.8% from RMB18.5 million in 2024 to RMB27.9 million in 2025, primarily in line with the growth in revenue from content amplification, which is driven by our strategic focus on feeds and search traffic placement services on *RedNote*. The gross profit margin for our content amplification increased slightly from 71.2% in 2024 to 76.3% in 2025.

Content management services. The gross profit for our content management services increased by 51.6% from RMB54.7 million in 2024 to RMB82.9 million in 2025 and the gross profit margin for our content management services increased from 69.5% in 2024 to 73.4% in 2025, primarily driven by the increased adoption of our AI-powered enterprise applications. The number of customers for our content management services increased from 235 in 2024 to 408 in 2025. As our fixed cost base remained relatively stable, the expansion of our customer base led to improved operating efficiency and a higher gross profit margin.

Other income and gains

Our other income and gains decreased by 77.8% from RMB21.2 million in 2024 to RMB4.7 million in 2025, primarily due to the absence of a reversal of legal provisions in 2025, as compared to a one-off reversal of RMB14.3 million recorded in 2024. Such reversal in 2024 was attributable to the reduction in the estimated compensation amount following the final judgment of the Copyright Case. As the court-ordered compensation in the final judgment was significantly lower than the amount we had previously estimated and provided for based on the first-instance judgment in 2021, we recognized a one-off reversal of the over-provided legal provisions in 2024.

Selling and marketing expenses

Our selling and marketing expenses increased by 30.0% from RMB39.7 million in 2024 to RMB51.6 million in 2025, primarily due to an increase in staff cost of RMB11.6 million, as a result of a higher sales department bonuses driven by an increase in the number of employees and performance improvements.

Administrative expenses

Our administrative expenses increased by 7.6% from RMB49.7 million in 2024 to RMB53.5 million in 2025, primarily attributable to the increase in employee benefit expenses of RMB3.9 million, mainly attributable to bonus increase due to performance growth.

Research and development expenses

Our research and development expenses increased by 27.8% from RMB52.9 million in 2024 to RMB67.6 million in 2025, primarily driven by the increase in employee benefit expenses of RMB11.3 million, mainly attributable to an increase in the number of employees and bonus increase due to performance growth.

Impairment on financial assets, net

Our impairment on financial assets, net was RMB11.0 million in 2024, as compared to a reversal of RMB1.3 million in 2025. This fluctuation was primarily due to a substantial one-off impairment loss recognized in 2024. The reversal of RMB1.3 million in 2025 was primarily attributable to the absence of such individually assessed impairment losses for trade receivables from an electric vehicle customer. Please see "Risk Factors — Risks Relating to Our Business and Industry — We are exposed to credit risks."

Other expenses

Our other expenses increased by from RMB0.2 million in 2024 to RMB11.9 million in 2025, primarily attributable to the legal provisions of RMB10.0 million recorded in 2025 in connection with the Competition Case. See "Risk Factors — Risks Relating to Our Business and Industry — We have been involved in, and from time to time, we, our shareholders, affiliates, Directors, senior management and employees may in the future be involved in legal, administrative proceedings and other disputes and claims arising from our operations," and "Business — Legal Proceedings and Compliance — Legal Proceedings."

Finance costs

Our finance costs increased by 23.8% from RMB13.0 million in 2024 to RMB16.1 million in 2025, primarily due to an increase in interest on bank loans resulting from an increase in bank borrowings.

Income tax credit/(expense)

We had an income tax credit of RMB2.1 million in 2024, as compared to an income tax expense RMB1.4 million in 2025. This was primarily due to (i) a decrease in deferred tax assets arising from the utilization of tax losses by the Company following the recognition of taxable profits in 2025, (ii) the partial reversal of deferred tax assets associated with provisions for the Copyright Case as such provisions were settled in 2024, while provisions were made for the ongoing Competition Case in 2025, and fluctuations in deferred tax assets related to impairment of financial assets, in line with the changes in expected credit losses on trade receivables and other receivables.

Profit for the year

As a result of the foregoing, our profit for the year increased by 427.7% from RMB11.9 million in 2024 to RMB62.8 million in 2025.

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

Revenues

Our total revenues increased by 9.7% from RMB1,425.2 million in 2023 to RMB1,564.0 million in 2024, primarily driven by the growth of our content marketing solutions.

Content marketing solutions. Our revenue generated from content marketing solutions increased by 12.0% from RMB1,325.7 million in 2023 to RMB1,485.3 million in 2024.

- ***Influencer marketing.*** Our revenue generated from influencer marketing increased by 12.8% from RMB1,293.1 million in 2023 to RMB1,459.2 million in 2024, primarily attributable to our expansion into new industry verticals, including the electric vehicles and consumer electronics industries, where we secured cooperation with selected enterprise customers. These customers typically exhibit higher spending levels and require more intensive and frequent content placement services, thereby contributing to overall revenue growth. Although the number of enterprise customers remained relatively stable, increasing from 156 in 2023 to 162 in 2024, such customers typically exhibit higher spending levels and require more intensive and frequent content placement services. During the same period, the total number of content placements increased from approximately 47,300 in 2023 to 58,300 in 2024, reflecting increased customer engagement and higher placement frequency per customer. In contrast, the average price per placement decreased from approximately RMB27,400 in 2023 to RMB25,000 in 2024, primarily attributable to a shift in service mix towards mid- to long-tail content creators.

- ***Content amplification.*** Our revenue generated from content amplification decreased by 20.2% from RMB32.6 million in 2023 to RMB26.0 million in 2024, primarily due to softened marketing spending by advertisers in 2024.

Content management services. Our revenue generated from content management services decreased by 20.9% from RMB99.5 million in 2023 to RMB78.7 million in 2024. The decrease was primarily attributable to our strategic transition towards AI-powered enterprise applications in 2024, during which we launched new applications. As these newly launched applications were at an early stage of commercialization, they were initially adopted by customers on a trial or limited-engagement basis, resulting in a relatively low revenue contribution during the period. This transition has laid the foundation for future monetization and recurring revenue growth as customer adoption deepens.

Cost of sales

Our cost of sales increased by 12.6% from RMB1,250.9 million in 2023 to RMB1,408.8 million in 2024, primarily driven by increase in media resource cost, from RMB1,211.0 million in 2023 to RMB1,361.7 million in 2024. The increase was in line with the revenue growth in content marketing services for the same year. During the same period, the total number of content placements increased by approximately 23.3% from approximately 47,300 to 58,300, reflecting increased customer engagement and higher placement frequency per customer. The average cost per placement decreased by approximately 6.7% from approximately RMB25,300 to RMB23,600, primarily attributable to a shift in service mix towards mid- to long-tail content creators.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 11.0% from RMB174.4 million in 2023 to RMB155.2 million in 2024. Our gross profit margin decreased from 12.2% in 2023 to 9.9% in 2024.

Content marketing solutions. The gross profit for our content marketing solutions decreased by 16.6% from RMB120.4 million in 2023 to RMB100.4 million in 2024. The gross profit margin for our content marketing solutions decreased from 9.1% in 2023 to 6.8% in 2024.

- ***Influencer marketing.*** The gross profit for our influencer marketing decreased by 14.2% from RMB95.5 million in 2023 to RMB81.9 million in 2024. The gross profit margin for our influencer marketing decreased from 7.4% in 2023 to 5.6% in 2024, primarily attributable to (i) our expansion into new industry verticals, such as the electric vehicles and consumer electronics industries, where we offered more competitive pricing to these customers during the initial stage of engagement, and (ii) a decrease in marketing budgets within the beauty and personal care industry, as customers adjusted their campaign timing and spending levels in response to evolving marketing cycles.

- ***Content amplification.*** The gross profit for our content amplification decreased by 25.7% from RMB24.9 million in 2023 to RMB18.5 million in 2024, which is in line with the decrease in our revenue from the business. The gross profit margin for our content amplification slightly decreased from 76.6% in 2023 to 71.2% in 2024.

Content management services. The gross profit for our content management services increased slightly by 1.5% from RMB53.9 million in 2023 to RMB54.7 million in 2024, primarily driven by the increase in gross profit margin, partially offset by the decrease in revenue generated from the business. The gross profit margin for our content management services increased from 54.2% in 2023 to 69.5% in 2024, primarily attributable to lower direct service costs resulting from our strategic ramp-up of AI-powered enterprise applications in 2024.

Other income and gains

Our other income and gains increased by 79.7% from RMB11.8 million in 2023 to RMB21.2 million in 2024, primarily due to the reversal of provisions of RMB14.3 million. Such reversal in 2024 was attributable to the reduction in the estimated compensation amount following the final judgment of the Copyright Case in December 2024, as the court-ordered compensation in the final judgment was significantly lower than the amount we had previously estimated and provided for based on the first-instance judgment in 2021, partially offset by a decrease in government grants of RMB7.8 million as a result of the discontinuation of value-added tax-related subsidies.

Selling and marketing expenses

Our selling and marketing expenses increased by 15.1% from RMB34.5 million in 2023 to RMB39.7 million in 2024, primarily due to (i) the increase in employee benefit expenses of RMB3.2 million, mainly attributable to the expansion of our sales team and (ii) the increase in office expenses of RMB1.0 million mainly attributable to the higher depreciation of right-of-use assets resulting from the temporary overlap of leases during the relocation of our Shanghai office and the addition of new leased office space for our Changsha office.

Administrative expenses

Our administrative expenses increased by 10.0% from RMB45.2 million in 2023 to RMB49.7 million in 2024, primarily due to the increase in office and depreciation expenses of RMB3.3 million, mainly attributable to the cost generated from furnishing of and relocation to our new Shanghai office and a higher depreciation of right-of-use assets resulting from the temporary overlap of leases between our old and new offices.

Research and development expenses

Our research and development expenses decreased by 12.0% from RMB60.1 million in 2023 to RMB52.9 million in 2024, primarily due to the decrease in employee benefit expenses of RMB9.9 million, mainly because we streamlined our R&D team in order to enhance efficiency. The decrease was partially offset by the increase in servers and other development expenses of RMB3.5 million, mainly attributable to our purchase of cloud service.

Impairment on financial assets, net

Our impairment on financial assets, net increased significantly from RMB0.8 million in 2023 to RMB11.0 million in 2024, primarily attributable to increased impairment provisions on trade receivables, mainly relating to (i) the expansion of our business scale, the balances of trade receivable and other receivables increased accordingly, and (ii) the trade receivables due from one of our customers which had entered into a pre-restructuring process.

Other expenses

Other expenses remained relatively stable at RMB0.3 million in 2023 and RMB0.2 million in 2024, respectively.

Finance costs

Our finance costs decreased by 6.5% from RMB13.9 million in 2023 to RMB13.0 million in 2024, primarily resulting from the decrease in interest expenses on the factoring of our trade receivables.

Income tax credit/(expense)

Our income tax credit remained relatively stable at RMB2.4 million and RMB2.1 million in 2023 and 2024, respectively.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 63.8% from RMB32.9 million in 2023 to RMB11.9 million in 2024.

DISCUSSION OF MAJOR ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	26,672	50,660	43,196
Total current assets	759,804	794,196	1,154,855
Total assets	**786,476**	**844,856**	**1,198,051**
Total non-current liabilities	11,439	30,519	26,457
Total current liabilities	395,263	426,200	760,485
Total liabilities	**406,702**	**456,719**	**786,942**
Net assets	**379,774**	**388,137**	**411,109**
Share capital	10,000	10,000	10,000
Reserves	368,266	376,612	399,583
Non-controlling interests	1,508	1,525	1,526
Total equity	**379,774**	**388,137**	**411,109**

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current assets				
Trade receivables	412,086	476,646	813,317	772,123
Prepayments, other receivables and other assets	195,876	231,065	237,999	242,492
Financial assets at fair value through profit or loss	30,009	—	10,000	—
Receivables at fair value through other comprehensive income	37,097	64,384	53,231	56,356
Pledged deposits	3,000	1,500	1,500	1,500
Restricted cash	—	—	24	—
Cash and cash equivalents	81,736	20,601	38,784	36,028
Total current assets	**759,804**	**794,196**	**1,154,855**	**1,108,499**
Current liabilities				
Trade payables	75,792	74,075	154,105	149,346
Other payables and accruals	58,584	67,732	140,407	67,666
Contract liabilities	15,960	13,578	23,384	23,769
Interest-bearing bank borrowings	218,362	259,675	423,285	441,119
Lease liabilities	8,142	7,098	7,783	8,246
Tax payable	18	91	21	—
Provisions	18,250	3,951	11,500	11,500
Other current liabilities	155	—	—	—
Total current liabilities	**395,263**	**426,200**	**760,485**	**701,646**
Net current assets	**364,541**	**367,996**	**394,370**	**406,853**

Our net current assets increased from RMB364.5 million as of December 31, 2023 to RMB368.0 million as of December 31, 2024, primarily due to (i) the increase in trade receivables of RMB64.6 million, which was primarily attributable to the expansion of our content marketing solutions and the corresponding increase in amounts due from our customers, and (ii) the increase in prepayments, other receivables and other assets of RMB35.2 million, which was primarily due to amounts due from media partners. The increase in our net current assets was partially offset by (i) the decrease in cash and cash equivalents of RMB61.1 million, and (ii) the decrease in financial assets at fair value through profit or loss of RMB30.0 million, which was primarily attributable to the maturity of our wealth management products.

Our net current assets increased from RMB368.0 million as of December 31, 2024 to RMB394.4 million as of December 31, 2025, primarily due to (i) the increase in trade receivables of RMB336.7 million, which was primarily attributable to the expansion of our customer base of our content marketing solutions, particularly our services provided to certain key customers in consumer electronics and electric vehicles industries near the year end, and (ii) the increase in cash and cash equivalents of RMB18.2 million. The increase in our net current assets was partially offset by (i) the increase in interest-bearing bank borrowings of RMB163.6 million, and (ii) the increase in trade payables of RMB80.0 million, which was consistent with our business expansion.

Our net current assets increased from RMB394.4 million as of December 31, 2025 to RMB406.9 million as of February 28, 2026, primarily due to the decrease in other payables and accruals of RMB72.7 million, which was primarily attributable to the payment of dividends, payroll and welfare; and partially offset by (i) the decrease in trade receivables of RMB41.2 million, and (ii) the increase in interest-bearing bank borrowings of RMB17.8 million.

Trade Receivables

Our trade receivables mainly represent amounts due from our customers. The following table sets forth the details of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	439,520	513,586	848,835
Impairment	(27,434)	(36,940)	(35,518)
Total	412,086	476,646	813,317

Our trade receivables increased from RMB412.1 million as of December 31, 2023 to RMB476.6 million as of December 31, 2024, primarily attributable to the expansion of our content marketing solutions and the corresponding increase in amounts due from customers.

Our trade receivables further increased from RMB476.6 million as of December 31, 2024 to RMB813.3 million as of December 31, 2025, primarily due to the expansion of our customer base of our content marketing solutions, particularly our services provided to certain key customers in consumer electronics and electric vehicles industries near the year end.

The following table sets for the aging analysis of our trade receivables, net of loss allowance, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 6 months	396,223	464,765	776,348
6 months to 1 year	11,749	10,177	34,825
1 to 2 years	4,100	1,704	2,105
2 to 3 years	14	—	39
Total	**412,086**	**476,646**	**813,317**

The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Trade receivables turnover days(1)	109	111	128

Note:

(1) The trade receivables turnover days are calculated by dividing the average of the opening and ending balances of gross trade receivables in that period by revenue for the corresponding period and then multiplying by 365 days in 2023, 2024 and 2025.

Our trade receivables turnover days remained relatively stable at 109 days, 111 days and 128 days for the years ended December 31, 2023, 2024 and 2025. Our trade receivables turnover days remained relatively stable at 109 days and 111 days in 2023 and 2024, and increased to 128 days in 2025, primarily due to higher sales recognized towards the end of the year, particularly from customers in the consumer electronics and electric vehicle industries.

As of February 28, 2026, RMB303.0 million, or 35.7% of our trade receivables outstanding as of December 31, 2025 had been subsequently settled.

We have established internal credit control procedures to monitor outstanding receivables and manage potential credit risk. Our credit control team is responsible for the initial assessment and ongoing monitoring of our customers' credit profiles. Credit terms are generally determined based on a number of factors, including the customer's financial condition, historical settlement records and the scale and nature of the advertising campaigns.

Payment terms are typically agreed with customers in accordance with industry practice and the nature of the advertising services provided. We monitor the aging profile of our trade receivables on an ongoing basis and follow up with customers regarding outstanding balances. Certain long-aged receivables may arise from longer settlement cycles adopted by customers in certain industries and do not necessarily indicate deterioration in credit quality. We assess impairment of receivables in accordance with the expected credit loss model under applicable accounting standards. Our trade receivables are non-interest-bearing.

Prepayments, Other Receivables and Other Assets

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)		
Amounts due from media partners	109,664	130,379	145,566
Prepayments	74,044	77,445	76,983
Capitalized [REDACTED]	—	—	[REDACTED]
Deposits	4,277	5,507	6,262
Prepaid income tax	99	62	—
Receivables from platforms and others	10,124	21,539	11,472
Subtotal	**198,208**	**234,932**	**241,974**
Impairment allowance	(2,332)	(3,867)	(3,975)
Total	**195,876**	**231,065**	**237,999**

Our prepayments, other receivables and other assets increased from RMB195.9 million as of December 31, 2023 to RMB231.1 million as of December 31, 2024, primarily due to an increase in amounts due from media partners under our annual framework arrangements, representing discounts based on the volume of our procurement from social media platforms, as well as an increase in prepayments made to such platforms for advertising placement procurement, both of which were attributable to our business expansion. Our receivables from platforms and others increased from RMB10.1 million to RMB21.5 million, primarily representing increased amounts temporarily paid by us to third-party platforms on behalf of our customers for media resources. Such increase was mainly attributable to the commencement of our cooperation with a new platform in 2024, which led to a higher volume of platform-settled transactions during the period.

Our prepayments, other receivables and other assets further increased from RMB231.1 million as of December 31, 2024 to RMB238.0 million as of December 31, 2025, primarily due to an increase in amounts due from media partners under our annual framework arrangements, representing discounts based on the volume of our procurement from social media platforms, as a result of our business expansion. Our receivables from platforms and others decreased from RMB21.5 million in 2024 to RMB11.5 million in 2025, primarily due to a decrease in amounts temporarily paid by us to third-party platforms on behalf of our customers for media resources. Such decrease was mainly attributable to the termination of cooperation with a platform previously onboarded in 2023, resulting in a lower volume of platform-settled transactions during 2025.

Receivables at Fair Value through Other Comprehensive Income

Our receivables at fair value through other comprehensive income primarily consist of certain trade receivables from Customer C in the ordinary course of business which will be factored to a bank. Our receivables at fair value through other comprehensive income increased from RMB37.1 million as of December 31, 2023 to RMB64.4 million as of December 31, 2024, primarily due to an increase in trade receivables from Customer C and subsequently discounted or factored with financial institutions as part of our cash flow management.

Our receivables at fair value through other comprehensive income decreased from RMB64.4 million as of December 31, 2024 to RMB53.2 million as of December 31, 2025, primarily due to a decrease in the trade receivables from Customer C, resulting in a lower amount of such receivables being discounted and factored.

Pledged Deposits

Our pledged deposits mainly represent deposits for secured bank loans. Our pledged deposits decreased from RMB3.0 million as of December 31, 2023 to RMB1.5 million as of December 31, 2024. Our pledged deposits remained relatively stable at RMB1.5 million as of December 31, 2024 and 2025.

Cash and Cash Equivalents

Our cash and cash equivalents mainly consist of cash on hand, cash at bank and short-term deposits. Our cash and cash equivalents of decreased from RMB81.7 million as of December 31, 2023 to RMB20.6 million as of December 31, 2024. Our cash and cash equivalents increased from RMB20.6 million as of December 31 2024 to RMB38.8 million as of December 31, 2025. See "— Liquidity and Capital Resources — Summary of Consolidated Statement of Cash Flow."

Property, Plant and Equipment

Our property, plant and equipment primarily represent leasehold improvements. The net carrying amount of our property, plant and equipment increased from RMB0.3 million as of December 31, 2023 to RMB5.0 million as of December 31, 2024, primarily resulting from the renovation of our office premises, partially offset by the termination of our previously leased Shanghai office.

The net carrying amount of our property, plant and equipment subsequently decreased from RMB5.0 million as of December 31, 2024 to RMB3.8 million as of December 31, 2025, primarily due to depreciation.

Right-of-use Assets

Our right-of-use assets primarily consist of lease contracts for office buildings used in our operations. Our right-of-use assets increased from RMB19.1 million as of December 31, 2023 to RMB36.1 million as of December 31, 2024, primarily due to the new lease and renewed lease of our office space. Our right-of-use assets decreased from RMB36.1 million as of December 31, 2024 to RMB31.2 million as of December 31, 2025, primarily due to amortization.

Deferred Tax Assets

Our deferred tax assets primarily arise from temporary differences between the accounting and tax treatment of certain items, including lease liabilities, impairment provisions, accruals and other provisions, and receivables measured at fair value through other comprehensive income, as well as unused tax losses. We recorded deferred tax assets of RMB7.3 million, RMB9.5 million and RMB8.1 million as of December 31, 2023, 2024 and 2025, respectively.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss mainly represents wealth management products. Our financial assets at fair value through profit or loss decreased from RMB30.0 million as of December 31, 2023 to nil as of December 31, 2024, primarily due to the maturity certain wealth management products during the year. Our financial assets at fair value through profit or loss increased from nil as of December 31, 2024 to RMB10.0 million as of as of December 31, 2025, primarily due to additional purchase of wealth management products.

We have implemented a comprehensive set of internal policies and guidelines to monitor and control investment risks associated with our financial assets portfolio. Our investment strategy aims to effectively manage our cash flows while minimize investment and financial risks. Guided by this strategy, we typically allocate a portion of our available cash for such investment in low-risk financial products, after setting aside sufficient funds for working capital needs. We typically receive proposals for investments in wealth management products from reputable commercial banks, which are required to undergo internal review and approval process from our general manager.

Trade Payables

Our trade payables primarily represent amounts due to social media platforms. Our trade payables slightly decreased from RMB75.8 million as of December 31, 2023 to RMB74.1 million as of December 31, 2024. Our trade payables subsequently increased from RMB74.1 million as of December 31, 2024 to RMB154.1 million as of December 31, 2025, which is in line with our business expansion.

The following table sets for the aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within 1 year	74,568	69,920	146,520
Over 1 year	1,224	4,155	7,585
Total	**75,792**	**74,075**	**154,105**

The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days[(1)]	27	19	25

Note:

(1) The trade payables turnover days are calculated by dividing the average of the opening and ending balances of trade payables in that period by cost of sales for the corresponding period and then multiplying by 365 days in 2023, 2024 and 2025.

As of February 28, 2026, RMB61.4 million, or 39.8% of our trade payables outstanding as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payroll and welfare payables, (ii) other tax payable, (iii) dividends payables, and (iv) other payables.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Payroll and welfare payables	25,140	20,860	35,771
Other tax payable	26,241	43,051	57,529
Dividends payable	—	—	40,000
Other payables	7,203	3,821	7,107
Total	**58,584**	**67,732**	**140,407**

Our other payables and accruals increased from RMB58.6 million as of December 31, 2023 to RMB67.7 million as of December 31, 2024, primarily due to the increased other tax payable relating to value-added tax.

Our other payables and accruals further increased from RMB67.7 million as of December 31, 2024 to RMB140.4 million as of December 31, 2025, primarily due to dividends payable and the increased payroll and welfare payables. See "— Dividends."

Contract Liabilities

Our contract liabilities primarily represent advances received for the provisions of our content marketing solutions and content management services. Our contract liabilities slightly decreased from RMB16.0 million as of December 31, 2023 to RMB13.6 million as of December 31, 2024.

Our contract liabilities increased from RMB13.6 million as of December 31, 2024 to RMB23.4 million as of December 31, 2025, which is in line with our business expansion, particularly relating to content management business.

Tax Payable

Our tax payable mainly represents the amount of income taxes owed to the tax authorities at the end of each year. Our tax payable was RMB18 thousand, RMB91 thousand, and RMB21 thousand as of December 31, 2023, 2024 and 2025, respectively.

Provisions

Our provisions mainly represent the estimated compensation for ongoing legal disputes. Our provisions decreased from RMB18.3 million as of December 31, 2023 to RMB4.0 million as of December 31, 2024, primarily reflecting the recognition of legal provisions and the partial reversal of such provisions following the final judgment of the Copyright Case in December 2024. Our provisions then increased to RMB11.5 million as of December 31, 2025, primarily due to the provisions of RMB10.0 million related to the ongoing Competition Case. See "Business — Legal Proceedings and Compliance — Legal Proceedings."

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements mainly from cash generated from our business operations, proceeds from bank borrowings, and shareholder contributions. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, proceeds from bank borrowings, and the [REDACTED] from the [REDACTED]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB81.7 million, RMB20.6 million and RMB38.8 million as of December 31, 2023, 2024 and 2025, respectively.

Summary of Consolidated Statement of Cash Flow

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

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Operating cash flows before movements in working capital	53,936	25,715	100,864
Changes in working capital	(56,917)	(138,949)	(215,274)
Cash used in operations	(2,981)	(113,234)	(114,410)
Interest received	733	604	225
Income tax paid	(907)	—	(122)
Net cash flows used in operating activities	(3,155)	(112,630)	(114,307)
Net cash flows (used in)/from investing activities	(27,088)	26,589	(10,121)
Net cash flows from financing activities	83,568	24,906	142,611
Net increase/(decrease) in cash and cash equivalents	**53,325**	**(61,135)**	**18,183**
Cash and cash equivalents at the beginning of the year	**28,411**	**81,736**	**20,601**
Cash and cash equivalents at end of year	**81,736**	**20,601**	**38,784**

Net cash flows used in operating activities

Net cash flows used in operating activities was RMB114.3 million in 2025, which primarily consisted of profit before tax of RMB64.2 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) finance costs of RMB16.1 million, (ii) accruals of provisions of RMB11.5 million, and (iii) depreciation of right-of-use assets of RMB8.9 million. The amount was further adjusted by interest received of RMB0.2 million and income tax paid of RMB0.1 million, and changes in working capital, primarily including (a) increase in trade receivables of RMB335.2 million, and (b) increase in prepayments, other receivables and other assets of RMB5.7 million, partially offset by increase in trade payables of RMB80.0 million, and increase in other payables and accruals of RMB32.7 million.

Net cash flows used in operating activities was RMB112.6 million in 2024, which primarily consisted of profit before tax of RMB9.8 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) reversal on provisions of RMB14.3 million, (ii) impairment losses on financial and contract assets, net of RMB11.0 million, and (iii) depreciation of right-of-use assets RMB10.1 million. The amount was further adjusted by interest received of RMB0.6 million and changes in working capital, primarily including (a) increase in trade receivables of RMB74.1 million, (b) increase in prepayments, deposits and other receivables of RMB37.8 million, and (c) increase in receivables at fair value through other comprehensive income of RMB31.9 million, partially offset by increase in other payables and accruals of RMB9.1 million.

Net cash flows used in operating activities was RMB3.2 million in 2023, which primarily consisted of profit before tax of RMB30.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) depreciation of right-of-use assets of RMB9.0 million, and (ii) finance costs of RMB13.9 million. The amount was further adjusted by income tax paid of RMB0.9 million, interest received of RMB0.7 million and changes in working capital, primarily including (a) increase in prepayments, deposits and other receivables of RMB46.3 million, (b) increase in trade receivables of RMB35.5 million, and (c) decrease in trade payables of RMB31.8 million, partially offset by decrease receivables at fair value through other comprehensive income of RMB41.5 million.

Net cash flows (used in)/from investing activities

Net cash flows used in investing activities was RMB10.1 million in 2025, which primarily consisted of purchases of financial assets at fair value through profit or loss of RMB50.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB40.0 million.

Net cash flows from investing activities was RMB26.6 million in 2024, which primarily consisted of (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB101.2 million, partially offset by (i) purchases of financial assets at fair value through profit or loss of RMB70.0 million, and (ii) purchases of items of property, plant and equipment of RMB5.4 million.

Net cash flows used in investing activities was RMB27.1 million in 2023, which primarily consisted of purchases of financial assets at fair value through profit or loss of RMB30.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB2.0 million.

Net cash flows from financing activities

Net cash flows from financing activities was RMB142.6 million in 2025, which primarily consisted of (i) repayment of interest-bearing bank borrowings of RMB371.5 million, (ii) interest paid of RMB11.6 million, and (iii) principal portion of lease payments of RMB7.4 million, partially offset by new bank loans of RMB534.8 million.

Net cash flows from financing activities was RMB24.9 million in 2024, which primarily consisted of (i) repayment of interest-bearing bank borrowings of RMB422.0 million, (ii) principal portion of lease payments of RMB9.3 million, and (iii) interest paid of RMB8.7 million, partially offset by new bank loans of RMB463.3 million.

Net cash flows from financing activities was RMB83.6 million in 2023, which primarily consisted of new bank loans of RMB329.2 million, partially offset by (i) repayment of interest-bearing bank borrowings of RMB225.9 million, (ii) principal portion of lease payments of RMB9.1 million, and (iii) interest paid of RMB7.5 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including the estimated [REDACTED] from the [REDACTED] and the expected cash flows generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

INDEBTEDNESS

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current				
Interest-bearing bank borrowings	218,362	259,675	423,285	441,119
Lease liabilities	8,142	7,098	7,783	8,246
Non-current				
Lease liabilities	11,439	30,519	26,457	26,991
Total	**237,943**	**297,292**	**457,525**	**476,356**

Interest-Bearing Bank Borrowings

Our interest-bearing bank borrowings mainly represents bank loans. We recorded interest-bearing bank borrowings of RMB218.4 million, RMB259.7 million, RMB423.3 million and RMB 441.1 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively. Our interest-bearing bank borrowings bear interest rates ranging from 2.15% to 4.90% per annum, and are payable within one year.

The following table sets for our borrowings by security as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Short-term bank loans and borrowings			
Secured	218,362	206,633	409,776
Unsecured	—	53,042	13,509
Total	**218,362**	**259,675**	**423,285**

As of April 22, 2026, we had unutilized banking facilities of RMB217.7 million.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing as of the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Given our credit history and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings in the future.

Lease Liabilities

Our lease liabilities pertain to payment obligations for leased properties used as our offices. The carrying amount of our lease liabilities amounted to RMB19.6 million, RMB37.6 million, RMB34.2 million, and RMB35.2 million as of December 31, 2023, 2024 and 2025 and February 28, 2026, respectively.

Save as otherwise disclosed under sections headed "Indebtedness," as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees or other material contingent liabilities. Our Directors confirm that there were no material changes in our indebtedness since February 28, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures primarily represent purchases of items of property, plant and equipment. Our capital expenditures were RMB0.1 million, RMB5.4 million and RMB0.5 million in 2023, 2024 and 2025, respectively. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our operating activities, and [REDACTED] from the [REDACTED]. See "Future Plans and [REDACTED]" for the portion of capital expenditures to be funded by the [REDACTED] from the [REDACTED].

Capital Commitments

During the Track Record Period and up to the Latest Practicable Date, we did not have any material capital commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately [REDACTED] (assuming an [REDACTED] of [REDACTED] per share, representing the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per share), representing approximately [REDACTED] of the estimated [REDACTED] from the [REDACTED], assuming no shares are [REDACTED] under the [REDACTED]. Our [REDACTED] mainly include (1) [REDACTED]-related expenses, such as [REDACTED] and commissions, and (2) [REDACTED]-related expenses, comprising (i) fees and expenses paid to our legal advisors and reporting accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and (ii) other fees and expenses. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of [REDACTED], fees and expenses for our legal advisors and reporting accountants of [REDACTED] and other fees and expenses of [REDACTED]. During the Track Record Period, we incurred [REDACTED] to be charged to our consolidated statements of profit or loss of approximately [REDACTED], [REDACTED], and [REDACTED] in 2023, 2024 and 2025, respectively. After the Track Record Period, approximately [REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately [REDACTED] is expected to be charged against equity upon the [REDACTED].

RELATED PARTY TRANSACTIONS

For details of our related party transactions, see Note 34 to the Accountants' Report included in Appendix I to this document. Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants' Report included in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

	Year ended December 31,		
	2023	**2024**	**2025**
Gross profit margin	12.2%	9.9%	13.3%
Net profit margin	2.3%	0.8%	3.2%
Current ratio[(1)]	1.9	1.9	1.5
Liabilities to Asset Ratio[(2)]	51.7%	54.1%	65.7%

Notes:

(1) Calculated using current assets divided by current liabilities as of the end of the year.

(2) Calculated using total liabilities divided by total assets as of the end of the year and multiplied by 100%.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of financial risks in the ordinary course of business, including credit, liquidity and capital management risks. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See note 37 to the Accountants' Report in Appendix I to this document for further details.

DIVIDENDS

We are incorporated under the laws of the PRC. Any dividends we pay will be determined at the absolute discretion of our Board, 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, which must not exceed the amount recommended by our Board. Under the applicable PRC laws and regulations, a PRC incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above.

During the Track Record Period, we declared dividends of nil, nil and RMB40.0 million for 2023, 2024 and 2025, respectively. As of the Latest Practicable Date, all declared dividends during the Track Record Period were fully paid in February 2026. Currently, we do not have a formal dividend policy or a fixed dividend distribution ratio.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits may not be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends. The past dividend distribution record may not be used as a reference or basis in determining the level of dividends that may be declared or paid by us in the future.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our distributable reserves amounted to RMB102.2 million. Subsequent to December 31, 2025, our Company declared and paid a dividend of RMB40.0 million out of our distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change to our financial or trading position since December 31, 2025 (being the date on which the latest audited consolidated financial information of our Group was prepared) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report included in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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