*You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in "Appendix I – Accountants' Report" to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report, and not merely rely on the information contained in this section.*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance and involve risks and uncertainties. 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, many of which we cannot control or foresee. Our actual results may differ materially from those anticipated in these forward looking statements as a result of any number of factors. In evaluating our business, you should carefully consider all of the information provided in this document, including "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading provider of customized compound seasonings in China. According to Frost & Sullivan, we are the largest third-party provider of customized Chinese-style compound seasonings in China. Guided by our mission to "empower catering with simplicity," we provide customers, which primarily are catering businesses, with comprehensive flavor design and total solutions covering a broad range of product categories and dimensions of flavor. Our one-stop solution integrates market insights, research and development, application support, and production to help restaurant chains achieve flavor standardization and operational efficiency. We believe culinary excellence is as much an art as it is a science. As such, we adopt a science-driven approach to transform traditional, experience-reliant Chinese culinary flavors into standardized scalable seasoning solutions with consistent and reliable quality. Our value proposition to customers is simple: we help them discover regional signature flavors with broad commercial potential, and through scientific methodologies, transform those traditionally experience-reliant artisan cooking methods into standardized, reproducible flavor solutions suitable for mass production while retaining the authentic essence of wok frying. In doing so, we enable our customers to craft dishes that bring exceptional flavors to the table and captivate consumers' palates, while simultaneously improving kitchen efficiency.

During Track Record Period, our revenue increased from RMB1,030.3 million in 2023 to RMB1,135.6 million in 2024 but decreased slightly to RMB1,105.8 million in 2025, and our revenue also increased from RMB246.2 million in the three months ended March 31, 2025 to RMB297.0 million in the three months ended March 31, 2026. Our gross profit increased from RMB314.3 million in 2023 to RMB378.8 million in 2024 but decreased to RMB339.6 million in

2025, and our gross profit also increased from RMB74.7 million in the three months ended March 31, 2025 to RMB89.7 million in the three months ended March 31, 2026. Our gross profit margin increased from 30.5% to 33.4% and then decreased to 30.7% in 2025, and our gross profit margin remained stable at 30.4% in the three months ended March 31, 2025 and 30.2% in the three months ended March 31, 2026. Our profit for the year increased from RMB123.3 million in 2023 to RMB152.9 million in 2024 but decreased to RMB124.5 million in 2025, and our profit for the period also increased from RMB17.4 million in the three months ended March 31, 2025 to RMB29.7 million in the three months ended March 31, 2026.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**"). The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise 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 4 to the Accountant's Report in Appendix I to this document. The historical financial information has been prepared under the historical cost convention, except that certain financial assets/liabilities (including derivative instruments) are carried at fair value. In preparation of the historical financial information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by us consistently throughout the Track Record Period. See note 2 to the Accountant's Report in Appendix I to this document for more details.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following factors have been the primary drivers to our financial performance during the Track Record Period. We believe each reflects our structural competitive position rather than cyclical risk.

Market demand for our product

Leveraging our strong capabilities in R&D, customer service, intelligent production and supply chain management, we provide our customers with a series of customized and standardized compound seasonings covering hot pot and several other Chinese cuisines. We have maintained a competitive market position particularly in customized compound seasoning sector. The demand for our products is affected by macroeconomic conditions and the competitive landscape of the compound seasoning industry in China. Macroeconomic factors, including overall economic growth, growth in per capita disposable income, consumer spending patterns and dining consumption trends, directly influence the demand for compound seasonings, particularly from downstream catering and new retail customers.

During the Track Record Period, despite that the competition across the food service industry intensified in the post-pandemic environment since 2023, the catering industry continued to expand at an accelerated pace, supported by ongoing recovery and structural growth of the industry. As a result, being a compound seasoning supplier sitting in the upstream of the foodservice industry, we have adopted more flexible pricing strategies to support customer acquisition and retention. Against this backdrop, during the Track Record Period, the volume of compound seasonings we sold increased from 47,698 tons in 2023 to 53,582 tons in 2024 and further to 55,400 tons in 2025, and the volume also increased from 12,045 tons in the three months ended March 31, 2025 to 15,285 tons in the three months ended March 31, 2026, reflecting sustained demand from our customers.

During the Track Record Period, the average selling price of the compound seasonings we sold was RMB21.6/kg in 2023, RMB21.2/kg in 2024 and RMB20.0/kg in 2025, and RMB20.4/kg in the three months ended March 31, 2025 and RMB19.4/kg in the three months ended March 31, 2026. The decline in average selling price in 2025 was mainly attributable to intensified market competition in the compound seasoning industry. In the three months ended March 31, 2026, we continued our efforts to increase sales volume through the competitive pricing strategy. Looking ahead, we expect sales volume to continue its growth trajectory, while average selling prices are expected to remain relatively stable, as we focus on maintaining customer relationships, supporting market expansion and optimizing gross profit performance.

Despite increased market competition during the Track Record Period, China's compound seasoning market is projected to continue to grow, with the market size in terms of revenue increasing from RMB130.2 billion in 2025 to RMB208.1 billion by 2030, representing a CAGR of 9.8% from 2025 to 2030, according to Frost & Sullivan. We expect to continue to benefit from the projected growth in the compound seasoning market. We expect that the market demand for our products is driven by a number of factors alongside China's continuous macroeconomic growth, primarily including (i) increased penetration rate of chain restaurants, (ii) increased per capita expenditure in compound seasonings as the result of the urbanization and per capita growth of disposable incomes, and (iii) growing demand from new retail and food processing customers. As a leading compound seasoning company in China, we believe that with our core capabilities in R&D, customer service, intelligent production and supply chain management, we are well-positioned to capture the growth opportunity in China's growing demand for compound seasonings.

Product portfolio

We offer a comprehensive portfolio of compound seasonings principally targeting the catering and foodservice sectors. Our product offerings encompass a diverse array of Chinese culinary applications and extend to a broad spectrum of Asian flavor profiles. Our portfolio is organized around two growth levers: (i) customized compound seasonings, comprising hot pot compound seasonings and non-hot pot compound seasonings tailored to the bespoke formulation and operational requirements of our customers; and (ii) standardized compound seasonings, which leverage established formulations and modular frameworks to provide the market with efficient, consistent, and scalable flavor solutions.

Customized compound seasonings are strategically developed to address the diversified needs of our customers and strengthen our customer relationships, particularly for large chain restaurant customers with distinct menu requirements, operational specifications and taste preferences. By offering tailored products and flexible commercial terms, we are better able to response to customer-specific demands and evolving market conditions, thereby enhancing customer stickiness and reinforcing our competitive differentiation. Standardized compound seasonings, on the other hand, are designed to meet broader market demand for stable, convenient and scalable seasoning solutions, enabling us to serve a wider customer base across different application scenarios with consistent quality and efficiency.

Our product portfolio is also supported by a number of signature products that have achieved strong market acceptance and contributed a significant portion of our sales performance. Compared to our competitors, we offer either unique products to fill market gaps or products that excel among similar offerings. In particular, these products have demonstrated solid sales momentum during the Track Record Period and helped drive the continued growth of our business. For example, we have rolled out blockbuster products such as Laoyouji 1983 products and Guizhou Red Sour Soup products, which have not only won major industry awards but also generated significant sales contributions and further enhanced the market recognition of our brand.

The results of our operations are affected by our product mix and pricing strategy. As we continue to enrich our product portfolio based on feedbacks from constant customer engagement, our product mix and its affordable excellence are constantly being optimized over time, which in turn improves our revenue performance. We also engage in pricing discussions with our customers, taking into account factors such as customer demand, product positioning and prevailing market conditions. Accordingly, our ability to continuously optimize our product portfolio, maintain the market appeal of our products and respond flexibly to customer needs is an important driver of our long-term growth.

Our customer base and sales and service network

We have established a nationwide sales and service network with broad market coverage across China, which supports our ability to reach a diverse customer base and develop stable relationships with customers in the catering and foodservice industry. As of March 31, 2026, we had established 30 application centers to support product development, sample testing and customer-specific solution delivery, enabling us to respond more efficiently to customer needs and improve customer stickiness. During the Track Record Period, we served a broad category of customers including restaurant chains and catering operators of varying sizes, food processing companies and customers from emerging retail and new consumption channels, reflecting the breadth of our customization capabilities and our ability to address different operational and flavor requirements.

As of the Latest Practicable Date, we had served four of the top 5 hot pot restaurant chains in China in terms of the number of stores in 2025 and three of the top 5 Chinese-style fast food restaurant chains in China in terms of sales value in 2025. The depth of our service model creates structural switching costs. Once we co-develop recipes with a customer and those formulas are embedded in their operations, there is a high cost to switching suppliers. Our yearly customer repurchase rate increased from 54.2% in 2023 to 55.4% in 2024 and further to 72.1% in 2025. The increasing yearly customer repurchase rate is a direct evidence that this model works to improve our customer stickiness and financial performance. Our network of application centers are not only positioned as a cost center but a customer retention mechanism and help us attract higher caliber customers, which in turn deepens our understanding of regional markets and improves our product development for both of our customized and standardized product offerings. In addition, we have been actively developing our new retail business, leveraging digital channels and diversified sales formats to expand customer reach and further enhance market penetration. See "Business."

In the long term, we believe that the ongoing optimization of our customer base and strong customization capabilities will enhance customer retention and support sustainable business growth. However, any significant changes in our customer base may adversely affect our revenue growth and financial performance.

Raw materials and supply chain management

The profitability of our business largely depends on our ability to effectively control costs and enhance operational efficiency. Our cost of sales primarily consists of raw material costs, including oils and fats, spices, food ingredients and other ingredients, as well as packaging materials. During the Track Record Period, raw material costs accounted for 80.2%, 79.0% and 79.0% of total cost of sales in 2023, 2024 and 2025, respectively, and 80.5% and 80.1% of total cost of sales in the three months ended March 31, 2025 and 2026, respectively. Although the timing of inventory stocking may lead to temporary fluctuations in certain financial periods, our raw material procurement volumes and cost structure remained generally stable, reflecting a consistent underlying trend and our cost control measures during the Track Record Period.

Raw material prices are subject to volatility arising from factors such as changes in market supply and demand, climate and environmental conditions, commodity price fluctuations, governmental policies, natural disasters, as well as our bargaining power with suppliers. Our established brand recognition and economies of scale enable us to better manage procurement costs, improve supplier negotiation leverage and enhance our resilience against raw material price fluctuations. We have adopted a number of measures, including maintaining diversified supply channels, implementing a centralized procurement system for certain raw materials to enhance our bargaining power with suppliers, and leveraging our established brand reputation to negotiate more favorable commercial terms. In addition, we have collaborated with an agricultural research center and upstream suppliers to carry out customized cultivation and targeted procurement of chili peppers that meet our quality standards and supply requirements. We also enter into procurement framework agreements when we consider market prices to be favorable, in order to lock in purchase prices and reduce the impact of volatility in the prices of certain raw materials. During the Track Record Period, we did not engage in any hedging activities in respect of raw material prices.

Operational efficiency

Apart from cost of raw materials, operational efficiency also has a large impact on our profitability. During the Track Record Period, our total operating expenses, which consisted of selling and marketing expenses, administrative expenses and research and development expenses, amounted to RMB154.1 million in 2023, RMB200.1 million in 2024 and RMB197.1 million in 2025, representing 15.0%, 17.6% and 17.8% of our revenue in the respective period, and our total operating expenses also amounted to RMB46.9 million in the three months ended March 31, 2025 and RMB47.6 million in the three months ended March 31, 2026, representing 19.1% and 16.0% of our revenue in the respective period. In particular, selling and marketing expenses represented 47.7%, 54.5% and 52.9% of our total operating expenses in 2023, 2024 and 2025, respectively, and 53.0% and 53.1% of our total operating expenses in the three months ended March 31, 2025 and 2026, respectively, accounting for the largest portion of our total operating expenses during the Track Record Period.

We seek to further enhance the efficiency of our selling and marketing activities by continuously improving customer experience, particularly by enhancing the quality and bespoke nature of our customized compound seasonings. In the meantime, we may also increase selling and marketing activities to better support customer engagement, product customization and service responsiveness, which we believe represents a worthwhile investment in strengthening customer relationships and supporting long-term business growth. Specifically, the increase in selling and marketing expenses from RMB73.5 million in 2023 to RMB109.1 million in 2024 was intended to further develop our service network, particularly, expanding application center coverage and technical sales force, which helped us achieve higher customer retention rates.

Selling and marketing expenses decreased slightly to RMB104.3 million in 2025 as we further improved cost efficiency. Looking ahead, we intend to further leverage our existing service network and sales personnel by expanding our product offerings and modules, including products tailored to new application scenarios, so as to fully utilize the infrastructure and resources we have already established and improve operational efficiency. Going forward, we expect selling and marketing expenses growth to track below revenue growth as network leverage further improves.

Seasonality

Our business is subject to certain seasonality, which primarily reflects consumption patterns in the catering industry. Demand for our products is generally higher during peak consumption periods, particularly before major holidays such as the Chinese New Year and National Day, while relatively lower demand may occur during traditional off-peak periods.

A substantial portion of our revenue is derived from compound seasonings used across various catering scenarios. To mitigate the impact of seasonal fluctuations, we have continuously enriched our product portfolio to cover a broad range of application scenarios and consumption occasions, including products that are less dependent on specific seasons or weather conditions. As a result, our diversified customer base and comprehensive product offering have enabled us to generate relatively stable revenue throughout the year, and seasonality has not had a material adverse effect on our overall operations during the Track Record Period.

However, seasonality may be affected by factors beyond our control, such as changes in customer behavior, macroeconomic conditions or unexpected events, which could adversely impact demand patterns and cash flow stability.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies may have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

See notes 2 and 4 to the Accountant's Report in Appendix I to this document for more details of our significant accounting policies and critical accounting estimates and judgments.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED INCOME STATEMENTS

The following table sets forth our consolidated income statements with line items in absolute amounts and as a percentage of our revenue for the years/periods indicated.

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(Unaudited)			
Revenue	1,030,344	100.0	1,135,586	100.0	1,105,810	100.0	246,203	100.0	297,032	100.0
Cost of sales	(716,008)	(69.5)	(756,808)	(66.6)	(766,224)	(69.3)	(171,475)	(69.6)	(207,323)	(69.8)
Gross profit	**314,336**	**30.5**	**378,778**	**33.4**	**339,586**	**30.7**	**74,728**	**30.4**	**89,709**	**30.2**
Selling and marketing expenses	(73,523)	(7.1)	(109,066)	(9.6)	(104,339)	(9.4)	(24,870)	(10.1)	(25,269)	(8.5)
Administrative expenses	(51,482)	(5.0)	(57,908)	(5.1)	(61,246)	(5.5)	(14,621)	(5.9)	(15,608)	(5.3)
Research and development expenses	(29,074)	(2.8)	(33,097)	(2.9)	(31,514)	(2.8)	(7,436)	(3.0)	(6,701)	(2.3)
Net impairment losses on financial assets	(1,883)	(0.2)	(2,687)	(0.2)	(2,483)	(0.2)	(1,194)	(0.5)	(460)	(0.2)
Other income	11,591	1.1	4,909	0.4	29,137	2.6	733	0.3	433	0.1
Other gains/(losses) – net	(7,453)	(0.7)	12,824	1.1	1,890	0.2	(3,955)	(1.6)	(2,228)	(0.8)
Operating profit	**162,512**	**15.8**	**193,753**	**17.1**	**171,031**	**15.5**	**23,385**	**9.5**	**39,876**	**13.4**
Finance income	2,112	0.2	3,540	0.3	704	0.1	262	0.1	278	0.1
Finance cost	(2,814)	(0.3)	(2,586)	(0.2)	(4,757)	(0.4)	(1,637)	(0.7)	(1,336)	(0.4)
Finance income/cost – net	**(702)**	**(0.1)**	**954**	**0.1**	**(4,053)**	**(0.4)**	**(1,375)**	**(0.6)**	**(1,058)**	**(0.4)**
Profit before income tax	**161,810**	**15.7**	**194,707**	**17.1**	**166,978**	**15.1**	**22,010**	**8.9**	**38,818**	**13.1**
Income tax expense	(38,486)	(3.7)	(41,834)	(3.7)	(42,472)	(3.8)	(4,633)	(1.9)	(9,086)	(3.1)
Profit for the year/period	**123,324**	**12.0**	**152,873**	**13.5**	**124,506**	**11.3**	**17,377**	**7.1**	**29,732**	**10.0**
Profit for the year/period is attributable to:										
Owners of the Company	123,104	11.9	152,807	13.5	124,536	11.3	17,385	7.1	29,740	10.0
Non-controlling interests	220	0.0	66	0.0	(30)	(0.0)	(8)	(0.0)	(8)	(0.0)

KEY COMPONENTS OF OUR CONSOLIDATED INCOME STATEMENTS

Revenue

During the Track Record Period, we generated revenues from sale of compound seasonings. The following table sets forth a breakdown of our revenue by products, both in absolute amount and as a percentage of our total revenue for the years/periods presented.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Customized compound seasonings	**1,003,050**	**97.4**	**1,084,170**	**95.5**	**1,055,100**	**95.4**	**234,233**	**95.1**	**284,251**	**95.7**
– Hot pot compound seasonings	619,872	60.2	685,397	60.4	668,541	60.5	153,886	62.5	182,309	61.4
– Non-hot pot compound seasonings	383,178	37.2	398,773	35.1	386,559	35.0	80,347	32.6	101,942	34.3
Standardized compound seasonings	**27,294**	**2.6**	**51,416**	**4.5**	**50,710**	**4.6**	**11,970**	**4.9**	**12,781**	**4.3**
Total	**1,030,344**	**100.0**	**1,135,586**	**100.0**	**1,105,810**	**100.0**	**246,203**	**100.0**	**297,032**	**100.0**

The following table sets forth a breakdown of our sales volume and average selling price of our products for the years/periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(tons)	*(RMB)*	*(tons)*	*(RMB)*	*(tons)*	*(RMB)*	*(tons)*	*(RMB)*	*(tons)*	*(RMB)*
Customized compound seasonings	**46,536**	**21.6**	**51,339**	**21.1**	**53,052**	**19.9**	**11,490**	**20.4**	**14,697**	**19.3**
– Hot pot compound seasonings	27,303	22.7	31,253	21.9	32,587	20.5	7,322	21.0	9,243	19.7
– Non-hot pot compound seasonings	19,233	19.9	20,086	19.9	20,465	18.9	4,168	19.3	5,454	18.7
Standardized compound seasonings	**1,162**	**23.5**	**2,243**	**22.9**	**2,348**	**21.6**	**555**	**21.6**	**588**	**21.7**
Total	**47,698**	**21.6**	**53,582**	**21.2**	**55,400**	**20.0**	**12,045**	**20.4**	**15,285**	**19.4**

Cost of Sales

Our cost of sales primarily consisted of (i) raw materials, (ii) staff costs, (iii) depreciation and amortization, (iv) transportation expenses, (v) utilities, (vi) other expenses, and (vii) other taxes and levies.

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

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Raw materials	574,203	80.2	597,876	79.0	604,995	79.0	138,009	80.5	166,058	80.1
Staff costs	58,642	8.2	67,446	8.9	65,862	8.6	14,066	8.2	16,096	7.8
Depreciation and amortization	16,442	2.3	19,089	2.5	23,077	3.0	5,668	3.3	5,539	2.7
Transportation expenses	32,283	4.5	34,608	4.6	33,949	4.4	6,721	3.9	8,811	4.2
Utilities	14,314	2.0	16,483	2.2	17,644	2.3	3,358	2.0	4,931	2.4
Other expenses	11,494	1.6	10,754	1.4	10,307	1.3	2,056	1.2	2,918	1.4
Other taxes and levies	8,630	1.2	10,552	1.4	10,390	1.4	1,597	0.9	2,970	1.4
Total	**716,008**	**100.0**	**756,808**	**100.0**	**766,224**	**100.0**	**171,475**	**100.0**	**207,323**	**100.0**

Gross Profit and Gross Profit Margin

Our gross profit represented our revenue less our cost of sales. Our gross profit margin represented our gross profit as a percentage of our revenue. In 2023, 2024, 2025, and three months ended March 31, 2026, our gross profit was RMB314.3 million, RMB378.8 million, RMB339.6 million, and RMB89.7 million, respectively, and our gross profit margin was 30.5%, 33.4%, 30.7% and 30.2%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product category for the years/periods indicated:

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Customized compound seasonings	**306,760**	**30.6**	**361,513**	**33.3**	**325,583**	**30.9**	**71,496**	**30.5**	**86,041**	**30.3**
– Hot pot compound seasonings	189,154	30.5	221,034	32.2	196,558	29.4	45,013	29.3	52,450	28.8
– Non-hot pot compound seasonings	117,606	30.7	140,479	35.2	129,025	33.4	26,483	33.0	33,591	33.0
Standardized compound seasonings	**7,576**	**27.8**	**17,265**	**33.6**	**14,003**	**27.6**	**3,232**	**27.0**	**3,668**	**28.7**
Total	**314,336**	**30.5**	**378,778**	**33.4**	**339,586**	**30.7**	**74,728**	**30.4**	**89,709**	**30.2**

Selling and Marketing Expenses

Our selling and marketing expenses consisted of staff costs including employee benefit expenses and outsourced labor fees, advertising and other marketing expenses, traveling and entertainment expenses, consulting and professional fee, short-term rental expenses, depreciation and amortization and other expenses. Other expenses primarily include courier, communication, facility-related costs, and maintenance and other miscellaneous expenses.

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

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Staff costs	54,159	73.7	80,995	74.3	73,703	70.6	18,922	76.1	19,619	77.6
Advertising and other marketing expenses	5,857	8.0	9,776	9.0	8,732	8.4	1,243	5.0	1,792	7.1
Traveling and entertainment expenses	7,607	10.3	10,196	9.3	7,945	7.6	1,394	5.6	1,524	6.0
Consulting and professional fee	456	0.6	1,771	1.6	5,884	5.6	1,541	6.2	100	0.4
Short-term rental expenses	3,205	4.4	3,336	3.1	5,361	5.1	1,241	5.0	1,339	5.3
Depreciation and amortization	1,246	1.7	1,301	1.2	1,051	1.0	288	1.2	171	0.7
Other expenses	993	1.4	1,691	1.6	1,663	1.6	241	1.0	724	2.9
Total	**73,523**	**100.0**	**109,066**	**100.0**	**104,339**	**100.0**	**24,870**	**100.0**	**25,269**	**100.0**

Administrative Expenses

Our administrative expenses consisted of staff costs, traveling and entertainment expenses, utilities, consulting and professional fee, depreciation and amortization and other expenses. Other expenses primarily consisted of courier, communication, facility-related costs, and maintenance and other miscellaneous expenses.

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

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Staff costs	33,265	64.6	36,428	62.9	38,078	62.2	8,727	59.7	9,004	57.7
Traveling and entertainment expenses	2,336	4.5	3,902	6.7	3,190	5.2	813	5.6	553	3.5
Utilities	667	1.3	1,093	1.9	1,329	2.2	520	3.6	388	2.5
Consulting and professional fee	1,362	2.6	1,828	3.2	2,123	3.5	384	2.6	1,380	8.8
Depreciation and amortization	7,296	14.2	8,443	14.6	9,719	15.9	2,728	18.7	2,316	14.8
Other expenses	6,556	12.7	6,214	10.7	6,807	11.1	1,449	9.9	1,967	12.6
Total	**51,482**	**100.0**	**57,908**	**100.0**	**61,246**	**100.0**	**14,621**	**100.0**	**15,608**	**100.0**

Research and Development Expenses

Our research and development expenses consisted of staff costs including employee benefit expenses and outsourced labor fees, depreciation and amortization, consumables, traveling and entertainment, utilities, short-term rental expenses and other expenses. Other expenses primarily consisted of repairs and maintenance and consulting and professional fees.

The following table sets forth a breakdown of our research and development expenses both in absolute amount and as a percentage of our total research and development expenses for the years/periods indicated.

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Staff costs	19,183	66.0	20,660	62.4	20,895	66.3	4,588	61.7	4,716	70.4
Depreciation and amortization	3,791	13.0	5,300	16.0	6,216	19.7	1,574	21.2	1,517	22.6
Consumables	2,823	9.7	2,980	9.0	2,548	8.1	658	8.8	197	2.9
Traveling and entertainment expenses	923	3.2	1,048	3.2	500	1.6	197	2.6	127	1.9
Utilities	519	1.8	576	1.7	538	1.7	102	1.4	14	0.2
Short-term rental expenses	602	2.1	472	1.4	63	0.2	26	0.3	7	0.1
Other expenses	1,233	4.2	2,061	6.2	754	2.4	291	3.9	123	1.8
Total	**29,074**	**100.0**	**33,097**	**100.0**	**31,514**	**100.0**	**7,436**	**100.0**	**6,701**	**100.0**

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets was primarily related to expected credit losses on trade receivables and other receivables, which are recognized based on historical loss experience, aging profile and forward-looking information. In 2023, 2024 and 2025 and three months ended March 31, 2026, our net impairment losses on financial assets were RMB1.9 million, RMB2.7 million, RMB2.5 million, and RMB0.5 million, respectively.

Other Income

Our other income primarily consisted of government grants. Governments grants received during the Track Record Period primarily comprised the financial subsidies received from various local government authorities in China. There were no unfulfilled conditions or contingencies relating to these incomes.

The following table sets forth a breakdown of our other income both in absolute amount and as a percentage of our total other income for the years/periods indicated.

	Years Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
Government grants	11,333	97.8	4,486	91.4	28,770	98.7	562	76.7	404	93.3
– Received and recognized during the year/period	10,668	92.0	3,606	73.5	27,790	95.4	334	45.5	147	34.0
– Received from deferred income	665	5.7	880	17.9	980	3.4	228	31.2	257	59.4
Others	258	2.2	423	8.6	367	1.3	171	23.3	29	6.6
Total	**11,591**	**100.0**	**4,909**	**100.0**	**29,137**	**100.0**	**733**	**100.0**	**433**	**100.0**

Other Gains/Losses, Net

Our other gains/losses, net primarily consisted of fair value gains/(losses) on financial assets at fair value through profit or loss (FVTPL), fair value gains/(losses) on financial liabilities at FVTPL, gains/(losses) on disposal of property, plant and equipment, and donations.

The following table sets forth a breakdown of our other gains/losses for the years/periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net fair value gains/(losses) on financial assets at FVTPL recognized in other gains – net	4,034	2,373	3,348	(3,030)	(2,148)
Net fair value (losses)/gains on financial liability at FVTPL recognized in other gains – net	(10,833)	12,816	1,116	(917)	–
(Losses)/gains on disposal of property, plant and equipment, and right-of-use assets, net	(158)	46	(2)	–	–
Donations	(30)	–	(1,010)	–	–
Others	(466)	(2,411)	(1,562)	(8)	(80)
Total	**(7,453)**	**12,824**	**1,890**	**(3,955)**	**(2,228)**

Finance Income/Costs, Net

Our finance income and costs, net primarily consisted of interest income, interest expenses on bank borrowings and interest expenses on lease liabilities.

The following table sets forth a breakdown of our finance income/costs for the years/periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	2,112	3,540	704	262	278
Interest expenses on bank borrowings	(825)	(521)	(3,023)	(1,173)	(956)
Interest expenses on lease liabilities	(1,989)	(2,065)	(1,734)	(464)	(380)
Total	**(702)**	**954**	**(4,053)**	**(1,375)**	**(1,058)**

Income Tax Expense

Our income tax expense primarily consisted of current income tax and deferred income tax.

The following table sets forth a breakdown of our income tax expense for the years/periods indicated.

	Years Ended December 31,			Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current income tax	28,549	51,683	54,145	2,650	6,153
Deferred income tax	9,937	(9,849)	(11,673)	1,983	2,933
Total	**38,486**	**41,834**	**42,472**	**4,633**	**9,086**

Chinese Mainland

Pursuant to the PRC Enterprise Income Tax Law (the "**EIT Law**") and the respective regulations, our subsidiaries operating in China are subject to enterprise income tax at a rate of 25% on their taxable income. Certain of our subsidiaries are entitled to a preferential enterprise income tax rate of 15% under the "Notice on the Tax Policies for Further Implementation of the Western Development Strategy" (Caishui [2011] No. 58) (財稅[2011]58號"關於深入實施西部大開發戰略有關稅收政策問題的通知") and the "Announcement on the Continuation of Enterprise Income Tax Policies for the Western Development Strategy" (Caishui [2020] No. 23) (財稅[2020]23號"關於延續西部大開發企業所得稅政策的公告"), pursuant to which enterprises established in the western region and engaged in encouraged industries are eligible for a reduced tax rate of 15%.

Pursuant to the EIT Law, a 10% withholding tax on dividends received/receivable will be levied on PRC companies' immediate holding companies established out of the Chinese Mainland. A lower withholding income tax rate may be applied if there is a tax treaty arrangement between China and the jurisdiction of the foreign immediate holding companies and simultaneously certain conditions are satisfied. The withholding income tax rate applicable to us during the Track Record Period is 10%.

Other jurisdictions

Our subsidiaries incorporated in other jurisdictions are subject to income tax in accordance with the prevailing practice of the jurisdictions in which they operate.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2026

Revenue

Our revenue increased by 20.6% from RMB246.2 million in the three months ended March 31, 2025 to RMB297.0 million in the three months ended March 31, 2026. The increase in our revenue was primarily driven by the increase in sales volume from 12,045 tons for the three months ended March 31, 2025 to 15,285 tons for the same period in 2026.

Revenue from our customized compound seasonings increased from RMB234.2 million in for the three months ended March 31, 2025 to RMB284.3 million for the same period in 2026, primarily due to the continued growth in sales volume from approximately 11,490 tons for the three months ended March 31, 2025 to 14,697 tons for the same period in 2026 as a result of increased demand for our customized compound seasonings. The increase in sales volume was partially offset by the slight decrease in average selling price from RMB20.4/kg for the three months ended March 31, 2025 to RMB19.3/kg for the same period in 2026 as a result of our proactive pricing adjustments in response to the intensified market competition.

Revenue from our standardized compound seasonings increased from RMB12.0 million for the three months ended March 31, 2025 to RMB12.8 million for the same period in 2026, primarily due to an increase in sales volume from approximately 555 tons for the three months ended March 31, 2025 to 588 tons for the same period in 2026. This increase was mainly attributable to continued demand for our standardized compound seasonings.

Cost of sales

Our cost of sales increased by 20.9% from RMB171.5 million in the three months ended March 31, 2025 to RMB207.3 million in the three months ended March 31, 2026. The increase in our cost of sales was primarily driven by the increase in the amount of raw material costs alongside with the increase in sales volume for the three months ended March 31, 2026 as compared with the same period in 2025.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 20.0% from RMB74.7 million in the three months ended March 31, 2025 to RMB89.7 million in the same period in 2026. Our gross profit margin remained stable at 30.4% in the three months ended March 31, 2025 and 30.2% in the same period in 2026. The increase in gross profit was in line with the increase in revenue during the period.

Selling and marketing expenses

Our selling and marketing expenses increased by 1.6% from RMB24.9 million in the three months ended March 31, 2025 to RMB25.3 million in the same period in 2026, primarily due to increases in staff costs and advertising and other marketing expenses as a result of new retail channel development, partially offset by the decrease in consulting and professional fee as a result of decreased expenses in relation to our brand building activities.

Administrative expenses

Our administrative expenses increased by 6.8% from RMB14.6 million in the three months ended March 31, 2025 to RMB15.6 million in the same period in 2026, primarily due to the increase in consulting and professional fee incurred during the three months ended March 31, 2026 for the **[REDACTED]**.

Research and development expenses

Our research and development expenses decreased by 9.9% from RMB7.4 million in the three months ended March 31, 2025 to RMB6.7 million in the same period in 2026, primarily due to adjustments in our R&D activities and improved efficiency in resource allocation.

Net impairment losses on financial assets

We recorded impairment losses on financial assets of RMB0.5 million in the three months ended March 31, 2026 as compared to RMB1.2 million in the same period in 2025, primarily due to additional individual provision on trade receivables for the three months ended March 31, 2025.

Other income

Our other income remained stable at RMB0.7 million in the three months ended March 31, 2025 and RMB0.4 million in the same period in 2026.

Other gains/losses, net

Our net other losses decreased by 43.7% from RMB4.0 million in the three months ended March 31, 2025 to RMB2.2 million in the same period in 2026, primarily due to the decrease in fair value loss on financial assets at FVTPL as a result of the fluctuations of the value of the investment funds we held during the period.

Finance income/costs, net

Our net finance costs decreased by 23.1% from RMB1.4 million in the three months ended March 31, 2025 to RMB1.1 million in the same period in 2026, primarily due to the decrease in the interest expenses on bank borrowings and lease liabilities.

Income tax expense

Our income tax expense increased by 96.1% from RMB4.6 million in the three months ended March 31, 2025 to RMB9.1 million in the same period in 2026, which is in line with the increase in profit before taxation for the three months ended March 31, 2026.

Profit for the period

As a result of the foregoing, we recorded a profit of RMB17.4 million and RMB29.7 million in the three months ended March 31, 2025 and in the same period in 2026, respectively.

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

Revenue

Our revenue decreased by 2.6% from RMB1,135.6 million in 2024 to RMB1,105.8 million in 2025. The slight decrease was mainly due to the decline in average selling price, which decreased from RMB21.2/kg in 2024 to RMB20.0/kg in 2025. The effect of the decline in average selling price was partially offset by the continued growth in sales volume, which increased from approximately 53,582 tons in 2024 to 55,400 tons in 2025.

Revenue from our customized compound seasonings decreased by 2.7% from RMB1,084.2 million in 2024 to RMB1,055.1 million in 2025, primarily due to the decline in average selling price from RMB21.1/kg in 2024 to RMB19.9/kg in 2025 as a result of our proactive pricing adjustments in response to the intensified market competition. The effect of such decline in average selling price was partially offset by the continued growth in sales volume from approximately 51,339 tons in 2024 to 53,052 tons in 2025 as a result of the increased demand for our customized compound seasonings.

Revenue from our standardized compound seasonings decreased by 1.4% from RMB51.4 million in 2024 to RMB50.7 million in 2025, primarily due to the decrease in average selling price from RMB22.9/kg in 2024 to RMB21.6/kg in 2025 due to our proactive pricing adjustments in response to the intensified market competition. Such decrease in average selling price was partially offset by the continued growth in sales volume of 2,243 tons in 2024 to 2,348 tons in 2025.

Cost of sales

Our cost of sales increased slightly by 1.2% from RMB756.8 million in 2024 to RMB766.2 million in 2025, primarily attributable to the increase in raw material costs, which in turn was due to increased sales volume of our products in 2025. Alongside with the increase in the scale of our operations, we were able to achieve better economies of scale, and as a result, our raw materials costs increased at a slower pace as compared to the increase in sales volume in 2025.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 10.3% from RMB378.8 million in 2024 to RMB339.6 million in 2025, and our gross profit margin decreased from 33.4% in 2024 to 30.7% in 2025, primarily due to our proactive pricing adjustments in response to the intensified market competition.

Selling and marketing expenses

Our selling and marketing expenses decreased by 4.3% from RMB109.1 million in 2024 to RMB104.3 million in 2025. The decrease was primarily attributable to decreases in staff costs and traveling and entertainment expenses as a result of the improved efficiency in our sales resource allocation and optimization of our sales team structure, partially offset by (i) the increase in consulting and professional fees as we enhanced our capabilities in brand building through internal training and external exposure; and (ii) the increase in short-term rental expenses as we continued to develop and operate customer service related facilities in 2025 to further improve our service capabilities.

Administrative expenses

Our administrative expenses increased by 5.8% from RMB57.9 million in 2024 to RMB61.2 million in 2025. The increase was primarily attributable to (i) the increase in staff costs as a result of the increase in our administrative overhead alongside with the expansion of our business operations; and (ii) the increase in depreciation and amortization as we continued investing in our operational facilities such as electronic equipment and leasehold improvements in 2025.

Research and development expenses

Our research and development expenses decreased by 4.8% from RMB33.1 million in 2024 to RMB31.5 million in 2025, primarily attributable to decreases in consumables, traveling and entertainment expenses, and consulting and professional fees in relation to our R&D activities as we adjusted our R&D activities and improved resources allocation efficiency.

Net impairment losses on financial assets

Our net impairment losses on financial assets remained relatively stable at RMB2.7 million in 2024 and RMB2.5 million in 2025.

Other income

Our other income and gains increased by 493.5% from RMB4.9 million in 2024 to RMB29.1 million in 2025. The increase was primarily attributable to the increase in government grants received during the year including subsidies associated with industrial development and business operations. As these government grants are generally non-recurring in nature and subject to the policies of relevant government authorities. There could be significant fluctuations in the amount of government grants we may receive in different years.

Other gains/losses, net

Our net other gains decreased by 85.3% from RMB12.8 million in 2024 to RMB1.9 million in 2025, primarily attributable to repurchase of preferred shares in 2025. See Note 30 to the Accountants' Report in Appendix I to this document.

Finance income/cost, net

We recorded net finance cost of RMB4.1 million in 2025 as compared to net finance income of RMB1.0 million in 2024. The change was primarily attributable to a decrease in interest income and an increase in interest expenses on bank borrowings during the year. Our interest income decreased mainly due to our lower average cash balances maintained in 2025 as a result of cash outflows associated with repurchase of preferred shares and interest expenses on bank borrowings as we obtained more bank borrowings to support our business operations.

Income tax expense

Our income tax expense increased by 1.5% from RMB41.8 million in 2024 to RMB42.5 million in 2025, primarily because we were subject to higher income tax rate in 2025.

Profit for the year

As a result of the foregoing, our profit for the year decreased from RMB152.9 million in 2024 to RMB124.5 million in 2025.

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

Revenue

Our revenue increased by 10.2% from RMB1,030.3 million in 2023 to RMB1,135.6 million in 2024. This increase was primarily driven by the growth in sales volume, which increased from approximately 47,698 tons in 2023 to 53,582 tons in 2024.

Revenue from customized compound seasonings increased from RMB1,003.1 million in 2023 to RMB1,084.2 million in 2024, primarily driven by increased sales volume, which increased from approximately 46,536 tons in 2023 to 51,339 tons in 2024, associated with the continued demand for our customized compound seasonings.

Revenue from standardized compound seasonings increased from RMB27.3 million in 2023 to RMB51.4 million in 2024, primarily driven by a significant increase in sales volume from approximately 1,162 tons in 2023 to 2,243 tons in 2024 as a result of the expansion of distribution channels and increased market penetration, which led to rapid growth in sales volume of such products.

Cost of sales

Our cost of sales increased by approximately 5.7% from RMB716.0 million in 2023 to RMB756.8 million in 2024. The increase was primarily driven by the increase in raw materials costs as a result of the increase in sales volume.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 20.5% from RMB314.3 million in 2023 to RMB378.8 million in 2024. Our gross profit margin increased from 30.5% in 2023 to

33.4% in 2024. The increase in gross profit was primarily driven by the growth in sales volume, and the increase in gross profit margin was primarily due to improved economies of scale alongside with increased scale of operations, leading to slower pace of increase in raw materials costs as compared to the sales volume growth in 2024.

Selling and marketing expenses

Our selling and marketing expenses increased by 48.3% from RMB73.5 million in 2023 to RMB109.1 million in 2024, primarily due to (i) the increase in staff costs and traveling and entertainment expenses as a result of the expansion of our sales team and market coverage; and (ii) the increase in advertising and other marketing expenses as we conducted more market development activities, including promotional efforts and customer engagement during 2024.

Administrative expenses

Our administrative expenses increased by 12.5% from RMB51.5 million in 2023 to RMB57.9 million in 2024. The increase was mainly attributable to (i) the increase in staff costs due to increased administrative overhead alongside with the expansion of our business operations; and (ii) the increase in depreciation and amortization as we continued investing in our operational facilities such as electronic equipment and leasehold improvements in 2024.

Research and development expenses

Our research and development expenses increased by 13.8% from RMB29.1 million in 2023 to RMB33.1 million in 2024. The increase was primarily attributable to the increases in staff costs and depreciation and amortization expenses as we established new application centers and engaged additional R&D personnels in the new application centers.

Net impairment losses on financial assets

Our net impairment losses on financial assets increased from RMB1.9 million in 2023 to RMB2.7 million in 2024, primarily due to changes in the aging profile of our trade receivables in 2024.

Other income

Our other income decreased by 57.6% from RMB11.6 million in 2023 to RMB4.9 million in 2024. The decrease was primarily attributable to a decrease in government grants in relation to industry development subsidies in 2024. As these government grants are generally non-recurring in nature and subject to the policies of relevant government authorities. There could be significant fluctuations in the amount of government grants we may receive in different years.

Other gains/losses, net

We recorded net gains of RMB12.8 million in 2024 as compared to net losses of RMB7.5 million in 2023, primarily attributable to repurchase of preferred shares in 2024. See Note 30 to the Accountants' Report in Appendix I to this document.

Finance income/costs, net

We recorded net finance income of RMB1.0 million in 2024 as compared to net finance cost of RMB0.7 million in 2023. The change from a net finance cost position to a net finance income position was primarily attributable to an increase in interest income in 2024 as a result of higher average cash balances maintained in our bank accounts during 2024.

Income tax expense

Our income tax expense increased by 8.7% from RMB38.5 million in 2023 to RMB41.8 million in 2024, which was consistent with the growth in profit before income tax in 2024.

Profit for the year

As a result of the foregoing, our profit for the year increased from RMB123.3 million in 2023 to RMB152.9 million in 2024.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	308,178	313,820	319,936	314,312
Right-of-use assets	52,410	53,031	48,159	46,078
Intangible assets	2,899	2,093	1,215	1,028
Other non-current assets	5,263	24,381	7,047	8,484
Deferred income tax assets	4,117	6,232	3,383	3,456
Other receivables	–	49,338	–	–
Financial assets at FVTPL	–	6,000	27,227	25,946
Total non-current assets	**372,867**	**454,895**	**406,967**	**399,304**

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Inventories	116,925	196,875	127,031	108,647
Trade receivables	84,087	80,368	85,747	95,238
Other receivables and prepayments	35,840	58,100	115,218	118,978
Financial assets at FVTPL	220,115	76,860	28,869	27,911
Cash and cash equivalents	257,449	215,828	132,881	164,896
Restricted cash	–	–	–	8,693
Total current assets	**714,416**	**628,031**	**489,746**	**524,363**
Total assets	**1,087,283**	**1,082,926**	**896,713**	**923,667**
Non-current liabilities				
Lease liabilities	33,136	32,208	26,241	24,936
Deferred income tax liabilities	35,831	28,097	13,575	16,581
Deferred income	6,021	6,653	6,583	6,326
Long term bank borrowing	–	9,487	–	–
Total non-current liabilities	**74,988**	**76,445**	**46,399**	**47,843**
Current liabilities				
Trade payables	46,307	81,339	35,481	22,031
Other payables and accrued charges	66,829	81,829	62,381	59,080
Lease liabilities	11,958	18,769	8,869	8,445
Contract liabilities	26,159	31,392	18,081	28,855
Current income tax liabilities	19,285	9,399	7,337	6,660
Short-term bank borrowings – secured	–	10,321	120,231	123,445
Financial liabilities at FVTPL	508,302	294,462	–	–
Total current liabilities	**678,840**	**527,511**	**252,380**	**248,516**
Total liabilities	**753,828**	**603,956**	**298,779**	**296,359**
Net assets	**333,455**	**478,970**	**597,934**	**627,308**

Net assets increased continuously from RMB333.5 million as of December 31, 2023 to RMB479.0 million as of December 31, 2024 and RMB597.9 million as of December 31, 2025 and further to RMB627.3 million as of March 31, 2026, primarily due to retained earnings arising from our business operations.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, machinery and production equipment, furniture, office equipment and vehicles, leasehold improvements, and construction in progress for our business operations.

Our property, plant and equipment increased from RMB308.2 million as of December 31, 2023 to RMB313.8 million as of December 31, 2024, and further to RMB319.9 million as of December 31, 2025, primarily due to the additions of construction in progress, leasehold improvements, and machinery and production equipment, partially offset by the depreciation recognized during the years.

Our property, plant and equipment decreased from RMB319.9 million as of December 31, 2025 to RMB314.3 million as of March 31, 2026, primarily due to the depreciation recognized during the period.

Right-of-use Assets

Our right-of-use assets primarily in relation to land use rights and leased buildings mainly used for our R&D, production facilities and administrative purposes.

Our right-of-use assets increased from RMB52.4 million as of December 31, 2023 to RMB53.0 million as of December 31, 2024, primarily due to additions of leased properties during the year including new leased facilities for operational expansion, partially offset by depreciation charges of our right-of-use assets.

Our right-of-use assets decreased from RMB53.0 million as of December 31, 2024 to RMB48.2 million as of December 31, 2025, and further to RMB46.1 million as of March 31, 2026, primarily due to depreciation charges of our right-of-use assets during the years/period.

Intangible Assets

Our intangible assets primarily consisted of software and patent used in our business operations.

Our intangible assets decreased from RMB2.9 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024 and RMB1.2 million as of December 31, 2025 and further to RMB1.0 million as of March 31, 2026, primarily due to amortization of intangible assets during the years/period.

Inventories

Our inventories primarily consisted of raw materials, semi-finished goods and finished goods. Raw materials mainly comprise food ingredients and packaging materials used in our production process, semi-finished goods represent partially processed products, and finished goods represent products ready for sale.

Our inventories increased significantly from RMB116.9 million as of December 31, 2023 to RMB196.9 million as of December 31, 2024. This increase was primarily attributable to (i) a significant increase in raw materials as a result of our strategic stock-up of raw materials based on market conditions, and (ii) an increase in finished primarily due to higher production volume at the end of 2024 in preparation for the peak sales season of the Chinese New Year in January 2025.

Our inventories decreased from RMB196.9 million as of December 31, 2024 to RMB127.0 million as of December 31, 2025. This decrease was primarily attributable to (i) a decrease in raw materials due to continued consumption of strategic stock-up conducted in 2024, and (ii) a decrease in finished goods as we stocked up at the end of 2024 in preparation for the Chinese New Year peak season in January 2025, but the stock-up for the Chinese New Year peak season did not occur until January 2026.

Our inventories decreased from RMB127.0 million as of December 31, 2025 to RMB108.6 million as of March 31, 2026, primarily due to continued utilization of inventories.

The table below sets forth our inventories as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finished goods	34,057	68,985	35,886	27,269
Semi-finished goods	27,571	20,568	30,320	21,919
Raw materials	55,297	107,322	60,825	59,459
Total	**116,925**	**196,875**	**127,031**	**108,647**

The following table sets forth a summary on the aging analysis of inventories as at the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within three months	93,769	180,822	90,465	76,099
Three months to six months	15,027	12,842	6,563	5,876
Six months to one year	6,253	1,223	1,545	3,551
Over one year	1,874	1,987	28,459	23,122
	116,925	196,875	127,031	108,647

The majority of our inventories were within three months during the Track Record Period. We generally maintain a relatively low level of aged inventories as our products have relatively short shelf lives and we closely monitor inventory turnover and quality. The significant increase in inventories aged over one year as of December 31, 2025 was primarily due to our strategic stock-up of certain raw materials during 2024 when the market price was favorable.

We conduct regular reviews of inventory aging and make provisions for inventories with a net realizable value lower than cost, if any. During the Track Record Period, we did not experience any material inventory write-down.

The following table sets forth our inventory turnover days for the years/period indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
Inventory turnover days[(1)]	46	76	77	51

Note:

(1) We calculate inventory turnover days using the average of the beginning and ending balances of total inventories for a period, divided by the corresponding total cost of sales for the same period, multiplied by the number of days in such period.

Our inventory turnover days increased from 46 days in 2023 to 76 days in in 2024, primarily due to the build-up of inventories, including strategic stock-up of raw materials and higher finished goods prepared for the peak sales season during the Chinese New Year. Our inventory turnover days remained stable at 76 days in 2024 and 77 days at 2025. Our inventory turnover days decreased from 77 days in 2025 to 51 days in the three months ended March 31, 2026, primarily due to continued utilization of inventories.

As of April 30, 2026, RMB63.3 million, or 58.3%, of our inventories as of March 31, 2026 had been subsequently utilized.

Trade Receivables

Our trade receivables primarily arose from the sale of our products to customers in the ordinary course of business. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– third parties	85,316	82,032	89,670	99,610
Less: Provision for impairment	(1,229)	(1,664)	(3,923)	(4,372)
	84,087	80,368	85,747	95,238

Our trade receivables decreased slightly from RMB84.1 million as of December 31, 2023 to RMB80.4 million as of December 31, 2024, primarily due to normal settlement of outstanding balances during the year.

Our trade receivables increased from RMB80.4 million as of December 31, 2024 to RMB85.7 million as of December 31, 2025, primarily due to the changes in customer mix in 2025 where the percentage of customers purchasing on credit terms recorded a slight increase during the year.

Our trade receivables increased from RMB85.7 million as of December 31, 2025 to RMB95.2 million as of March 31, 2026, primarily due to the increase in sales during the period.

Our typical credit term ranges generally from 30 to 60 days determined on an individual basis, with longer credit periods granted to a limited number of customers based on business needs and market practice. The following table sets forth the aging analysis of our trade receivables based on the invoice date as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to three months	67,969	71,990	75,621	85,694
three months to six months	8,173	3,746	7,600	6,718
six months to one year	8,183	3,397	2,108	2,844
More than one year	991	2,899	4,341	4,354
	85,316	82,032	89,670	99,610

The following table sets forth our trade receivables turnover days for the years/period indicated.

	Years Ended December 31,			Three Months Ended March 31,
	2023	**2024**	**2025**	**2026**
Trade receivables turnover days [(1)]	32	26	27	27

Note:

(1) We calculate trade receivables turnover days using the average of the beginning and ending balances of total trade receivables for a period, divided by the corresponding total revenue for the same period, multiplied by the number of days in such period.

Our trade receivables turnover days decreased from 32 days in 2023 to 26 days in 2024, primarily due to enhanced management on the collection of trade receivables. Our trade receivables turnover days remained stable at 26 days in 2024, 27 days in 2025, and 27 days in the three months ended March 31, 2026.

As of April 30, 2026, RMB54.3 million, or 54.5%, of our trade receivables as of March 31, 2026 had been subsequently settled.

Other Receivables and Prepayments

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

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables				
Non-current portion:				
– Loans to related parties	–	49,566	–	–
Current portion:				
– Loans to related parties	–	–	64,186	68,358
– Refundable deposits	2,249	3,564	3,582	3,418
– Others	4,411	2,106	2,660	2,000
Gross other receivables	6,660	55,236	70,428	73,776
Provision for impairment	(71)	(254)	(478)	(488)
Total other receivables	**6,589**	**54,982**	**69,950**	**73,288**
Prepayments				
– Prepayments to related parties	3,683	2,417	–	–
– Prepayments for purchase of raw material	6,456	9,465	10,919	10,308
– Value added tax recoverable and refundable	16,672	29,551	18,009	19,044
– Income tax prepayment	–	2,638	2,827	2,834
– Other prepayments	2,440	8,385	13,513	13,504
Total prepayments	**29,251**	**52,456**	**45,268**	**45,690**
Total	**35,840**	**107,438**	**115,218**	**118,978**

Our other receivables and prepayments increased significantly from RMB35.8 million as of December 31, 2023 to RMB107.4 million as of December 31, 2024, primarily attributable to (i) the loans made to related parties, and (ii) an increase in value added tax recoverable and refundable as a result of pending input VAT certification at the end of 2024 arising from increased procurements.

Our other receivables and prepayments further increased from RMB107.4 million as of December 31, 2024 to RMB115.2 million as of December 31, 2025, primarily due to a further increase in loans to related parties, partially offset by a decrease in value added tax recoverable and refundable due to increased procurements approaching the end of 2024, which led to a higher amount of VAT recoverable and refundable as of December 31, 2024.

Our other receivables and prepayments increased from RMB115.2 million as of December 31, 2025 to RMB119.0 million as of March 31, 2026, primarily due to a further increase in loans to related parties.

The loans to related parties were unsecured, interest-free and repayable on demand. [These loans will be repaid before the **[REDACTED]**.]

As of April 30, 2026, RMB8.9 million, or 7.4%, of our other receivables and prepayments as of March 31, 2026 had been subsequently settled.

Financial Assets at FVTPL

Our financial assets at FVTPL, including both current portion and non-current portion, consisted of investment funds and wealth management products held for treasury management purposes.

Our financial assets at FVTPL decreased from RMB220.1 million as of December 31, 2023 to RMB82.9 million as of December 31, 2024, and further decreased to RMB56.1 million as of December 31, 2025, primarily due to fair value changes and the disposal of our investment in wealth management products in both 2024 and 2025.

Our financial assets at FVTPL decreased from RMB56.1 million as of December 31, 2025 to RMB53.9 million as of March 31, 2026 as a result of fair value changes in the first quarter of 2026.

We have adopted a comprehensive set of internal policies and guidelines to manage our investments. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management or Board makes final decisions on the proposed investments. Upon the **[REDACTED]**, we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

Restricted Cash, Cash and Cash Equivalents

Our restricted cash, cash and cash equivalents consisted of restricted cash and cash at banks. Restricted cash represented bank deposits pledged as security for short-term bank borrowings. We had restricted cash of RMB8.7 million as of March 31, 2026. Our cash and cash equivalents were RMB257.4 million, RMB215.8 million, RMB132.9 million, and RMB164.9 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Cash and cash equivalents decreased from RMB257.4 million as of December 31, 2023 to RMB215.8 million as of December 31, 2024 and further to RMB132.9 million as of December 31, 2025, primarily attributable to cash outflows from financing activities, in particular repurchases of preferred shares, partially offset by net cash generated from our operating activities.

Our cash and cash equivalents increased from RMB132.9 million as of December 31, 2025 to RMB164.9 million as of March 31, 2026, primarily attributable to net cash generated from our operating activities.

Trade Payables, Other Payables and Accrued Charges

The following table sets forth a breakdown of our trade payables, other payables and accrued charges as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables				
– Third parties	46,101	80,980	35,149	21,959
– Related parties	206	359	332	72
Total trade and notes payables	**46,307**	**81,339**	**35,481**	**22,031**
Other payables and accrued charges				
– Amounts due to related parties	–	–	4,616	6,045
– Payables for purchase of property, plant and equipment	7,728	8,256	4,396	4,840
– Accrual for operating expenses	16,279	17,000	19,500	19,841
– Staff salaries payables	17,808	21,317	20,531	14,302
– VAT payables related to contract liabilities	12,201	19,160	3,081	4,869
– Deposits payable	3,448	3,725	1,577	1,475
– Others	9,365	12,371	8,680	7,708
Total other payables and accrued charges	**66,829**	**81,829**	**62,381**	**59,080**
Total	**113,136**	**163,168**	**97,862**	**81,111**

Our trade payables, other payables and accrued charges increased from RMB113.1 million as of December 31, 2023 to RMB163.2 million as of December 31, 2024, primarily due to an increase in trade and notes payables as a result of higher procurement of raw materials towards the end of the year, which was in line with our sales performance and preparation for seasonal demand.

Our trade payables, other payables and accrued charges decreased from RMB163.2 million as of December 31, 2024 to RMB97.9 million as of December 31, 2025, primarily due to a decrease in trade and notes payables, reflecting lower procurement levels at the end of 2025 compared to the prior year mainly as a result of the Chinese New Year peak season occurring later in 2025 compared to 2024.

Our trade payables, other payables and accrued charges decreased from RMB97.9 million as of December 31, 2025 to RMB81.1 million as of March 31, 2026, primarily due to a decrease in trade and notes payables, reflecting lower procurement levels in March 2026 compared to December 2025.

Our trade and notes payables are normally settled on terms of within 30 to 60 days. The following table sets forth the aging analysis of our trade and notes payables based on purchase date as of the dates indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to three months	46,254	81,330	35,475	21,374
three months to six months	7	1	6	531
six months to one year	46	8	–	126
	46,307	81,339	35,481	22,031

The following table sets forth our trade and notes payables turnover days for the years/periods indicated.

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
Trade and notes payables turnover days(1)	23	31	28	12

Note:

(1) We calculate trade and notes payables turnover days using the average of the beginning and ending balances of total trade and notes payables for a period, divided by the corresponding cost of sales for the same period, multiplied by the number of days in such period.

Our trade and notes payables turnover days increased from 23 days in 2023 to 31 days in 2024, primarily due to higher procurement of raw materials towards the end of 2024, which was in line with our sales performance and preparation for seasonal demand. Our trade and notes payables remained relatively stable at 31 days in 2024 and 28 days in 2025. Our trade and notes payables turnover days decreased from 28 days in 2025 to 12 days in the three months ended 2026, primarily due to lower procurements at the end of 2025 and in March 2026 and increased cost of sales in the first quarter of 2026 as result of increase in sales volume and continued consumption of raw materials procured previously.

Amounts due to related parties represented lease payments due to a related party and interest-free, payable on demand cash advance from a related party. [The lease will be terminated before the **[REDACTED]** and the cash advance due to a related party will also be settled before the **[REDACTED]**.] See Note 34(c) to Accountant's Report in Appendix I to this document. See also "Relationship with Our Controlling Shareholders – Independence from Our Controlling Shareholders – Operational Independence – Acquisition of property" for more details.

As of April 30, 2026, RMB40.7 million, or 50.2%, of our trade payables, other payables and accrued charges as of March 31, 2026 had been subsequently settled. During the Track Record Period and up to the Latest Practicable Date, we had no material defaults in our trade payables, other payables and accrued charges.

Contract Liabilities

Our contract liabilities primarily consisted of advance payments received from our customers and sales rebates. Our contract liabilities increased from RMB26.2 million as of December 31, 2023 to RMB31.4 million as of December 31, 2024, primarily due to seasonal sales patterns and higher customer prepayments towards the end of the year.

Our contract liabilities decreased from RMB31.4 million as of December 31, 2024 to RMB18.1 million as of December 31, 2025, as less advance payments received from customers at the end of 2025 compared to 2024 in view of the peak sales season for the Chinese New Year which began later in 2026 than in 2025.

Our contract liabilities increased from RMB18.1 million as of December 31, 2025 to RMB28.9 million as of March 31, 2026, primarily due to an increase in advance payments received from customers in relation to seasonal sales patterns.

As of April 30, 2026, RMB6.2 million, or 21.6%, of our contract liabilities as of March 31, 2026 had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

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

Net Current Assets

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

	As of December 31,			As of March 31,	As of April 30,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current assets					
Inventories	116,925	196,875	127,031	108,647	100,817
Trade receivables	84,087	80,368	85,747	95,238	108,138
Other receivables and prepayments	35,840	58,100	115,218	118,978	134,427
Financial assets at FVTPL	220,115	76,860	28,869	27,911	27,553
Cash and cash equivalents	257,449	215,828	132,881	164,896	181,947
Restricted cash	–	–	–	8,693	8,693
Total current assets	**714,416**	**628,031**	**489,746**	**524,363**	**561,575**
Current liabilities					
Trade payables	46,307	81,339	35,481	22,031	33,776
Other payables and accrued charges	66,829	81,829	62,381	59,080	45,368
Lease liabilities	11,958	18,769	8,869	8,445	9,607
Contract liabilities	26,159	31,392	18,081	28,855	35,499
Current income tax liabilities	19,285	9,399	7,337	6,660	1,346
Short-term bank borrowings – secured	–	10,321	120,231	123,445	123,445
Financial liabilities at FVTPL	508,302	294,462	–	–	–
Total current liabilities	**678,840**	**527,511**	**252,380**	**248,516**	**249,041**
Net current assets	**35,576**	**100,520**	**237,366**	**275,847**	**312,534**

As of April 30, 2026, we had net current assets of RMB312.5 million, as compared to RMB275.8 million as of March 31, 2026, primarily due to an increase in cash and cash equivalents as a result of the net cash generated from operating activities.

Our net current assets increased from RMB237.4 million as of December 31, 2025 to RMB275.8 million as of March 31, 2026, primarily due to increase in cash and cash equivalents as a result of the net cash generated from operating activities.

Our net current assets increased from RMB100.5 million as of December 31, 2024 to RMB237.4 million as of December 31, 2025, primarily due to (i) the decrease in financial liabilities at FVTPL as a result of the further redemption of preferred shares in 2025; and (ii) fair value changes and the disposal of our investment in wealth management products in 2025, partially offset by the increase in bank borrowings obtained for our working capital purpose.

Our net current assets increased significantly from RMB35.6 million as of December 31, 2023 to RMB100.5 million as of December 31, 2024, primarily attributable to (i) the significant decrease in financial liabilities at FVTPL following the redemption of preferred shares in 2024; and (ii) the increase in inventories as a result of our strategic stock-up of raw materials based on market conditions, and the higher production level at the end of 2024 in preparation for the peak sales season of the Chinese New Year in January 2025, partially offset by the decrease in financial assets at FVTPL as a result of fair value changes and the disposal of wealth management products in 2024.

Cash Flows

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

	Year Ended December 31,			**Three Months Ended March 31,**	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net cash generated/(used in) from operating activities	146,128	106,130	126,634	(19,569)	47,969
Net cash generated from/(used in) investing activities	47,583	43,311	(8,468)	(5,541)	(7,053)
Net cash (used in)/generated from financing activities	(34,258)	(190,947)	(200,689)	72,507	(8,545)
Net increase/(decrease) in cash and cash equivalents	159,453	(41,506)	(82,523)	47,397	32,371
Cash and cash equivalents at beginning of year/period	97,724	257,449	215,828	215,828	132,881
Effect of foreign exchange rates changes	272	(115)	(424)	(134)	(356)
Cash and cash equivalents at end of year/period	257,449	215,828	132,881	263,091	164,896

Operating Activities

For the three months ended March 31, 2026, net cash generated from operating activities was RMB48.0 million, primarily attributable to our profit before income tax of RMB38.8

million, net of income tax paid of RMB7.8 million and further adjusted by certain non-cash and working capital items, including positive adjustments, which primarily included (i) depreciation of property, plant and equipment of RMB7.3 million; (ii) depreciation of right-of-use assets of RMB2,1 million; (iii) a decrease in inventories of RMB18.4 million; and (iv) an increase in contract liabilities of RMB10.8 million, partially offset by negative adjustments on (i) an increase in trade receivables of RMB9.9 million; and (ii) a decrease in trade and notes payables of RMB13.5 million. The decrease in inventories was primarily due to continued utilization of inventories. The increase in trade receivables was primarily due to the increase in sales during the period. The decrease in trade and notes payables was primarily due to lower procurement levels in March 2026 compared to December 2025.

For the year ended December 31, 2025, net cash generated from operating activities was RMB126.6 million, primarily attributable to our profit before income tax of RMB167.0 million, net of income tax paid of RMB59.5 million, and further adjusted by certain non-cash and working capital items, including positive adjustments, which primarily included (i) depreciation of property, plant and equipment of RMB30.8 million; (ii) depreciation of right-of-use assets of RMB8.4 million; and (iii) a decrease in inventories of RMB69.8 million; partially offset by negative adjustments, which primarily included (i) an increase in trade receivables of RMB7.6 million; (ii) a decrease in trade and notes payables of RMB45.9 million; (iii) a decrease in other payables and accrued charges of RMB5.1 million; (iv) a decrease in contract liabilities of RMB13.3 million; and (v) amortization and recognition of government grants of RMB17.4 million. The decrease in inventories was primarily due to decreases in raw materials and finished goods as we stocked up at the end of 2024 in preparation for the Chinese New Year peak season in January 2025 and continued consumption of strategic stock-up in 2024. The decrease in trade and notes payables was primarily due to the Chinese New Year peak season occurring later in 2025 compared to 2024. The increase in trade receivables was primarily due to the changes in customer mix in 2025 where the percentage of customers purchasing on credit terms recorded a slight increase during the year. The decrease in other payables and accrued charges was mainly due to the higher payable for value-added tax as of December 31, 2024, which in turn was primarily attributable to the higher revenue generated in 2024. The decrease in contract liabilities was primarily due to less advance payments received from customers at the end of 2025 compared to 2024 in view of the peak sales season for the Chinese New Year which began later in 2026 than in 2025.

For the year ended December 31, 2024, net cash generated from operating activities was RMB106.1 million, primarily attributable to our profit before income tax of RMB194.7 million, net of income tax paid of RMB70.9 million, and further adjusted by certain non-cash and working capital items, including negative adjustments, which primarily included (i) net fair value gains on financial liability at FVTPL of RMB12.8 million; (ii) an increase in inventories of RMB80.0 million; and (iii) an increase in contract liabilities of RMB5.2 million; partially offset by positive adjustments, which primarily included (i) depreciation of property, plant and equipment of RMB25.1 million; (ii) depreciation of right-of-use of RMB8.0 million; and (iii) an increase in trade and notes payables of RMB35.0 million. The increase in inventories was primarily due to (i) a significant increase in raw materials as a result of our strategic stock-up of raw materials based on market conditions, and (ii) an increase in finished goods primarily due to higher production volume at the end of 2024 in preparation for the peak sales season of the Chinese New Year in January 2025. The increase in contract liabilities was mainly due to seasonal sales patterns and higher customer prepayments towards the end of the year. The increase in trade and notes payables was primarily due to higher procurement of raw materials towards the end of the year, which was in line with our sales performance and preparation for seasonal demand.

For the year ended December 31, 2023, net cash generated from operating activities was RMB146.1 million, primarily attributable to our profit before income tax of RMB161.8 million, net of income tax paid of RMB15.6 million, and further adjusted by certain non-cash and working capital items, including positive adjustments, which primarily included (i) depreciation of property, plant and equipment of RMB21.2 million; (ii) depreciation of right-of-use assets of RMB6.6 million; (iii) net fair value losses on financial liability at FVTPL of RMB10.8 million; (iv) a decrease in trade receivables of RMB8.2 million; and (v) an increase in contract liabilities of RMB6.4 million; partially offset by negative adjustments, which primarily included an increase in inventories of RMB52.2 million. The increase in trade receivables was mainly due to the normal settlement of outstanding balances during the year. The increase in contract liabilities was primarily due to the increased advances collected from our customers during the year. The increase in inventories was primarily due to increased procurements in connection with our business growth.

Investing Activities

For the three months ended March 31, 2026, net cash used in investing activities was RMB7.1 million, attributable to (i) loans granted to related parties of RMB4.5 million; and (ii) purchase of property, plant and equipment of RMB2.7 million.

For the year ended December 31, 2025, net cash used in investing activities was RMB8.5 million, attributable to (i) purchase of property, plant and equipment of RMB24.2 million; and (ii) loans granted to related parties of RMB15.1 million, partially offset by net proceeds from short-term investments measured at FVTPL of RMB29.2 million.

For the year ended December 31, 2024, net cash generated from investing activities was RMB43.3 million, primarily attributable to net proceeds from short-term investments measured at FVTPL of RMB140.8 million, partially offset by (i) purchase of property, plant and equipment of RMB30.9 million; and (ii) proceeds from related party loans of RMB49.6 million.

For the year ended December 31, 2023, net cash generated from investing activities was RMB47.6 million, primarily attributable to net proceeds from short-term investments measured at FVTPL of RMB67.5 million, partially offset by purchase of property, plant and equipment of RMB47.1 million.

Financing Activities

For the three months ended March 31, 2026, net cash used in financing activities was RMB8.5 million, attributable to (i) proceeds from borrowings of RMB2.3 million; and (ii) increase in restricted cash of RMB8.7 million, offset by principal elements and interest of lease payments of RMB2.1 million.

For the year ended December 31, 2025, net cash used in financing activities was RMB200.7 million, primarily attributable to (i) principal elements and interest of lease payments of

RMB4.7 million; and (ii) repurchase of preferred shares of RMB294.7 million, partially offset by proceeds from borrowings of RMB106.9 million.

For the year ended December 31, 2024, net cash used in financing activities was RMB190.9 million, attributable to (i) principal elements and interest of lease payments of RMB4.8 million; and (ii) repurchase of preferred shares of RMB205.4 million, offset by proceeds from borrowings of RMB19.3 million.

For the year ended December 31, 2023, net cash used in financing activities was RMB34.3 million, attributable to (i) repayment of borrowings of RMB43.6 million; (ii) principal elements and interest of lease payments of RMB3.4 million; and (iii) decrease in restricted cash of RMB12.8 million.

INDEBTEDNESS

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

	As of December 31,			As of March 31,	As of April 30,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Current					
Lease liabilities	11,958	18,769	8,869	8,445	9,607
Short-term bank borrowings – secured (including current portion of long-term bank borrowing)	–	10,321	120,231	123,445	123,445
Financial liabilities at FVTPL	508,302	294,462	–	–	–
Amount due to a related party	–	–	1,385	1,363	1,352
Non-current					
Lease liabilities	33,136	32,208	26,241	24,936	22,929
Long-term bank borrowing – secured	–	9,487	–	–	–
	553,396	**365,247**	**156,726**	**158,189**	**157,333**

Bank Borrowings

Our long-term bank borrowing increased from nil as of December 31, 2023 to RMB9.5 million as of December 31, 2024, primarily due to a project-specific loan in relation to equipment upgrading and technical transformation obtained in 2024. Such borrowing subsequently decreased to nil as of December 31, 2025, March 31, 2026 and April 30 2026 because such bank loan was reclassified as short-term bank borrowings due to remaining repayment term of less than one year.

Our short-term bank borrowings increased from nil as of December 31, 2023 to RMB10.3 million as of December 31, 2024, and further increased to RMB120.2 million as of December

31, 2025, and RMB123.4 million as of March 31, 2026 and April 30, 2026 to supplement our working capital.

Bank borrowings amounting to RMB19.8 million as of December 31, 2024, RMB120.2 million as of December 31, 2025 and RMB101.8 million as of March 31, 2026 were secured by the mortgage of our property, plant and equipment and guaranteed by one of our Controlling Shareholders. Bank borrowings of RMB21.7 million as of March 31, 2026 were secured by restricted cash.

The following table sets out our bank borrowings as of the dates indicated.

	As of December 31,			As of March 31,	As of April 30,
	2023	**2024**	**2025**	**2026**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Non-current					
Long-term bank borrowings, secured	–	9,487	–	–	–
Current					
Current portion of long-term bank borrowings, secured	–	10,321	9,487	5,160	5,160
Short-term bank borrowings, secured	–	–	110,744	118,285	118,285
	–	**19,808**	**120,231**	**123,445**	**123,445**

The weighted average effective interest rates of our bank loans as of the dates indicated were set out as follows:

	As of December 31,			As of March 31,	As of April 30,
	2023	**2024**	**2025**	**2026**	**2026**
					(Unaudited)
Bank borrowings, secured					
– RMB	N/A	2.84%	1.68%	1.53%	1.53%

As of April 30, 2026, we had committed and unutilized banking facilities of RMB65.2 million.

[Bank borrowings and facilities guaranteed by related parties will be released before the **[REDACTED]**.]

Lease Liabilities

Our lease liabilities primarily arose from leases of office premises, production facilities and other operational spaces.

Our lease liabilities increased from RMB45.1 million as of December 31, 2023 to RMB51.0 million as of December 31, 2024, primarily due to the new lease arrangements entered into during the year, offset by the repayment of lease obligations in accordance with the lease terms.

Our lease liabilities decreased from RMB51.0 million as of December 31, 2024 to RMB35.1 million as of December 31, 2025, and further to RMB33.4 million as of March 31, 2026, primarily due to (i) exemption of lease payments as part of our government grants, and (ii) the settlement of lease payments during the year.

Our lease liabilities decreased from RMB35.1 million as of December 31, 2025 to RMB33.4 million as of March 31, 2026 and further decreased to RMB32.5 million as of April 30, 2026 primarily due to the settlement of lease payments during the periods.

Amount Due to A Related Party

Amount due to a related party represented an interest-free, payable on demand cash advance from a related party[, which will be settled before the **[REDACTED]**.]

Financial Liabilities at FVTPL

Our financial liabilities at FVTPL represented liabilities in relation to preferred shares we issued previously, which were fully redeemed in 2025.

Contingent Liabilities

As of the Latest Practicable Date, we did not have any material contingent liabilities, guarantees of any litigations or claims of material importance, pending or threatened against any member of our Company.

Indebtedness Statement

Save as disclosed above, as of December 31, 2023, 2024 and 2025 and March 31, 2026, and April 30, 2026, being the latest practicable date of our indebtedness statement, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings and other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that, during the Track Record Period and up to the date of this document, we did not experience any material defaults on our indebtedness and/or breach any covenants in relation to our indebtedness.

COMMITMENTS

Capital Commitment

Our capital commitments are related to the acquisition and construction of property, plant and equipment, including production facilities and machinery upgrades.

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

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment				
– Contracted but not provided for	1,672	8,572	11,315	11,287

In addition, we had capital commitments to pay up the registered capital of certain PRC subsidiaries amounting to RMB2.0 million, RMB2.0 million, RMB2.0 million and RMB2.0 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

Operating Lease Commitments

We lease various offices and warehouses under non-cancellable operating leases expiring within three months to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

We have recognized right-of-use assets for these leases, except for short-term leases with lease terms withing one year and low-value leases, see Note 16 of the Accountants' Report in Appendix I to this document for further information.

The operating lease commitments in respect of short term and low-value leases for warehouse and office properties are as follows:

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warehouses and offices				
– Lease expiring within one year	654	957	1,462	443
– Low-value rental	427	499	358	–
	1,081	1,456	1,820	443

MATERIAL RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into a number of transactions with related parties in relation to (i) sales and purchase of goods, (ii) rental costs; and (iii) advances and loans to and from related parties. These transactions were conducted in the ordinary course of business and on terms mutually agreed between the parties. See Note 34 to the Accountants' Report set out in Appendix I to this document for further details about our related party transactions during the Track Record Period. Our Directors are of the view that each of the related party transactions set out in Note 34 to the Accountants' Report in Appendix I to this document was conducted on an arm's length basis and would not distort our track record results or cause our historical results to be not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years/periods indicated.

	Years Ended/ As of December 31,			Three Months Ended/As of March 31,
	2023	**2024**	**2025**	**2026**
Gross profit margin (%)[(1)]	30.5	33.4	30.7	30.2
Net profit margin (%)[(2)]	12.0	13.5	11.3	10.0
Current ratio[(3)]	1.1	1.2	1.9	2.1
Return on equity (%)[(4)]	45.6	37.6	23.1	19.4

Notes:

(1) Represents gross profit for the year/period divided by revenue for the same year/period, expressed as a percentage.

(2) Represents profit for the year/period divided by revenue for the same year/period, expressed as a percentage.

(3) Current ratio is calculated based on the current assets divided by current liabilities.

(4) Return on equity is calculated by the profit for the year divided by the average of opening and closing total equity of each year and multiplied by 100%. Return on equity for the three months ended March 31, 2026 equals profit for the period multiplied by four, divided by the average of opening and closing total equity of the period and multiplied by 100%.

Current ratio

Our current ratio increased from 1.1 in 2023 to 1.2 in 2024, primarily attributable to (i) the significant decrease in other current liability following the redemption of preferred shares in 2024; (ii) the increase in inventories as a result of our strategic stock-up of raw materials based on market conditions, and the higher production level at the end of 2024 in preparation for the peak sales season of the Chinese New Year in January 2025, partially offset by the decrease in financial assets at FVTPL as a result of the disposal of wealth management products in 2024. Our current ratio further increased from 1.2 in 2024 to 1.9 in 2025, primarily attributable to the decrease in current liability as a result of the redemption of preferred shares in 2025, partially offset by the increase in bank borrowings obtained for our working capital purpose. Our current ratio further increased to 2.1 as of March 31, 2026 primarily due to the increase in cash and cash equivalents as a result of our cash generated from operations.

Return on equity

Our return on equity decreased from 45.6% in 2023 to 37.6% in 2024, primarily due to a significant increase in our equity base as a result of profit accumulation, which outpaced the growth in profit for the year. Our return on equity decreased from 37.6% in 2024 to 23.1% in 2025, and further to 19.4% for the three months ended March 31, 2026, primarily reflecting continued expansion of our equity base driven by retained earnings, while profit for the year decreased slightly.

Gross profit margin

Our gross profit margin is calculated as gross profit divided by revenue for the respective period. Our gross profit margin was 30.5%, 33.4%, and 30.7% for the years ended December 31, 2023, 2024 and 2025, respectively, and was 30.2% for the three months ended March 31, 2026. See "– Period-To-Period Comparison of Results of Operations."

Net profit margin

Our net profit margin is calculated as profit for the year divided by revenue for the respective period. Our net profit margin was 12.0%, 13.5%, and 11.3% for the years ended December 31, 2023, 2024 and 2025, respectively, and was 10.0% for the three months ended March 31, 2026. See "– Period-To-Period Comparison of Results of Operations."

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily consisted of the acquisition of property, plant and equipment, consisting of buildings, machinery and production equipment, furniture, office equipment and vehicles, leasehold improvements, and construction in progress. Our capital expenditures were RMB47.1 million in 2023, RMB30.9 million in 2024, RMB37.7 million in 2025 and RMB1.7 million in the three months ended March 31, 2026, respectively.

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

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on our financial performance. Our risk management is carried out by our senior management. See Note 3.1 to the Accountants' Report in Appendix I to this document for a detailed description of our financial risk management.

DIVIDENDS

During the Track Record Period, we did not declare or distribute any dividend. According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends and other factors that our Directors may consider relevant. We do not have a predetermined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

Subject to the Cayman Companies Act, through a general meeting, we may declare dividends, but no dividend may be declared unless out of either profit or share premium account and no dividend shall exceed the amount recommended by our Board. Any declaration of dividends will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. See "Risk Factors – Risks Relating to the **[REDACTED]** – We may not pay dividends in the future." Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. We cannot guarantee in what form dividends will be paid in the future. As advised by our Cayman Islands Legal Advisor, under the Cayman Companies Act, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders as dividends may be declared and paid out of our share premium account, provided that immediately after the date on which the dividend is proposed to be paid, we will be able to pay our debts as they fall due in the ordinary course of business.

As we are a holding company, our ability to declare and pay dividends will also depend on the availability of dividends received from our subsidiaries, including our PRC companies. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles. Pursuant to the Company Law of the PRC, enterprises incorporated in the PRC are required to set aside 10% of their after-tax profits at the end of each year to fund statutory reserves, until such reserve funds reach and remain at or above 50% of the relevant PRC entity's registered capital. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of March 31, 2026, we had distributable reserves of RMB564.9 million.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our net operating cash flow, cash and cash equivalents on hand and loan and credit facilities and the estimated net **[REDACTED]** from the **[REDACTED]**, our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

[REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the indicative **[REDACTED]** stated in this document), the **[REDACTED]** fees, commissions, together with the Stock Exchange **[REDACTED]**, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the **[REDACTED]**, which are payable by us are estimated to be approximately RMB**[REDACTED]** million (equivalent to HK$**[REDACTED]** million), of which RMB**[REDACTED]** million are expected to be charged to our consolidated statements of comprehensive income for the year ending December 31, 2026, and RMB**[REDACTED]** million are expected to be deducted from equity following the **[REDACTED]**. The **[REDACTED]** consist of RMB**[REDACTED]** million **[REDACTED]**-related expenses and RMB**[REDACTED]** million non-**[REDACTED]**-related expenses (including fees and expenses of legal advisors and the reporting accountant of RMB**[REDACTED]** million and other fees and expenses of RMB**[REDACTED]** million), representing approximately **[REDACTED]**% of our gross **[REDACTED]** from the **[REDACTED]**. The **[REDACTED]** above are the latest practicable estimate and are provided for reference only, and actual amounts may differ.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF OUR COMPANY

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

NO MATERIAL ADVERSE CHANGE

Save as disclosed in "Summary – Recent Developments," our Directors confirm that, since March 31, 2026, being the date on which the latest audited consolidated financial information of our Group was prepared, and up to the date of this document, there has been no material adverse change in our financial or trading position or prospects of our Group.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, 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.