
FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in “Appendix I — Accountants’ Report,” together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make 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, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a fruit snack company with a particular focus on the plum-based products. We have built a diverse plum-based products portfolio ranging from classic products crafted with traditional techniques to products fused with complex flavors, catering to a wide range of taste profiles.

During the Track Record Period, we achieved strong growth. Our revenue increased by 22.2% from RMB1,322.0 million in 2023 to RMB1,616.0 million in 2024, and further increased by 5.9% to RMB1,710.7 million in 2025. Our gross profit increased by 10.0% from RMB529.7 million in 2023 to RMB582.5 million in 2024, and further increased by 4.5% to RMB608.7 million in 2025. We recorded a net profit of RMB99.2 million, RMB147.7 million and RMB182.1 million in 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income and financial liabilities at fair value through profit or loss which have been measured at fair value.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 3 to the Accountants’ Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Consumer Demand for Plum-Based Products

Our results of operations are significantly influenced by evolving consumer preferences and tastes. Driven by increasing consumption level Chinese consumers are increasingly prioritizing food safety and natural ingredients, while demonstrating a stronger willingness to pay a premium for high-quality plum-based products made with natural ingredients. Consumer preferences may shift due to a variety of factors, including emerging health trend, shift in consumption concepts and diversification of consumption scenarios. Our product innovation capabilities and deep market insights have enabled us to deliver various fruit snacks with natural ingredients, garnering popularity since their market introduction.

FINANCIAL INFORMATION

Product Offering Expansion Driven by Continued R&D Efforts

Our revenue growth depends on our ability to develop and expand product offerings that accommodate shifting consumer tastes and different consumption scenarios. Our product innovation capabilities in developing commercially successful plum-based products are demonstrated by our plum jelly launch. Positioned as a functional and preservative-free snacking alternative to traditional options, the plum jelly’s revenue contribution grew rapidly from RMB311.1 million in 2023 to RMB410.4 million in 2024, and further increased to RMB465.9 million in 2025. We aim to further diversify our portfolio by fully exploring the value of plums in other product categories and identifying new consumption scenarios for plum-based foods.

Expansion and Maintenance of Sales and Distribution Networks

Our multi-faceted sales network integrates online self-operated stores, supermarkets, membership stores, snack stores and a distributorship network, encompassing both online and offline scenarios. We plan to expand our presence in emerging direct sales channels, including membership stores and national snack chains. We reach end consumers directly through our self-operated online stores and sales to retailers. We established our self-operated stores on leading e-commerce platforms and social media platforms. These customers possess extensive end consumer bases and robust purchasing power, and we strategically sell products to them to further amplify our market presence. Revenue from supermarkets and membership stores increased by 56.2% from RMB170.9 million in 2023 to RMB266.9 million in 2024, and further increased by 50.8% to RMB402.6 million in 2025. Our revenue from snack stores increased by 311.6% from RMB133.8 million in 2023 to RMB550.8 million in 2024 and further increased by 17.7% to RMB648.5 million in 2025.

We also collaborate with a wide array of distributors, including wholesale distributors, distributors with visit sales capabilities and county-level distributors. By harnessing the complementary strengths of these distributor types, we have cultivated a highly adaptive distribution network, which not only amplifies our market reach but also enhances operational efficiency by aligning our resources with the unique demands of different segments. As of December 31, 2025, we engaged a total of 1,439 distributors.

Production Expansion and Supply Chain Management

We have established production bases next to major plum sourcing regions including Anhui, Fujian and Guangxi. The overall utilization rate of our production plants was 79.1%, 83.2% and 75.1% in 2023, 2024 and 2025, respectively. We engage OEM suppliers to produce plum jelly as a supplement to our own capacity. Our ability to further increase our production capacity is critical to supporting our stable and continuous business growth. In addition to refine and optimize our production process, we plan to establish specialized production plants and expand our production lines to increase our production capacity. See “Future Plans and Use of [REDACTED].” In addition, we are exposed to fluctuations in the prices of key raw materials, including green plums, imported prunes and sugar, which may have impact on our cost of sales. We closely monitor the supply and cost trends of the raw materials and maintain strong connections with our upstream plum suppliers and overseas prune suppliers, fostering long-term and stable partnerships. We strive to enhance our supply chain management capabilities to boost operational and managerial efficiencies, ultimately leading to improved financial performance.

FINANCIAL INFORMATION

Effectiveness of Branding and Marketing Activities

Our comprehensive, multi-dimensional approach includes leveraging products, cultural initiatives, festivals, KOLs and celebrities. In 2023, 2024 and 2025, our selling and distribution expenses were RMB309.4 million, RMB310.2 million and RMB271.7 million, respectively. We believe that effective marketing and branding activities can increase consumer demand for our products, thereby boosting our short-term revenue. In addition, these efforts will help transform consumers into loyal supporters of our brands, ensuring sustainable profitability in the long term.

Seasonality

Our business operations exhibit seasonal patterns in both procurement and sales activities. We conduct significant procurement of plums during the spring harvest season to support our production and sales requirements for the subsequent year. On the other hand, our business and results of operation are subject to seasonal fluctuations primarily due to impact of public holidays such as the Chinese New Year and the stocking and sales cycles of customers before or around holidays. We launch product bundles for certain festivals and holidays to boost sales and typically experience sales peaks before Chinese New Year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

For our material accounting policies, estimates, assumptions and judgments, that are important to understanding our financial condition and results of operations, see Note 2.3 and Note 3 to the Accountants’ Report in Appendix I to this Document.

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	1,322,042	1,616,018	1,710,731
Cost of sales	<u>(792,331)</u>	<u>(1,033,553)</u>	<u>(1,102,031)</u>
Gross profit	529,711	582,465	608,700
Other income and gains, net	27,962	39,572	34,966
Selling and distribution expenses	(309,395)	(310,170)	(271,720)
Administrative expenses	(88,691)	(100,180)	(112,085)
Research and development expenses	(33,612)	(18,948)	(27,885)
Finance costs	(7,966)	(7,773)	(13,221)
Fair value (loss)/gain on financial liabilities at fair value through profit or loss (“FVTPL”)	(6,026)	(1,625)	5,300
Impairment losses on trade receivables and other receivables, net	(719)	(2,143)	(2,481)
Other expenses	(661)	(791)	(2,399)
Profit before tax	110,603	180,407	219,175
Income tax expense	<u>(11,372)</u>	<u>(32,688)</u>	<u>(37,087)</u>
Profit for the year	<u>99,231</u>	<u>147,719</u>	<u>182,088</u>
Attributable to:			
Owners of the Company	<u>99,231</u>	<u>147,719</u>	<u>182,088</u>

FINANCIAL INFORMATION

Revenue

Revenue by Product Category

The following table sets forth a breakdown of our revenue by product category for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(RMB in thousands, except for percentages)</i>					
Dried plum snacks	838,110	63.4	973,531	60.3	829,895	48.5
Prune-based products	155,985	11.8	223,561	13.8	380,210	22.2
Plum jelly	311,069	23.5	410,358	25.4	465,879	27.3
Others ⁽¹⁾	16,878	1.3	8,568	0.5	34,747	2.0
Total	<u>1,322,042</u>	<u>100.0</u>	<u>1,616,018</u>	<u>100.0</u>	<u>1,710,731</u>	<u>100.0</u>

Note:

- (1) Others mainly represent plum gummy, plum-based seasoning products, plum tea concentrate and other fruit-based products.

The table below sets forth a breakdown of our sales volume and average selling price per kg by major product category for the years indicated:

		Year ended December 31,		
		2023	2024	2025
		Dried plum snacks	kilotons	23.2
	RMB/kg	36.2	32.6	35.2
Prune-based products	kilotons	4.0	5.6	9.0
	RMB/kg	38.7	39.7	42.1
Plum jelly	kilotons	12.1	21.8	24.7
	RMB/kg	25.7	18.8	18.8

During the Track Record Period, the sales volume of plum jelly and prune-based products increased steadily due to our expanding promotion efforts and new product launches. We introduced various packaging sizes and combinations tailored to the targeted consumers’ preferences. Our target consumers for membership stores and chain snack stores differ from those of supermarkets. Membership stores primarily serve premium consumers who seek higher-quality, curated and customized product offerings. By contrast, chain snack stores attract consumers who prioritize variety and novelty, with a focus on diversified snack options across flavors and package sizes. Supermarkets, in comparison, generally cater to mass-market consumers seeking standardized, broad-based assortments for routine purchases. Additionally, in 2024, we offer customized products with lower per-unit prices for distributors targeting the lower-tier cities, expanding our market presence. We expanded our production capacity for plum jelly in 2024, allowing us to implement more competitive pricing strategies to appeal to a broader range of consumers. The average selling price of our prune-based products increased gradually during the Track Record Period, primarily due to the launch of prune-based products tailored for certain membership stores, reflecting premium positioning.

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FINANCIAL INFORMATION

Revenue by Sales Channel

The table below sets forth a breakdown of our revenue by sales channel for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except for percentages)</i>					
Online self-operated stores	135,582	10.3	139,226	8.6	128,945	7.5
Supermarkets and membership stores ⁽¹⁾	170,919	12.9	266,914	16.5	402,554	23.5
Snack stores	133,827	10.1	550,813	34.1	648,451	38.0
Distributorship	881,714	66.7	659,065	40.8	530,781	31.0
Total	1,322,042	100.0	1,616,018	100.0	1,710,731	100.0

Note:

- (1) Supermarkets and membership stores primarily include national and regional supermarkets operating both online and offline, as well as membership stores with whom we began cooperation in late 2024.

During the Track Record Period, revenue from supermarkets and membership stores increased by 56.2% from RMB170.9 million in 2023 to RMB266.9 million in 2024, and further increased by 50.8% to RMB402.6 million in 2025. This was primarily driven by (i) our introduction of premium products for membership stores, such as Chilean pitted prunes; and (ii) our commencement of business with certain prominent and fast-growing membership stores in late 2024.

Revenue from snack stores increased significantly by 311.7% from RMB133.8 million in 2023 to RMB550.8 million in 2024 and further grew by 17.7% to RMB648.5 million in 2025. This was primarily driven by (i) the continued expansion of large-scale snack store chains; (ii) our expanded presence and increased cooperation with leading nationwide snack store chains; (iii) our launch of customized product formats, such as family-sized packages and variety packs; and (iv) our implementation of co-branding initiatives and targeted marketing campaigns, as well as our enhanced use of digital marketing and live commerce platforms.

Revenue from distributorship decreased by 25.2% at RMB881.7 million in 2023 to RMB659.1 million in 2024, further decreased by 19.5% to RMB530.8 million in 2025. This decline was primarily due to our strategic shift to focus on the sales to supermarkets, membership stores and snack stores.

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FINANCIAL INFORMATION

Cost of sales

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
Raw material costs	575,546	72.8	771,381	74.6	807,413	73.2
Labor costs	103,126	13.0	141,018	13.6	151,312	13.7
Outsourced processing costs	39,843	5.0	31,977	3.1	38,195	3.5
Utilities expenses	32,835	4.1	44,273	4.3	51,623	4.7
Depreciation and amortization	30,463	3.8	30,636	3.0	36,223	3.3
Others ⁽¹⁾	10,518	1.3	14,268	1.4	17,265	1.6
Total	<u>792,331</u>	<u>100.0</u>	<u>1,033,553</u>	<u>100.0</u>	<u>1,102,031</u>	<u>100.0</u>

Note:

(1) Others primarily include testing fees, maintenance costs and low-value consumables.

Our cost of sales generally increased in line with the revenue growth during the Track Record Period. Our raw material costs, which accounted for 72.8%, 74.6% and 73.2% in 2023, 2024 and 2025, respectively, are mainly affected by the prices of green plums, prunes and auxiliary raw materials, which are subject to weather and market conditions. See “Industry Overview — Raw Material Price Analysis.”

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
	<i>(RMB in thousands)</i>		
± 2%	11,511	15,428	16,148
± 5%	28,777	38,569	40,371
± 10%	57,555	77,138	80,741

FINANCIAL INFORMATION

Gross Profit and Gross Profit Margin

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

	Year ended December 31,					
	2023		2024		2025	
	<i>Gross profit</i>	<i>Gross profit margin (%)</i>	<i>Gross profit</i>	<i>Gross profit margin (%)</i>	<i>Gross profit</i>	<i>Gross profit margin (%)</i>
	<i>(RMB in thousands, except percentages)</i>					
Dried plum snacks	316,378	37.7	312,639	32.1	277,007	33.4
Prune-based products	54,733	35.1	72,332	32.4	112,956	29.7
Plum jelly	153,030	49.2	196,107	47.8	211,450	45.4
Others ⁽¹⁾	5,570	33.0	1,387	16.2	7,287	21.0
Total	529,711	40.1	582,465	36.0	608,700	35.6

Note:

(1) Others mainly represent plum gummy, plum-based seasoning products, plum tea and other dried-fruit products.

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

	Year ended December 31,					
	2023		2024		2025	
	<i>Gross profit</i>	<i>Gross profit margin (%)</i>	<i>Gross profit</i>	<i>Gross profit margin (%)</i>	<i>Gross profit</i>	<i>Gross profit margin (%)</i>
	<i>(RMB in thousands, except percentages)</i>					
Online self-operated stores	68,050	50.2	65,420	47.0	53,545	41.5
Supermarkets and membership stores ⁽¹⁾	77,051	45.1	105,118	39.4	131,959	32.8
Snack stores	54,266	40.5	191,685	34.8	228,529	35.2
Distributorship	330,344	37.5	220,242	33.4	194,667	36.7
Total	529,711	40.1	582,465	36.0	608,700	35.6

Note:

(1) Supermarkets and membership stores primarily include national and regional supermarkets operating both online and offline, as well as membership stores with whom we began cooperation in late 2024.

We recognize promotional discounts as deduction of revenue for both our retailer customers and distributors. In particular, gross profit margin of the sales to online self-operated stores decreased from 47.0% in 2024 to 41.5% in 2025, primarily due to our expanded promotional activities in relation to the competitive pricing strategies of the products sold through online platforms to enhance our brand recognition.

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FINANCIAL INFORMATION

Other Income and Gains

The table below sets forth a breakdown of our other income and gains by nature for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Other income			
Government grants and subsidies			
Related to income	18,780	33,326	22,611
Related to assets	729	487	1,049
Proceeds related to scraps and raw materials, net	6,357	3,933	5,691
Bank interest income	665	547	479
Others	312	514	4,470
Total other income, net	26,843	38,807	34,300
Gains			
Gains on disposal of items of property, plant and equipment	14	12	26
Compensation	1,105	753	640
Total gains	1,119	765	666
Total other income and gains, net	27,962	39,572	34,966

A significant portion of government grants we received during the Track Record Period were from the local governments of Jinghu District and Fanchang District in Wuhu City in recognition of our contribution to the local economy, as well as our investment in production capacity expansion. In particular, we had an increase in the government grants and subsidies related to income in 2024, primarily in relation to certain subsidies for our business operations that were timely fulfilled and disbursed, and such government grants and subsidies decreased in 2025 due to a reduction in income-related government grants and subsidies. We have obtained approval documents issued by competent authorities or signed relevant agreements with competent authorities for these government grants.

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FINANCIAL INFORMATION

Selling and Distribution Expenses

The table below sets forth a breakdown of our selling expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
Employee compensation expenses	75,316	24.3	80,346	25.9	73,425	27.0
Marketing expenses	77,097	24.9	60,747	19.6	58,410	21.5
Advertising expenses	74,215	24.0	79,022	25.5	55,594	20.5
Transportation expenses	53,744	17.4	64,607	20.8	60,536	22.3
Travel expenses	15,051	4.9	14,180	4.6	10,094	3.7
Depreciation and amortization	6,795	2.2	6,933	2.2	5,774	2.1
Others ⁽¹⁾	7,177	2.3	4,335	1.4	7,887	2.9
Total	<u>309,395</u>	<u>100.0</u>	<u>310,170</u>	<u>100.0</u>	<u>271,720</u>	<u>100.0</u>

Note:

(1) Others primarily represent entertainment fees, rental fees and office utilities expenses.

During the Track Record Period, our selling and distribution expenses as a percentage of revenue decreased from 23.4% in 2023 to 19.2% in 2024 and further decreased to 15.9% in 2025. Such trend throughout the Track Record Period was primarily because (i) we optimized our sales and marketing efficiency, resulting in the decreased employee compensation expenses; (ii) we deployed more effective advertising approaches targeting certain channels and customer bases, leading to the decreases in advertising expenses; and (iii) we expanded our sales to retail channels, and some of which, such as most snack stores, generally required less marketing effort.

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FINANCIAL INFORMATION

Administrative Expenses

The table below sets forth a breakdown of our administrative expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
Employee compensation expenses	51,420	58.0	54,425	54.4	62,519	55.7
Depreciation and amortization	16,325	18.4	16,327	16.3	14,958	13.3
Taxes and surcharges	10,066	11.3	11,163	11.1	11,834	10.6
Consulting fees	1,715	1.9	2,113	2.1	1,905	1.7
Travel expenses	4,786	5.4	5,819	5.8	5,913	5.3
Business development expenses	1,949	2.2	1,652	1.6	1,181	1.1
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others ⁽¹⁾	2,430	2.7	2,887	2.9	1,097	1.0
Total	88,691	100.0	100,180	100.0	112,085	100.0

Note:

(1) Others primarily represent rental fees and bank charges.

Research and Development Expenses

The table below sets forth a breakdown of our research and development expenses by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except percentages)</i>					
Direct costs	22,012	65.5	9,531	50.2	16,540	59.3
Employee compensation expenses	8,281	24.6	7,475	39.5	8,514	30.5
Depreciation and amortization	1,710	5.1	1,323	7.0	1,974	7.1
R&D outsource	1,264	3.8	337	1.8	617	2.2
Others ⁽¹⁾	345	1.0	282	1.5	240	0.9
Total	33,612	100.0	18,948	100.0	27,885	100.0

Note:

(1) Others primarily represent utilities expenses.

FINANCIAL INFORMATION

Finance Costs

The table below sets forth a breakdown of our finance costs by nature for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Interest on bank loans	7,817	7,652	13,080
Interest on lease liabilities	149	121	141
Total	7,966	7,773	13,221

Fair Value (Loss)/Gain on Financial Liabilities at Fair Value Through Profit or Loss

Certain independent investors subscribed or acquired our ordinary shares with preferential rights that are designated as financial liabilities at FVTPL and were subsequently measured at fair value.

We had fair value losses on financial liabilities at fair value through profit or loss of RMB6.0 million, RMB1.6 million and fair value gain on financial liabilities at fair value through profit or loss of RMB5.3 million in 2023, 2024 and 2025, respectively, primarily representing changes in fair value of the equity interests with preferential rights held by our investors. See Note 24 to the Accountants’ Report included in Appendix I to this document.

Income Tax Expense

Our income tax comprises current and deferred tax. We recorded income tax expense of RMB11.4 million, RMB32.7 million and RMB37.1 million in 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our Company and its subsidiaries established in the PRC are subject to the PRC corporate income tax rate of 25.0%, except that some of the subsidiaries and their projects were entitled to preferential tax treatments.

Certain of our subsidiaries are qualified as small and micro enterprises and were entitled to preferential corporate income tax rates of 2.5% to 5% in 2022 and 5% in 2023 and 2024, respectively. One of our subsidiaries, Liuliumei Research Institute, was recognized as a High and New Technology Enterprise in 2022 and was entitled to a preferential corporate income tax rate of 15% during each period of the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC for every three years. Certain subsidiaries were granted tax exemptions in accordance with the policy of “The notice of preferential tax policy for preliminary processing of agriculture products.” In addition, enterprises engaging in research and development activities are entitled to claim as deduction 200% as tax deductible expenses when determining their taxable profits for the year (the “**Super Deduction**”) according to relevant laws and regulations. Our management have made best estimate for the Super Deduction to be claimed in ascertaining the assessable profits during the Track Record Period. As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

YEAR-ON-YEAR COMPARISON OF RESULTS OF OPERATIONS

Results of Operations in 2025 compared with 2024

The following discussion compares our consolidated results of operations in 2025 with 2024.

Revenue

Our revenue increased by 5.9% from RMB1,616.0 million in 2024 to RMB1,710.7 million in 2025. This increase was primarily due to the increased sales of our prune-based products and plum jelly.

FINANCIAL INFORMATION

In particular:

- Revenue from dried plum snacks decreased by 14.8% from RMB973.5 million to RMB829.9 million in 2025, respectively. The decrease was caused by our strategic shift to developing and promoting our other product categories.
- Revenue from prune-based products increased by 70.0% from RMB223.6 million in 2024 to RMB380.2 million in 2025. The increase was primarily due to a surging market demand for our newly launched pitted prune-based products and our customized prune-based products for certain membership stores.
- Revenue from plum jelly increased by 13.5% from RMB410.4 million in 2024 to RMB465.9 million in 2025. The increase was primarily driven by the growing market demand for fruit-based jelly and newly launched seasonal-themed products and electrolyte-infused slushy jelly.
- Revenue from other products surged by 305.5% from RMB8.6 million in 2024 to RMB34.7 million in 2025, primarily in relation to the increased sales of our newly launched product categories, such as plum gummy.

In terms of sales channels, revenue from snack stores increased by 17.7% from RMB550.8 million in 2024 to RMB648.5 million in 2025, while revenue from supermarkets and membership stores increased by 50.8% from RMB266.9 million in 2024 to RMB402.6 million in 2025. Such increases were primarily due to our strategic shift in sales focus from distributorship to more direct cooperation with supermarkets, membership stores and snack stores, resulting in increased sales of products tailored for these channels.

Cost of Sales

Our cost of sales increased by 6.6% from RMB1,033.6 million in 2024 to RMB1,102.0 million in 2025, in line with our revenue growth during the same period.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 4.5% from RMB582.5 million in 2024 to RMB608.7 million in 2025. Our gross profit margin remained relatively stable at 36.0% in 2024 and 35.6% in 2025. The gross profit margin for dried plum snacks remained relatively stable at 32.1% in 2024 and 33.4% in 2025. The gross profit margin for prune-based products decreased from 32.4% in 2024 to 29.7% in 2025, primarily due to increased raw material costs and the ramp-up of the production line for our prune-based products in 2025. The gross profit margin for plum jelly decreased from 47.8% in 2024 to 45.4% in 2025, primarily attributable to (i) the increased raw material costs, such as konjac, and (ii) higher unit production costs during the ramp-up phase of the new production line. Gross profit margin for other products increased from 16.2% in 2024 to 21.0% in 2025.

In addition, there were movements in gross profit margins across sales channels. In particular, our gross profit margin from sales to supermarkets and membership stores decreased from 39.4% in 2024 to 32.8% in 2025, mainly because we increased the sales of customized prune-based products for a membership store, which had lower profit margins. Our gross profit margin from sales to snack stores increased from 34.8% in 2024 to 35.2% in 2025, as we introduced certain customized dried plum snacks with higher margins for national snack chains. Our gross profit margin from sales to online self-operated stores decreased from 47.0% in the 2024 to 41.5% in 2025, primarily because the increased promotion expenditure on e-commerce platforms to enhance the market exposure of our new products. Our gross profit margin from distributorship increased from 33.4% in 2024 to 36.7% in 2025, as we reduced the discounts for distributors who failed to meet the sales targets while shifting to retail channels.

FINANCIAL INFORMATION

Other Income and Gains

Our other income and gains decreased by 11.6% from RMB39.6 million in 2024 to RMB35.0 million in 2025 primarily due to a reduction in income-related government grants and subsidies.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 12.4% from RMB310.2 million in 2024 to RMB271.7 million in 2025. This decrease was primarily due to (i) a decrease in employee compensation and travel expenses, mainly driven by our strategic shift in sales channels, as the direct sales to snack stores, supermarkets and membership stores typically rely on their in-house sales expertise and require fewer sales personnel; and (ii) a decrease in advertising expense, as we deployed more efficient advertising strategy tailored to specific products and specific consumer groups.

Administrative Expenses

Our administrative expenses increased by 11.9% from RMB100.2 million in 2024 to RMB112.1 million in 2025, primarily due to the an increase in [REDACTED] expenses and increase in employee compensation expenses for talent recruitment.

Research and Development Expenses

Our research and development expenses increased by 47.6% from RMB18.9 million in 2024 to RMB27.9 million in 2025, primarily due to the increased direct costs for new product development projects, including new dried plum products and prune-based products.

Finance Costs

Our finance costs increased by 69.2% from RMB7.8 million in 2024 to RMB13.2 million in 2025, primarily due to an increase in interest on bank loans caused by our increased bank loans for raw material and equipment purchases.

Fair Value (Loss)/Gain on Financial Liabilities at Fair Value Through Profit or Loss

Our fair value loss on financial liabilities at fair value through profit or loss increased from RMB1.6 million in 2024 to fair value gain on financial liabilities at fair value through profit or loss of RMB5.3 million in 2025. This change from loss to profit was primarily due to the fully settled redemption of liabilities of Series A Shares in January 2025.

Income Tax Expense

Our income tax expense increased from RMB32.7 million in 2024 to RMB37.1 million in 2025, primarily due to the increase of our profit before tax during this period.

Profit for the Year

As a result, our profit for the year increased by 23.3% from RMB147.7 million in 2024 to RMB182.1 million in 2025.

Results of Operations in 2024 compared with 2023

The following discussion compares our consolidated results of operations in 2024 with 2023.

Revenue

Our revenue increased by 22.2% from RMB1,322.0 million in 2023 to RMB1,616.0 million in 2024. The increase was primarily due to (i) increased consumer demand for our dried plum snacks, prune-based products and plum jelly, and (ii) the successful expansion of our retail channels as we expanded sales with snack stores, national and regional supermarkets and renowned membership stores which possess extensive consumer bases and robust purchasing power.

FINANCIAL INFORMATION

In particular:

- Revenue from dried plum snacks increased by 16.2% from RMB838.1 million in 2023 to RMB973.5 million in 2024. The increase was primarily driven by an increase in sales volume, which grew from 23,168 tons in 2023 to 29,894 tons in 2024. Such growth reflects the rising popularity of our dried plum snacks and enhanced brand recognition among consumers, driven by our continuous efforts to launch new products and upgrade existing ones as well as successful marketing activities.
- Revenue from prune-based products increased by 43.3% from RMB156.0 million in 2023 to RMB223.6 million in 2024. The increase was primarily due to the growth of sales volume from 4,028 tons in 2023 to 5,634 tons in 2024, influenced by consumer preferences for snacks with natural ingredients.
- Revenue from plum jelly increased by 31.9% from RMB311.1 million in 2023 to RMB410.4 million in 2024. The increase was primarily driven by robust consumer demand for our new products, with the sales volume of our plum jelly increasing significantly from 12,104 tons in 2023 to 21,784 tons in 2024, reflecting the successful outcomes of our product development efforts in introducing new flavors.
- Revenue from other products amounted to RMB16.9 million in 2023 and RMB8.6 million in 2024, primarily in relation to our trial sales of certain products.

We had continuously achieved substantial revenue growth from retailer customers, including national snack chains, as well as membership stores which we started to cooperate with in the late 2024. Revenue from snack stores increased by 311.6% from RMB133.8 million in 2023 to RMB550.8 million in 2024, while revenue from supermarkets and membership stores increased by 56.2% from RMB170.9 million in 2023 to RMB266.9 million in 2024. Such increases were primarily due to (i) the increase in number of supermarkets that we cooperated with from 41 as of December 31, 2023 to 113 as of December 31, 2024 and the increase in number of snack stores that we cooperated with from 48 as of December 31, 2023 to 94 as of December 31, 2024; and (ii) the improving sales performance with our existing retailer customers, as we capitalized on their extensive networks to establish direct consumer connections and achieve nationwide sales growth.

Cost of Sales

Our cost of sales increased by 30.5% from RMB792.3 million in 2023 to RMB1,033.6 million in 2024, primarily due to the increase in raw material costs and labor costs, as a result of the growing total production volume in line with our business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 10.0% from RMB529.7 million in 2023 to RMB582.5 million in 2024. Our gross profit margin decreased from 40.1% in 2023 to 36.0% in 2024. We had a general decrease in the gross profit margin of our major product categories including dried plum snacks, prune-based products and plum jelly, primarily due to (i) an increase in the raw material costs affected by the fluctuations in market prices of key raw materials, and (ii) that we proactively offered more favorable prices to increase our market penetration in the broad snack industry, appealing to a broader range of consumers.

In terms of sales channel, our gross profit margins change across different channels. Specifically, our gross profit margin from sales to supermarkets and membership stores declined from 45.1% in 2023 to 39.4% in 2024. Similarly, our gross profit margin from sales to snack stores decreased from 40.5% in 2023 to 34.8% in 2024. This reduction is primarily due to our adoption of a pricing strategy that offers lower prices to these customers, coupled with a reduction in expenditures in relation to marketing activities in cooperation with these customers. With enhanced pricing transparency, our customers have been able to leverage their geographic coverage and direct consumer reach, while enabling us to achieve improved sales efficiency.

FINANCIAL INFORMATION

Other Income and Gains

Our other income and gains increased from RMB28.0 million in 2023 to RMB39.6 million in 2024. The increase was primarily due to the increase in government grants and subsidies related to income in relation to our local operations.

Selling and Distribution Expenses

Our selling and distribution expenses amounted to RMB309.4 million in 2023 and RMB310.2 million in 2024. The slight increase was primarily attributable to (i) an increase in transportation expenses, in line with our sales growth, (ii) an increase in the advertising expenses for celebrity endorsements to expand our consumer base, and (iii) an increase in employee compensation expenses as we expanded our sales team to support our business expansion. This was partially offset by a decrease in the marketing expenses as we expanded our sales with retailer customers who required fewer marketing activities.

Administrative Expenses

Our administrative expenses increased by 13.0% from RMB88.7 million in 2023 to RMB100.2 million in 2024. The increase was primarily due to (i) the expansion of our administrative team as our business scaled up, and (ii) the [REDACTED] expenses incurred in 2024.

Research and Development Expenses

Our research and development expenses decreased by 43.8% from RMB33.6 million in 2023 to RMB18.9 million in 2024. The decrease was primarily due to the conclusion of certain R&D projects initiated in previous periods, which resulted in the launch of new products such as Premium Plums and plum jelly products featuring new flavors.

Finance Costs

Our finance costs decreased from RMB8.0 million in 2023 to RMB7.8 million in 2024. The decrease was primarily due to the decrease in interest on bank loans, attributable to (i) our repayment of existing loans and securing new loans at lower interest rates, and (ii) our reduced financing needs resulting from increased cash flow generated by our expanded sales.

Fair Value (Loss)/Gain on Financial Liabilities at Fair Value Through Profit or Loss

Our fair value loss on financial liabilities at fair value through profit or loss decreased from RMB6.0 million in 2023 to RMB1.6 million in 2024. The decrease was primarily due to (i) the changes in the fair value of equity interests with preferential rights held by our investors, (ii) payment for repurchase of shares issued to an investor, (iii) termination of preferential rights granted to certain investors, and (iv) issuance of shares to a new investor.

Income Tax Expense

Our income tax expense increased from RMB11.4 million in 2023 to RMB32.7 million in 2024, primarily due to the increase of our profit before tax in 2024.

Profit for the Year

As a result, our profit for the year increased by 48.9% from RMB99.2 million in 2023 to RMB147.7 million in 2024.

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FINANCIAL INFORMATION

DESCRIPTION OF CERTAIN COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets			
Property, plant and equipment	563,492	592,238	688,491
Right-of-use assets	90,897	86,494	85,668
Other intangible assets	2,856	2,385	1,836
Prepayments, other receivables and other assets	12,291	32,133	66,903
Deferred tax assets	46,100	21,612	14,344
Total non-current assets	715,636	734,862	857,242
Current assets			
Inventories	425,934	523,701	673,368
Trade and bills receivables	80,526	162,928	220,996
Prepayments, other receivables and other assets	69,330	115,236	115,646
Income tax recoverable	129	6,501	11,730
Financial assets at fair value through other comprehensive income (“FVOCI”)	983	30	—
Pledged bank deposits	34,732	49,662	77,187
Cash and cash equivalents	67,392	78,047	33,904
Total current assets	679,026	936,105	1,132,831
Current liabilities			
Financial liabilities at FVTPL	262,535	171,109	—
Trade and bills payables	184,957	290,909	346,129
Other payables and accruals	280,979	258,675	258,884
Interest-bearing bank borrowings	180,197	321,333	475,393
Income tax payable	7,420	6,478	20,932
Lease liabilities	1,965	784	2,360
Total current liabilities	918,053	1,049,288	1,103,698
Net Current (Liabilities)/Assets	(239,027)	(113,183)	29,133
Total Assets less Current Liabilities	476,609	621,679	886,375
Non-current liabilities			
Financial liabilities at FVTPL	206,142	—	—
Lease liabilities	1,930	1,146	606
Deferred income	3,072	2,585	4,142
Total non-current liabilities	211,144	3,731	4,748
Net assets	265,465	617,948	881,627
Equity			
Equity attributable to owners of the Company			
Share capital	75,665	75,665	67,347
Reserves	189,800	542,283	814,280
Total equity	265,465	617,948	881,627

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FINANCIAL INFORMATION

Property, Plant and Equipment

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Buildings	368,786	352,314	349,927
Plant and machinery	144,811	170,679	205,599
Furniture and fixtures	13,310	9,417	4,933
Motor vehicles	901	1,908	3,621
Building improvement	4,166	2,858	1,633
Electronic equipment	2,156	2,266	2,535
Construction in progress	29,362	52,796	120,243
Total	563,492	592,238	688,491

Our property, plant and equipment increased from RMB563.5 million as of December 31, 2023 to RMB592.2 million as of December 31, 2024, primarily due to an increase in construction in progress in relation to Liuliu Orchard exhibition hall, the production lines of dried plum snacks and the equipment for the plum jelly production facilities. Our property, plant and equipment further increased from RMB592.2 million as of December 31, 2024 to RMB688.5 million as of December 31, 2025, primarily due to (i) an increase in plant and machinery and (ii) construction in progress in relation to certain production facilities for prune-based products and plum jelly in response to the surging market demand.

Right-of-use Assets

Our right-of-use assets primarily consist of (i) leasehold land and (ii) offices. Our right-of-use assets decreased from RMB90.9 million as of December 31, 2023 to RMB86.5 million as of December 31, 2024, primarily due to amortization to the leasehold land and office premises. Our right-of-use assets remained relatively stable at RMB86.5 million as of December 31, 2024 and RMB85.7 million as of December 31, 2025.

Other Intangible Assets

Our other intangible assets primarily consist of (i) software for daily operations, and (ii) licenses, including the emission permit. Our other intangible assets decreased from RMB2.9 million as of December 31, 2023 to RMB2.4 million as of December 31, 2024, and further decreased to RMB1.8 million as of December 31, 2025, primarily due to amortization of the software and licenses.

FINANCIAL INFORMATION

Prepayments, Other Receivables and Other Assets

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Current			
Prepayments to suppliers	27,363	35,274	32,558
Value-added tax recoverable	16,147	15,286	27,481
Advertising endorsement fee	7,556	10,595	1,537
Deposits	5,200	16,363	7,422
Receivables from employees	5,430	4,633	4,728
Other receivables	7,969	32,328	40,058
Deferred [REDACTED] expense	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Impairment allowance	<u>(335)</u>	<u>(655)</u>	<u>(1,253)</u>
	<u>69,330</u>	<u>115,236</u>	<u>115,646</u>
Non-current			
Prepayments for non-current assets	<u>12,291</u>	<u>32,133</u>	<u>66,903</u>
	<u>12,291</u>	<u>32,133</u>	<u>66,903</u>
Total	<u><u>81,621</u></u>	<u><u>147,369</u></u>	<u><u>182,549</u></u>

Our current portion of our prepayments, other receivables and other assets increased from RMB69.3 million as of December 31, 2023 to RMB115.2 million as of December 31, 2024, primarily due to (i) an increase in prepayment to suppliers for raw materials, (ii) an increase in deposits for participation in land auctions and (iii) an increase in other receivables in relation to government grants and subsidies. The current portion of our prepayments, other receivables and other assets remained relatively stable at RMB115.2 million as of December 31, 2024 and RMB115.6 million as of December 31, 2025. This stability was primarily attributable to an increase in value-added tax recoverable, resulting from a higher balance of input VAT that had not yet been offset against output VAT as at the period end. Such increase was partially offset by a decrease in advertising endorsement fees due to the amortization of such fees over the term of our endorsement arrangement, which expired at the end of 2025, and a decrease in deposits primarily due to the offset of a land deposit against the land premium.

The non-current portion of our prepayments, other receivables and other assets decreased, representing the prepayment for land in relation to the expansion and upgrading of our production facilities, as well as the construction of our R&D and sales and marketing centers, amounted to RMB12.3 million, RMB32.1 million and RMB66.9 million in 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our other receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Receivables from e-commerce platforms	5,728	16,202	21,935
Government grant receivables	–	13,628	15,244
Others	2,241	2,498	2,879
Total	7,969	32,328	40,058

The fluctuation in our receivables from e-commerce platforms during the Track Record Period was primarily attributable to variations in the timing of settlements made by the e-commerce platforms.

As of April 30, 2026, RMB86.8 million, or 47.2% of our prepayments, other receivables and other assets as of December 31, 2025 had been settled.

Inventories

Our inventories primarily consist of (i) work-in-progress which mainly includes plums in flavoring process, (ii) raw materials, primarily including packaging materials and ingredients for plum jelly such as locust bean gum and konjac, and (iii) finished goods and goods in transit. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Work-in-progress	306,122	338,019	546,342
Raw materials	52,305	77,472	66,664
Finished goods and goods in transit	67,507	108,210	60,362
Total	425,934	523,701	673,368

Our inventories increased from RMB425.9 million as of December 31, 2023 to RMB523.7 million as of December 31, 2024, primarily due to (i) our proactive increase in inventory reserves based on overall market demand forecasts, and (ii) an increase in goods in transit as our customers stocked up in anticipation of surging sales before the Chinese New Year, which occurred earlier in 2025 compared to the previous year. Our inventories increased from RMB523.7 million as of December 31, 2024 to RMB673.4 million as of December 31, 2025, primarily due to an increase in work-in-progress, as we conducted preliminary processing for raw materials in preparation for further processing, thereby meeting the expanding production needs in anticipation of the growing market demand in Chinese New Year promotion in February 2026.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	378,666	474,716	612,830
One to two years	47,268	48,985	60,538
Total	425,934	523,701	673,368

FINANCIAL INFORMATION

During the Track Record Period, our inventory aged one to two years were primarily plums in flavoring process. We believe there is no impairment issue for our inventories as of December 31, 2025. Our provision policy for inventories is based on estimates of the realizable value with reference to the ageing and condition of the inventories, together with the economic circumstances on the marketability of such inventories. Under our internal policies, we shall make full provision for expired finished goods and raw materials or work-in-progress that are no longer expected to be used. During the Track Record Period, a significant portion of our inventories comprises our work-in-progress mainly including plums in flavoring process. We have implemented management protocols for raw materials and work-in-progress at different production stages, covering plum specifications, sugaring and salting processes and storage durations. For the production of dried plum snacks, we place plums into salting and sugaring vats for a period of no shorter than 90 days, creating an environment that inhibits microbial growth and preserves the plums’ quality. We conduct daily inspections with full coverage of all vats during the sugaring and salting processes. Plums are naturally sun-dried in enclosed sunrooms to minimize contamination and ensure consistent sensory quality and color. Prior to each subsequent production stage, we conduct sample quality inspections on every batch of work-in-progress. We package and store our work-in-progress in temperature- and humidity-controlled clean areas. Storage periods are defined by product category, with strict usage deadlines to maintain quality. We also periodically review our inventories aging list, which involves comparison of the carrying amount of our inventories with their respective net realizable value.

The following table sets forth our inventory turnover days and the turnover days of certain types of inventories for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	181.7	167.7	198.2

Note:

- (1) Inventory turnover days for a period equal the average of the gross value of the opening and closing inventory balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year.

Our inventory turnover days were 186.5 days, 181.7 days, 167.7 days and 198.2 days for the years ended December 31, 2023, 2024 and 2025. We have relatively long inventory turnover days, primarily because we maintain a sufficient volume of work-in-progress, which consists mainly of plums in flavoring process with an extended storage period. The increase in the inventory turnover days from 2024 to 2025 aligned with our production schedule in preparation for promotional events during the Chinese New Year, which occurred in February 2026, a month later than the Chinese New Year in the previous year. Our Directors are of the view that there is no material impairment issue for our inventories, considering that (i) most of our inventories consist of work-in-progress held as part of our normal production process, and that (ii) we have established robust policies to manage such inventories.

As of April 30, 2026, RMB455.2 million, or 66.8% of our inventories as of December 31, 2025, had been consumed or sold.

FINANCIAL INFORMATION

Trade and Bills Receivables

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	84,013	168,283	228,395
Impairment	(5,499)	(7,322)	(9,205)
Trade receivables, net	78,514	160,961	219,190
Bills receivable	2,012	1,967	1,806
Trade and bills receivables	80,526	162,928	220,996

Our trade and bills receivables increased from RMB80.5 million as of December 31, 2023 to RMB162.9 million as of December 31, 2024, primarily because our customers normally stock up in anticipation of surging sales before the Chinese New Year, which occurred earlier in 2025 compared to the previous year. Our trade and bills receivables increased from RMB162.9 million as of December 31, 2024 to RMB221.0 million as of December 31, 2025, primarily due to the increased sales to membership stores and snack stores to whom we provide credit terms.

We generally grant a credit period of one month to our retailer customers, and may extend up to 30 to 60 days for major retailer customers. The increase in trade receivables aged between three to six months from 2024 to 2025 was primarily attributable to the conversion of certain key account customers from distributor-mediated arrangements to direct sales channels, which resulted in the extended payment terms customarily imposed by such institutional retail counterparties being reflected directly on the our own receivables aging schedule. The following table sets forth an aging analysis of our trade receivables, based on the invoice date and net of provisions, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within three months	44,481	127,960	172,586
Three to six months	5,875	4,359	32,322
Six to twelve months	7,832	7,807	9,478
Over one year	20,326	20,835	4,804
Total	78,514	160,961	219,190

Our trade receivables aged within three months increased from RMB44.5 million as of December 31, 2023 to RMB128.0 million as of December 31, 2024. The fluctuations were primarily influenced by our customers’ mass procurement in preparation of the Chinese New Year, which varies in timing each year. Our trade receivables aged within three months further increased from RMB128.0 million as of December 31, 2024 to RMB172.6 million as of December 31, 2025, which was in line with our growing sales to direct sales customers.

Our trade receivables aged over one year remained relatively stable at RMB20.3 million as of December 31, 2023 and RMB20.8 million as of December 31, 2024. The relatively high amount of our trade receivables aged over one year as of December 31, 2024 is primarily attributable to certain historical payments that remain unsettled with two renowned retail groups. Our trade receivables aged over one year decreased from RMB20.8 million as of December 31, 2024 to RMB4.8 million as

FINANCIAL INFORMATION

of December 31, 2025, primarily due to our optimized management and increased settlement of trade receivables from certain customers. We believe there is no recoverability issue for our trade receivables, and we have sufficient provisions, taking into account (i) our robust credit risk management system, which includes credit evaluations and tailored credit policies, under which credit terms are only granted to direct sales customers with exceptionally strong credit profiles (e.g. large-scale supermarket groups) while no credit sales are offered to distributors; and (ii) stringent internal measures such as monthly reconciliation of trade receivables, issuance of invoices based on settlement confirmations, and ongoing monitoring and management by the financial department that enhance the collection and management of trade receivables.

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

	Year ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	23.4	28.9	42.7

Note:

- (1) Trade and bills receivables turnover days for a period equal the average of opening and closing balance of trade and bills receivables for the relevant period divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year.

Our trade and bills receivables turnover days increased from 28.9 days in 2024 to 42.7 days in 2025, primarily due to the increased sales to certain major retail customers, to whom we typically granted longer credit terms.

As of April 30, 2026, RMB196.5 million, or 86.0% of our trade receivables as of December 31, 2025 had been settled.

Trade and Bills Payables

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade payables	128,792	213,148	239,060
Bills payable	56,165	77,761	107,069
Total	<u>184,957</u>	<u>290,909</u>	<u>346,129</u>

Our trade and bills payables increased from RMB185.0 million as of December 31, 2023 to RMB290.9 million as of December 31, 2024, primarily due to the procurement of raw materials as our business operations expanded and the strong market performance of certain new products. Our trade and bills payables increased from RMB290.9 million as of December 31, 2024 to RMB346.1 million as of December 31, 2025, primarily due to the increased purchase of auxiliary materials to meet our expanded production.

FINANCIAL INFORMATION

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

	Year ended December 31,		
	2023	2024	2025
Trade and bills payables turnover days ⁽¹⁾	87.0	84.0	105.5

Note:

- (1) Trade and bills payables turnover days for a period equal the average of opening and closing balance of trade and bills payables for the relevant period divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year.

The increase in our trade and bills payables turnover days from 84.0 days as of December 31, 2024 to 105.5 days as of December 31, 2025 was primarily due to our increased procurement of raw materials and packaging materials in line with our production schedule, which led to more trade payables and higher trade payables turnover days.

As of April 30, 2026, RMB210.7 million, or 88.1% of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Contract liabilities	122,252	73,226	83,809
Payables for purchase of property, plant and equipment	43,367	37,710	63,811
Payroll payables	30,505	37,121	20,047
Other tax payables	25,579	27,564	27,137
Deposits	21,589	21,402	16,594
Accrued expenses	19,100	37,740	16,719
Due to related parties	28	28	–
Other payables	18,559	23,884	30,767
Total	280,979	258,675	258,884

Our other payables and accruals decreased from RMB281.0 million as of December 31, 2023 to RMB258.7 million as of December 31, 2024. Our other payables and accruals remained relatively stable at RMB258.7 million as of December 31, 2024 and RMB258.9 million as of December 31, 2025, as the increase in contract liabilities, primarily due to advance payments received from distributors following the launch of our prune promotion campaign, and the increase in payables for the purchase of property, plant and equipment, primarily in connection with our plum production line under construction, were largely offset by the decrease in payroll payables as a result of changes in our year-end bonus incentive scheme, and the decrease in accrued expenses primarily due to lower accrued logistics and selling expenses.

As of April 30, 2026, RMB188.7 million, or 72.9% of our other payables and accruals as of December 31, 2025 had been settled.

As of April 30, 2026, RMB70.5 million, or 84.1% of our contract liabilities as of December 31, 2025, were recognized as revenue.

FINANCIAL INFORMATION

Financial Assets at Fair Value Through Other Comprehensive Income

The financial assets at FVOCI which are bills receivable from certain prestigious banks, are held by us for collecting the expected cash flows and exploring opportunities for sale. Our financial assets at fair value through other comprehensive income were RMB1.0 million, RMB30 thousand and nil as of December 31, 2023, 2024 and 2025, respectively.

Financial Liabilities at FVTPL

Our fair value losses of financial liabilities at fair value through profit or loss primarily arose from our repurchase rights and other embedded derivatives associated with special rights granted to shareholders. See Note 24 to the Accountants’ Report in Appendix I to this document. Our financial liabilities at FVTPL decreased from RMB468.7 million as of December 31, 2023 to RMB171.1 million as of December 31, 2024, primarily due to the termination of special rights granted to investor. Our financial liabilities at FVTPL decreased from RMB171.1 million as of December 31, 2024 to nil as of December 31, 2025, primarily due to the fully settled redemption of liabilities of Series A Shares in January 2025.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of liquidity has been and is expected to continue to be cash generated from operations, capital investment from shareholders together with available credit facilities and bank borrowings.

Net Current Liabilities/Assets

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

	As of December 31,			As of
	2023	2024	2025	April 30, 2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Current assets				
Inventories	425,934	523,701	673,368	628,028
Trade and bills receivables	80,526	162,928	220,996	233,351
Prepayments, other receivables and other assets	69,330	115,236	115,646	127,901
Income tax recoverable	129	6,501	11,730	1,446
Financial assets at fair value through other comprehensive income (“FVOCI”)	983	30	–	162
Pledged bank deposits	34,732	49,662	77,187	64,706
Cash and cash equivalents	67,392	78,047	33,904	35,224
Total current assets	679,026	936,105	1,132,831	1,090,818
Current liabilities				
Financial liabilities at FVTPL	262,535	171,109	–	–
Trade and bills payables	184,957	290,909	346,129	314,732
Other payables and accruals	280,979	258,675	258,884	211,822
Interest-bearing bank borrowings	180,197	321,333	475,393	516,066
Income tax payable	7,420	6,478	20,932	24,979
Lease liabilities	1,965	784	2,360	1,776
Total current liabilities	918,053	1,049,288	1,103,698	1,069,375
Net current (liabilities)/assets	(239,027)	(113,183)	29,133	21,443

FINANCIAL INFORMATION

Our net current assets decreased from RMB29.1 million as of December 31, 2025 to RMB21.4 million as of April 30, 2026, primarily due to (i) an increase in interest-bearing bank borrowings; (ii) an increase in prepayments, other receivables and other assets, (iii) a decrease in trade and bills receivables; and (iv) a decrease in income tax recoverable, partially offset by (i) an increase in cash and cash equivalent and (ii) a decrease in other payables and accruals.

Compared to net current liabilities of RMB113.2 million as of December 31, 2024, we recorded net current assets of RMB29.1 million as of December 31, 2025, primarily due to (i) an increase in inventories, (ii) an increase in pledged bank deposits, and (iii) a decrease in financial liabilities at FVTPL due to our settlement of certain financial liabilities, partially offset by (i) a decrease in cash and cash equivalents, (ii) an increase in trade and bills payables, and (iii) an increase in interest-bearing bank borrowings, which were mainly attributable to the purchase of raw materials and production equipment.

Our net current liabilities decreased from RMB239.0 million as of December 31, 2023 to RMB113.2 million as of December 31, 2024, primarily due to (i) an increase in inventories, (ii) a decrease in financial liabilities at FVTPL and (iii) an increase in trade and bills receivables, partially offset by (i) an increase in trade and bills payables and (ii) an increase in interest-bearing bank borrowings.

Cash Flow

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows from operating activities	126,903	84,374	74,475
Net cash flows used in investing activities	(80,634)	(110,117)	(165,953)
Net cash flows (used in)/from financing activities	(53,328)	36,398	47,335
Net increase/(decrease) in cash and cash equivalents	(7,059)	10,655	(44,143)
Cash and cash equivalents at beginning of the year	<u>74,451</u>	<u>67,392</u>	<u>78,047</u>
Cash and cash equivalents at end of the year	<u>67,392</u>	<u>78,047</u>	<u>33,904</u>

Net Cash Flows from Operating Activities

In 2025, we had net cash flows generated from operating activities of RMB74.5 million, primarily reflecting profit before tax of RMB219.2 million, by non-cash and other items to arrive at an operating profit before changes in working capital of RMB306.3 million. Our movements in working capital primarily reflect (i) an increase in inventories of RMB151.0 million as a result of upfront procurement of raw materials, such as plums and prunes, during the harvest season and related preliminary processing in anticipation of increased sales and to ensure production efficiency ahead of our peak sales season, and (ii) an increase in trade and bills receivables of RMB60.0 million, primarily due to a decrease in contract liabilities driven by our shifting sales strategy to focus on sales to emerging retail channels and a decrease in payroll payables driven by changes to our salary structure, partially offset by an increase in trade and bills payables of RMB53.7 million, which resulted from an increase in purchase of auxiliary materials to meet expanded production. We have implemented measures to improve our operating cash flow, including enhancing inventory

FINANCIAL INFORMATION

turnover through improved sales forecasting and optimized production and procurement planning and negotiating more flexible procurement and payment arrangements with suppliers to better align cash outflows with sales collections.

In 2024, we had net cash flows generated from operating activities of RMB84.4 million, primarily reflecting profit before tax of RMB180.4 million, by non-cash and other items to arrive at an operating profit before changes in working capital of RMB253.2 million. Our movements in working capital primarily reflect (i) an increased in inventories of RMB98.4 million, (ii) an increase in trade and bills receivables of RMB84.2 million and (iii) an increase in prepayments, other receivables and other assets of RMB46.2 million, partially offset by an increase in trade and bills payables of RMB106.6 million.

In 2023, we had net cash flows generated from operating activities of RMB126.9 million, primarily reflecting profit before tax of RMB110.6 million, by non-cash and other items to arrive at an operating profit before changes in working capital of RMB181.4 million. Our movements in working capital primarily reflect (i) an increased in inventories of RMB64.1 million and (ii) a decrease in trade and bills payables of RMB8.1 million, partially offset by (i) an increase in other payables and accruals of RMB16.8 million and (ii) a decrease in prepayments, other receivables and other assets of RMB8.7 million.

Net Cash Flows Used in Investing Activities

In 2025, we had net cash flows used in investing activities of RMB166.0 million. This was mainly attributable to (i) purchase of items of property, plant and equipment of RMB125.3 million and (ii) prepayment of leasehold land of RMB43.2 million, partially offset by receipt of government grants for non-current assets of RMB2.6 million.

In 2024, we had net cash flows used in investing activities of RMB110.1 million. This was mainly attributable to purchase of items of property, plant and equipment of RMB110.3 million, partially offset by proceeds from disposal of items of property, plant and equipment of RMB0.2 million.

In 2023, we had net cash flows used in investing activities of RMB80.6 million. This was mainly attributable to purchase of items of property, plant and equipment of RMB80.2 million, (ii) purchase of other intangible assets of RMB0.3 million and (iii) purchase of leasehold land of RMB0.2 million.

Net Cash Flows (Used in)/From Financing Activities

In 2025, we had net cash flows from financing activities of RMB47.3 million. This was mainly attributable to (i) new bank loans of RMB570.8 million and (ii) investments from investors of RMB35.0 million, partially offset by (i) repayment of bank loans of RMB416.8 million, (ii) payment for repurchase of shares issued to an investor of RMB125.8 million and (iii) interest paid of RMB13.2 million.

In 2024, we had net cash flows from financing activities of RMB36.4 million. This was mainly attributable to (i) new bank loans of RMB368.8 million and (ii) investment from a new investor of RMB40.0 million, partially offset by (i) repayment of bank loans of RMB227.8 million, (ii) payment for repurchase of shares issued to an investor of RMB135.0 million and (iii) interest paid of RMB7.7 million.

In 2023, we had net cash flows used in financing activities of RMB53.3 million. This was mainly attributable to (i) repayment of bank loans of RMB351.8 million and (ii) interest paid of RMB8.2 million, partially offset by new bank loans of RMB308.4 million.

FINANCIAL INFORMATION

INDEBTEDNESS

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Current				
Interest-bearing bank borrowings	180,197	321,333	475,393	516,066
Lease liabilities	1,965	784	2,360	1,776
Non-Current				
Lease liabilities	1,930	1,146	606	452
Total	184,092	323,263	478,359	518,294

Our interest-bearing bank borrowings were primarily unsecured bank loans, with effective interest rates ranging from 1.80% to 4.57% per annum. As of December 31, 2023, 2024, 2025 and April 30, 2026, our interest-bearing bank borrowings were RMB180.2 million, RMB321.3 million, RMB475.4 million and RMB516.1 million. As of April 30, 2026, we had unutilized banking facilities of RMB92.8 million.

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, withdrawal of facilities or requests for early repayment. In addition, our Directors confirm that there was no material restrictive covenant on any of our outstanding debt and there was no material default in payments of our liabilities and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date. For details, see Note 23 to the Accountants’ Report in Appendix I to this document.

As of December 31, 2025, we have agreed with banks to irrevocably discharge the controlling shareholder and his spouse from all loan guarantee obligations of RMB250,170,000 in respect of our bank borrowings and accrued interest thereon upon the commencement of [REDACTED] of our shares on the Stock Exchange, and we shall provide other alternative assets as guarantee.

As of December 31, 2023, 2024 and 2025, our current and non-current lease liabilities were RMB3.9 million, RMB1.9 million and RMB3.0 million, respectively, primarily representing our outstanding payment in relation to leases of equipment and properties.

Save as disclosed in the table above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026.

Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2026 up to the date of this document.

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FINANCIAL INFORMATION

CAPITAL COMMITMENTS

Our capital commitments are related to contracted, but not provided for purchase of property, plant and equipment.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Contracted, but not provided for purchase of property, plant and equipment	46,129	34,285	77,816
Total	46,129	34,285	77,816

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of (i) purchase of items of property, plant and equipment, and (ii) purchase of other intangible assets.

The table below outlines our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Purchase of items of property, plant and equipment	80,232	110,259	125,301
Purchase of other intangible assets	270	32	132
Prepayment of leasehold land	—	—	43,200
Total	80,502	110,291	168,633

For details on our major capital expenditure projects, see “Business — Our Production — Our Production Expansion Plan.”

CONTINGENT LIABILITIES

As of December 31, 2025, we were not subject to any material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2025, we did not have any outstanding off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 33 to the Accountants’ Report in Appendix I to this document.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 33 to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business on an arm’s length basis and on 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.

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FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the years indicated:

	Year ended/as of December 31,		
	2023	2024	2025
		(%)	
Gross profit margin	40.1	36.0	35.6
Current ratio ⁽¹⁾	74.0	89.2	102.6
Quick ratio ⁽²⁾	27.6	39.3	41.6
Gearing ratio ⁽³⁾	67.9	52.0	53.9

Notes:

- (1) Current ratio is calculated based on current assets divided by current liabilities and multiplied by 100%.
- (2) Quick ratio is calculated based on current assets less inventories divided by current liabilities and multiplied by 100%.
- (3) Gearing ratio is calculated based on interest-bearing bank borrowings divided by total equity and multiplied by 100%.

FINANCIAL RISK MANAGEMENT

See Note 36 to the Accountants’ Report in Appendix I to this Document.

DIVIDENDS AND DIVIDEND POLICY

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. On May 10, 2026, we declared dividends of RMB67.3 million to our shareholders based on their equity interests in our Company as of March 31, 2026, which was fully paid on May 12, 2026. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. We may distribute dividends by way of cash or by other means that our Shareholders consider appropriate. Distribution of dividends is subject to the discretion of our Shareholders and our Shareholders may authorize our Board to make distribution plan. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us including our cash and cash equivalents on hand, unutilized banking facilities and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had distributable reserves of RMB485.8 million available for distribution to our shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses consist of professional fees, [REDACTED] commissions and other fees incurred in connection with the [REDACTED]. We expect to incur [REDACTED] expenses of approximately HK\$[REDACTED] million (based on the mid-point of the indicative [REDACTED])

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FINANCIAL INFORMATION

range and assuming the [REDACTED] is not exercised), which accounts for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. We estimate the [REDACTED] expenses to consist of approximately HK\$[REDACTED] million in [REDACTED] fees and HK\$[REDACTED] million in non-[REDACTED] fees. Among of the total [REDACTED] expenses, approximately HK\$[REDACTED] million will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the [REDACTED], and the remaining HK\$[REDACTED] million will be expensed in our consolidated statements of [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations in 2025. We did not recognize any [REDACTED] expenses in 2023. We recognized [REDACTED] expenses of RMB[REDACTED] million and RMB[REDACTED] million in 2024 and 2025, respectively, in our consolidated statements of profit or loss and other comprehensive income.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Appendix II to this document for details on our unaudited [REDACTED] adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgages, contingent liabilities, guarantees or prospects since December 31, 2025, the end of the period reported on the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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