*The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States. 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. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."*

*For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to the years ended December 31 of such years.*

## OVERVIEW

We are the largest premium hotpot brand in China. Anchored in a product-centric philosophy (產品主義) and supported by a differentiated market positioning, we have established ourselves as an established player in China' premium hotpot market, ranking first in terms of revenue with a 3.6% market share in 2025 according to Frost & Sullivan, offering signature items such as beef tripe (毛肚) and wild mushroom broth (菌湯). As of the Latest Practicable Date, our self-operated restaurant network comprised 200 restaurants across 57 cities in China, representing a 132.6% increase from the beginning of 2023, underscoring our ability to scale in the premium consumption segment. As of the same date, we operated five integrated central kitchens serving as both production and logistics hubs, and one specialized ingredient processing facility, supporting our operations across 14 provinces and municipalities in China.

During the Track Record Period, we have maintained steady growth and demonstrated impressive financial performance. In 2023, 2024 and 2025, we achieved revenues of approximately RMB2,111.6 million, RMB2,307.3 million and RMB2,846.4 million, respectively. In 2023, 2024 and 2025, we recorded a profit of RMB101.7 million, a profit of RMB122.9 million and RMB205.9 million, respectively. During the same period, our adjusted profit for the year (non-IFRS measure) was RMB143.7 million, RMB167.9 million, and RMB316.8 million, respectively.

## BASIS OF PREPARATION

The historical financial information has been prepared in accordance with all applicable IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board. See Note 2 to the Accountants' Report included in Appendix I to this Document. The preparation of the historical financial information in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

### Expansion of Our Restaurant Network

During the Track Record Period, substantially all of our revenue was generated from restaurant operation related services. In 2023, 2024 and 2025, revenue generated from restaurant operation related services was RMB2,044.9 million, RMB2,253.6 million and RMB2,804.4 million, respectively, representing 96.8%, 97.7% and 98.5% of our total revenue in the same periods, respectively. Therefore, our revenue and operational performance primarily rely on our ability to effectively expand the network of our restaurants nationwide. As of the Latest Practicable Date, all of our restaurants were self-operated. As of December 31, 2023, 2024 and 2025, the number of our Banu restaurants was 111, 144 and 180, respectively. The network of our Banu restaurants has successfully covered over 50 cities with great market potential, such as Zhengzhou, Beijing, Shanghai, Xi'an and Nanjing. We not only operate self-operated restaurants in first- and second-tier cities in China, but are also actively expanding into third- and lower-tier cities. See "Business — Our Hotpot Business — Our Restaurant Network" for the breakdown of number of Banu restaurants by city tiers.

During the Track Record Period, we realized a rapid growth in the number of restaurants. In 2023, 2024 and 2025, we had 25, 35 and 44 newly opened restaurants, respectively. Built on our industry insights and commitment to product innovation, we believe that we can further expand our market share in the current market, and expand the operational network of our restaurants into untapped domestic market. Specifically, we will increase the density of restaurants in key cities where we have already established brand momentum and expand to prefecture-level and county-level cities in the surrounding areas. See "Business — Our Restaurant Network — Number of Restaurants and Future Expansion." We plan to use cash generated from our operations and [**REDACTED**] from the [**REDACTED**] to support our expansion plan. See "Future Plans and Use of [**REDACTED**]."

### Same Store Sales

Our operation and financial performance highly depend on our ability to generate stable revenue from our restaurants. We measure the operational performance of our restaurants by comparing same store sales and growth of same store sales. The rate of same store sales growth provides a period-to-period comparison of restaurant performance because it excludes the increases due to the newly-opened restaurants by comparing the operational and financial performance of restaurants that commenced operations prior to the beginning of the periods under comparison and operated no less than 300 days yearly or no less than 75 days quarterly.

The following table sets forth the same store sales of our Banu restaurants during the Track Record Period.

| | For the year ended December 31, | | | |
|---|---|---|---|---|
| | 2023 | 2024 | 2024 | 2025 |
| **Number of Banu same stores** | 67 | | 63 | |
| **Same store sales (RMB'000)** | 1,401,818 | 1,262,516 | 1,187,310 | 1,243,719 |
| **Growth of same store sales (%)** | (9.9)% | | 4.8% | |

Same store sales are primarily affected by table turnover rates and average spending per customer. See "Business — Our Hotpot Business — Our Restaurant Network — Key Restaurant Operating Metrics."

**Raw Materials and Consumables Used**

With a product-centric philosophy, we are dedicated to providing natural, fresh, healthy and delicious hotpot dishes to customers. To ensure the quality and consistency in food ingredients and other products delivered to customers, we have initiated, and will accelerate, the standardization of our supply chain for superior raw materials and consumables. Raw materials and consumables used are key components of our cost structure, with fluctuations in their prices directly impacting our profitability. The primary raw materials and consumables we procure include (i) food ingredients, such as beef tripe, beef, mushroom, vegetables, seafood, spices and seasonings, and (ii) consumables used in our restaurants, such as packaging materials and other consumables. In 2023, 2024 and 2025, our costs for raw materials and consumables used were RMB701.3 million, RMB740.9 million and RMB860.5 million, respectively.

We have adopted several measures to control our purchasing cost. See "Business — Supply Chain and Procurement — Procurement System and Management". Despite the various measures we adopted, the price and supply of raw materials and consumables are affected by certain factors which are beyond our control, including but not limited to changes in demands and supplies in the general market and other external factors (such as climate and environment conditions or natural disasters) which may trigger price fluctuation. We have leveraged the framework agreements to secure the purchase price for core product categories and maintain multiple suppliers for each product categories to reduce the concentration risk. See "Business — Supply Chain and Procurement — Price Management and Risk Control". As a result of our effective cost control measures, our costs for raw materials and consumables used as a percentage of our total revenue decreased from 33.2% in 2023 to 32.1% in 2024 and further to 30.2% for the same period in 2025. Going forward, we will continue to manage our prices by closely monitoring market price fluctuations and improving our supply chain management.

**Staff Costs**

Our success mainly depends on our ability to attract, motivate and retain a sufficient number of qualified staff. We need to attract excellent staff to continuously support the expansion of our restaurant network. We also rely on our qualified and well-trained staff to provide quality services to customers in our restaurants and assure the continuous healthy growth of our business. With the growth in the number of restaurants during the Track Record Period, the number of our staff and relevant staff costs increased accordingly. In 2023, 2024 and 2025, our staff costs were RMB635.1 million, RMB775.0 million and RMB933.1 million, respectively, representing 30.1%, 33.6% and 32.8% of our total revenue in the same periods, respectively. Going forward, we expect our staff costs to continue to be affected by our compensation structure and the number of new restaurants we open. Considering that the salary level in China and, in particular, in the catering industry is expected to further increase, we expect the absolute amount of our staff costs to continuously grow. We will further optimize the restaurant level staffing and enhance our operation efficiency.

### Depreciation of Right-of-Use Assets

We operate substantially all of our restaurants on leased properties from third parties. We conduct site visits and assess the properties to be leased and enter into lease agreements with the lessors generally for a period of five to eight years. Under these lease agreements, we will pay the rents and deposits to the lessors, and be responsible for necessary fees including properties, water and electricity utilities during the lease period. As of the Latest Practicable Date, we had 238 leased properties in China with a total gross floor area of approximately 134,489.5 square meters. Such properties mainly served as restaurants, central kitchens and office spaces. In 2023, 2024 and 2025, our depreciation of right-of-use assets was RMB121.8 million, RMB132.7 million and RMB142.5 million, respectively, representing 5.8%, 5.8% and 5.0% of our total revenue in the same periods, respectively.

Going forward, we expect our depreciation of right-of-use assets to further increase as we continuously expand our restaurant network. We plan to leverage our strong brand recognition to negotiate with landlords and control our rental expenses and maintain our profitability.

### Seasonality

During the Track Record Period, we typically experienced stronger revenue during holiday seasons, such as the Chinese New Year, summer break, National Day holiday, and year-end periods, primarily driven by increased customer traffic and dining activities during these times. Revenue generated in each season of a year can also fluctuate for other reasons, including the timing of new product launches, and the timing of advertising and promotional activities. See "Risk Factors — Risks Relating to Our Business and Industry — Our product sales and business operation are subject to seasonal fluctuations."

## IMPACT OF THE COVID-19 PANDEMIC

Our business operations experienced certain disruptions during the COVID-19 pandemic in 2022, including reduced customer traffic, shortened operating hours, and operational challenges related to inventory turnover and supplier payment cycles. Following the relaxation of pandemic-related measures in 2023, customer traffic rebounded significantly, our restaurant expansion remained on track. We also took proactive measures to support our supply chain and enhanced our staffing and operational capabilities to capture growth opportunities in the post-pandemic environment. During the COVID-19 pandemic, we developed limited food delivery services, from which we generated insignificant revenue of RMB0.1 million in 2023, representing approximately 0.0% of total revenue. We ceased the food delivery services and did not generate any revenue from such services in 2024 and 2025.

## MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Note 2 to the Accountants' Report included in Appendix I to this Document sets forth certain material accounting policies, which are important for understanding our financial position and operational results. Judgments made by management in the application of IFRSs that have significant effect on the historical financial information and major sources of estimation uncertainty are set out in Note 3 to the Accountants' Report included in Appendix I to this Document.

## KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of results of operation and as percentages of our total revenue for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Revenue | 2,111,569 | 100.0 | 2,307,269 | 100.0 | 2,846,440 | 100.0 |
| Other revenue | 21,650 | 1.0 | 37,373 | 1.6 | 20,313 | 0.7 |
| Raw materials and consumables used | (701,333) | (33.2) | (740,893) | (32.1) | (860,486) | (30.2) |
| Staff costs | (635,116) | (30.1) | (774,962) | (33.6) | (933,080) | (32.8) |
| Depreciation of right-of-use assets | (121,808) | (5.8) | (132,685) | (5.8) | (142,534) | (5.0) |
| Other rentals and related expenses | (44,248) | (2.1) | (55,665) | (2.4) | (81,564) | (2.9) |
| Depreciation and amortization of other assets | (108,716) | (5.1) | (104,760) | (4.5) | (123,990) | (4.4) |
| Utility expenses | (84,399) | (4.0) | (89,980) | (3.9) | (101,962) | (3.6) |
| Traveling and related expenses | (13,630) | (0.6) | (13,248) | (0.6) | (15,805) | (0.6) |
| Advertising and promotion expenses | (76,567) | (3.6) | (100,868) | (4.4) | (125,973) | (4.4) |
| Other expenses | (142,326) | (6.7) | (114,217) | (5.0) | (158,034) | (5.6) |
| Share of profits/(losses) of associates | 402 | 0.0 | 35 | 0.0 | (106) | (0.0) |
| Other net losses | (5,926) | (0.3) | (1,862) | (0.1) | (2,107) | (0.1) |
| Finance costs | (26,578) | (1.3) | (25,421) | (1.1) | (24,557) | (0.9) |
| Changes in carrying amount of redemption liabilities | (23,747) | (1.1) | (21,132) | (0.9) | (18,640) | (0.7) |
| Impairment losses of property, plant and equipment | (9,176) | (0.4) | (3,472) | (0.2) | (771) | (0.0) |
| **Profit before taxation** | **140,051** | **6.6** | **165,512** | **7.1** | **277,144** | **9.7** |
| Income tax | (38,335) | (1.8) | (42,572) | (1.8) | (71,263) | (2.5) |
| **Profit and total comprehensive income for the year** | **101,716** | **4.8** | **122,940** | **5.3** | **205,881** | **7.2** |
| **Attributable to:** | | | | | | |
| Equity shareholders of our Company | 101,716 | 4.8 | 122,940 | 5.3 | 205,881 | 7.2 |
| **Profit and total comprehensive income for the year** | **101,716** | **4.8** | **122,940** | **5.3** | **205,881** | **7.2** |

### Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted profit for the year (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRSs. The adjusted profit for the year (non-IFRS measure) reflects our net profit for the year before equity-settled share-based payment expenses, changes in carrying amount of redemption liabilities and [**REDACTED**]. Equity-settled share-based payment expenses consist of non-cash expenses arising from granting restricted stock units and share options to eligible individuals under a share-based incentive scheme and our Share Option Scheme. The changes in carrying amount of redemption liabilities relates to equity interests with redemption rights and convertible redeemable preferred shares issued to certain investors in our Series Angel and Series A financing. The equity interests with redemption rights would and the convertible redeemable preferred shares will be reclassified from redemption liabilities to equity as a result of automatic conversion into ordinary shares upon our [**REDACTED**]. See "— Indebtedness — Redemption Liabilities" and Note 21 to the Accountants' Report included in Appendix I to this Document. The adjusted net profit margin (non-IFRS measure) equals the adjusted profit for the year (non-IFRS measure) divided by revenue for the same year and multiplied by 100%.

The adjusted profit for the year (non-IFRS measure) and the adjusted net profit margin (non-IFRS measure) are not standard financial measures under IFRSs. We believe that adjusted profit for the year (non-IFRS measure) and the adjusted net profit margin (non-IFRS measure) provide useful information to investors and others in understanding and evaluating our combined results of operation in the same manner as it helped our management. However, such non-IFRS financial measures we presented may not be directly comparable to similarly titled measures presented by other companies. The use of such non-IFRS financial measures has limitations as an analytical tool. You should not consider them in isolation from, or as substitute for analysis of, our results of operation or financial condition as reported under IFRSs.

The following tables present a reconciliation of adjusted profit for the year (non-IFRS measure) to profit for the year as well as the adjusted net profit margin (non-IFRS measure) for the years indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Profit for the year** | **101,716** | **122,940** | **205,881** |
| Equity-settled share-based payment expenses | 17,242 | 23,380 | 55,972 |
| Changes in carrying amount of redemption liabilities | 23,747 | 21,132 | 18,640 |
| [**REDACTED**] | [**REDACTED**] | [**REDACTED**] | [**REDACTED**] |
| **Adjusted profit for the year (non-IFRS measure)** | **143,742** | **167,906** | **316,819** |
| **Adjusted net profit margin (non-IFRS measure)** | 6.8% | 7.3% | 11.1% |

### Revenue

During the Track Record Period, we generated substantially all of our revenue from restaurant operation related services in China. We also generated a small portion of revenue from sales of condiment products and food ingredients. The following table sets forth a breakdown of our revenue by business in absolute amounts and as percentages of our total revenue for the periods indicated.

| | For the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Restaurant operation related services | 2,044,928 | 96.8 | 2,253,587 | 97.7 | 2,804,396 | 98.5 |
| Sales of condiment products and food ingredients | 58,904 | 2.8 | 47,357 | 2.0 | 33,722 | 1.2 |
| Others[(1)] | 7,737 | 0.4 | 6,325 | 0.3 | 8,322 | 0.3 |
| **Total revenue** | **2,111,569** | **100.0** | **2,307,269** | **100.0** | **2,846,440** | **100.0** |

*Note:*

(1) Others primarily represent revenue from sublease of a few of our leased properties and sale of kitchen waste, such as food scraps, leftovers, used cooking materials and other biodegradable waste generated during restaurant operations.

Our revenue from restaurant operation related services during the Track Record Period consisted of revenue from sales of hotpot dishes, drinks and other products. Our revenue from restaurant operation related services increased during the Track Record Period, primarily driven by the continuous expansion of our Banu restaurant network and increased customer traffic of our existing restaurants. See "Period-to-Period Comparison of Results of Operation."

Our revenue from sales of condiment products and food ingredients during the Track Record Period consisted of revenue from sales of condiment products and food ingredients to third-party customers. Our revenue from sales of condiment products and food ingredients decreased from RMB58.9 million in 2023 to RMB47.4 million in 2024 and further to RMB33.7 million in 2025, primarily because we proactively reduced sales of condiment products in order to focus on our core restaurant operation business and better protect our brand, by limiting such sales to long-term partners to strengthen customers' perception that the taste of Banu is only available at our store, as a measure to avoid potential brand dilution.

### Other Revenue

Our other revenue consisted of (i) government grant, mainly representing unconditional cash awards received from local PRC governments to support our business development; (ii) interest income on bank deposits, rental deposits and loan to third party, (iii) investment income on wealth management products, and (iv) super deduction of value-added tax, mainly representing the super deduction and exemption on value-added tax (VAT) granted by PRC government authorities. Pursuant to certain PRC taxation policies, we were entitled to an extra deduction of the deductible input VAT from our VAT payable in 2023. Such super deduction policies expired on December 31, 2023 and such super deduction has no longer been available to us since then. In 2023, 2024 and 2025, our other revenue was RMB21.7 million, RMB37.4 million and RMB20.3 million, respectively. See Note 5 to the Accountants' Report included in Appendix I to this Document for the breakdown of our other revenue during the Track Record Period.

### Raw Materials and Consumables Used

Our raw materials and consumables used consisted of costs for (i) food ingredients, such as beef tripe, beef, mushroom, vegetables, seafood, spices and seasonings, and (ii) consumables used in our restaurants, such as packaging materials and other consumables. The following table sets forth a breakdown of our raw materials and consumables used for the periods indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Costs for food ingredients | 641,635 | 691,789 | 805,707 |
| Costs for consumables | 59,698 | 49,104 | 54,779 |
| **Total raw materials and consumables used** | **701,333** | **740,893** | **860,486** |

Our raw materials and consumables used increased from RMB701.3 million in 2023 to RMB740.9 million in 2024 and further to RMB860.5 million in 2025, which was generally in line with our business growth from 2023 to 2025.

### Staff Costs

Our staff costs consisted primarily of (i) salaries, wages and other benefits for our staff, (ii) contributions to defined contribution retirement plan, (iii) equity-settled share-based payment expenses and (iv) human resource service expenses, representing the expenses relating to outsourcing staff for our restaurant operations from human resource outsourcing service providers. In 2023, 2024 and 2025, our staff costs were RMB635.1 million, RMB775.0 million and RMB933.1 million, respectively, accounting for 30.1%, 33.6% and 32.8% of our total revenue in the same years, respectively. See Note 6(b) to the Accountants' Report included in Appendix I to this Document for the breakdown of our staff costs during the Track Record Period.

Our staff costs increased from RMB635.1 million in 2023 to RMB775.0 million in 2024 and further to RMB933.1 million in 2025, primarily due to (i) the increase in the total number of staff at our restaurants, attributable to our restaurant network expansion and (ii) the increases in the compensation level for our employees and the service fees paid to third party outsourcing agencies engaged by us as a result of the improved performance of our restaurants.

### Depreciation of Right-of-use Assets

Our depreciation of right-of-use assets consisted primarily of the depreciation of capitalized lease incurred by long-term leased properties for our restaurants. In 2023, 2024 and 2025, our depreciation of right-of-use assets was RMB121.8 million, RMB132.7 million and RMB142.5 million, respectively, accounting for 5.8%, 5.8% and 5.0% of our total revenue in the same years, respectively.

### Other Rentals and Related Expenses

Our other rentals and related expenses consisted primarily of the expenses of short-term leases, leases of low-value assets and variable lease payments. In 2023, 2024 and 2025, our other rentals and related expenses were RMB44.2 million, RMB55.7 million and RMB81.6 million, respectively, accounting for 2.1%, 2.4% and 2.9% of our total revenue in the same years, respectively.

### Depreciation and Amortization of Other Assets

Our depreciation and amortization of other assets consisted primarily of (i) the depreciation of equipment at our restaurants and central kitchens, electronic equipment, motor vehicles and leasehold improvement and (ii) amortization of intangible assets including software and trademarks. In 2023, 2024 and 2025, our depreciation and amortization of other assets amounted to RMB108.7 million, RMB104.8 million and RMB124.0 million, respectively, accounting for 5.1%, 4.5% and 4.4% of our total revenue in the same years, respectively.

### Utility Expenses

Our utility expenses consisted primarily of the expenses related to our use of electricity, water and natural gas. In 2023, 2024 and 2025, our utility expenses were RMB84.4 million, RMB90.0 million and RMB102.0 million, respectively, accounting for 4.0%, 3.9% and 3.6% of our total revenue in the same years, respectively.

### Traveling and Related Expenses

Our traveling and related expenses consisted primarily of travel expenses of our staff. In 2023, 2024 and 2025, our traveling and related expenses were RMB13.6 million, RMB13.2 million and RMB15.8 million, respectively, accounting for 0.6%, 0.6% and 0.6% of our total revenue in the same years, respectively.

### Advertising and Promotion Expenses

Our advertising and promotion expenses consisted primarily of the expenses incurred by us for online marketing campaigns and offline advertisement placements for our restaurants. In 2023 2024 and 2025, our advertising and promotion expenses were RMB76.6 million, RMB100.9 million, and RMB126.0 million, respectively, accounting for 3.6%, 4.4% and 4.4% of our total revenue in the same years, respectively.

### Other Expenses

Our other expenses consisted of (i) expenses for opening new restaurants, (ii) transportation and related expenses, mainly representing the expenses incurred for delivery of food ingredients from our central kitchens to our restaurants, (iii) professional consultant service fees, mainly representing fees paid to external consultants for their professional services in relation to compliance, finance, technology and strategy consulting, (iv) [**REDACTED**] expenses, (v) maintenance expenses, representing expenses incurred for repairing and maintaining the equipment of our restaurants, and (vi) others, comprising bank and third-party platform charges, business development expenses, cleaning fees, office expenses, impairment losses on trade and other receivables and other miscellaneous expenses. In 2023, 2024 and 2025, our other expenses were RMB142.3 million, RMB114.2 million and RMB158.0 million, respectively, accounting for 6.7%, 5.0% and 5.6% of our total revenue in the same years, respectively. See Note 6(d) to the Accountants' Report included in Appendix I to this Document for the breakdown of our other expenses during the Track Record Period.

During the Track Record Period, we engaged several external consultants to provide professional services, mainly including (i) consulting services provided by PRC legal counsels, accounting firms, and consulting companies with compliance, finance and strategy advice, (ii) software and technical services provided by third-party technology companies in relation to cloud technology support, accounting software and office software. The following table sets forth a breakdown of our professional consultant service fees for the periods indicated.

| | For the year ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Professional consultant service fees | | | |
| Consulting fees | 5,341 | 6,180 | 7,723 |
| Software and technical service fees | 8,217 | 4,473 | 10,611 |
| Others[(1)] | 2,513 | 1,352 | 2,343 |
| **Total professional consultant service fees** | **16,071** | **12,005** | **20,677** |

*Note:*

(1) Others primarily represent fees for design services and service fees charged for processing payments by shopping malls or through POS terminal.

## Share of Profits or Losses of Associates

Our share of profits or losses of associates represented our investment in equity interest in certain private companies engaged in food production and processing, sewage treatment and restaurant operations. See Note 14 to the Accountants' Report included in Appendix I to this Document for details of our associates. We have significant influence on, but no control or joint control over, the financial and operating policies of these associates. We had share of losses of associates of RMB0.1 million in 2025 and share of profits of associates of RMB0.4 million and RMB35.0 thousand in 2023 and 2024, respectively.

## Other Net Losses

Our other net losses consisted of (i) gain or loss on disposal of property, plant and equipment and right-of-use assets, (ii) net foreign exchange gain or loss, and (iii) others, which primarily represent compensation from suppliers for their breach of contract, and accidental compensation paid to customers; see "Business — Food Safety and Quality Control — Historical Food Safety-related Administrative Penalty" for details.

In 2023, 2024 and 2025, we had other net losses of RMB5.9 million, RMB1.9 million and RMB2.1 million, respectively. See Note 6(c) to the Accountants' Report included in Appendix I to this Document for the breakdown of our other net losses during the Track Record Period.

### Finance Costs

Our finance costs consisted of (i) interest on bank loans, (ii) interest on lease liabilities, and (iii) unwind of discount of provisions. In 2023, 2024 and 2025, our finance costs were RMB26.6 million, RMB25.4 million and RMB24.6 million, respectively, accounting for 1.3%, 1.1% and 0.9% of our total revenue in the same years, respectively. See Note 6(a) to the Accountants' Report included in Appendix I to this Document for the breakdown of our finance costs during the Track Record Period.

### Changes in Carrying Amount of Redemption Liabilities

Changes in carrying amount of redemption liabilities relates to equity interests with redemption rights and convertible redeemable preferred shares issued to certain investors in our Series Angel and Series A financing. See Note 21 to the Accountants' Report included in Appendix I to this Document. In 2023, 2024 and 2025, changes in carrying amount of redemption liabilities were RMB23.7 million, RMB21.1 million and RMB18.6 million, respectively, accounting for 1.1%, 0.9% and 0.7% of our total revenue in the same years, respectively.

### Impairment Losses of Property, Plant and Equipment

Our impairment losses of property, plant and equipment represented impairment losses incurred for restaurants with unfavorable future prospects. In 2023, 2024 and 2025, our impairment losses of property, plant and equipment were RMB9.2 million, RMB3.5 million and RMB0.8 million, respectively, accounting for 0.4%, 0.2% and 0.0% of our total revenue in the same years, respectively.

### Income Tax

In 2023, 2024 and 2025, our income tax was RMB38.3 million, RMB42.6 million and RMB71.3 million, respectively, accounting for 1.8%, 1.8% and 2.5% of our total revenue in the same years, respectively.

Our income tax represents the income tax paid or payable at the applicable rate in accordance with the relevant laws and regulations of each tax jurisdiction in which we operate or are registered. The following summary discusses the key factors that apply to our tax rates in the Cayman Islands, BVI, Hong Kong and PRC.

#### *Cayman Islands*

We are incorporated in the Cayman Islands as a limited company under the Cayman Islands Companies Act. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

#### *BVI*

Certain of our subsidiaries are incorporated under the BVI Business Companies Act and are not subject to tax on income or capital gains.

#### *Hong Kong*

In 2023, 2024 and 2025, our subsidiaries in Hong Kong did not have any other assessable profits and thus were not subject to Hong Kong profits tax.

***PRC***

Taxable income for our subsidiaries in China are subject to PRC income tax rate of 25% during the Track Record Period, unless otherwise specified below.

According to the Notice No. 23 issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission on April 23, 2020, one of our subsidiaries established in Chongqing was entitled to a preferential income tax rate of 15% in 2023, 2024 and 2025.

Certain entities within our Group have qualified as small and low profit-making enterprises in China, and were subject to two-tiered preferential effective tax rates from 2.5% to 5% in 2023, 2024 and 2025.

A subsidiary met the criteria for software enterprises encouraged in the PRC, and was entitled to be exempted from income tax in 2023, 2024 and 2025.

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

## YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATION

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

***Revenue***

Our revenue increased by 23.4% from RMB2,307.3 million in 2024 to RMB2,846.4 million in 2025, primarily due to the expansion of our restaurant network, with an increase in the number of our self-operated Banu restaurants by 25.0% from 144 as of December 31, 2024 to 180 as of December 31, 2025.

***Other Revenue***

Our other revenue decreased by 45.6% from RMB37.4 million in 2024 to RMB20.3 million in 2025, primarily due to a decrease in government grants of RMB16.2 million.

***Raw Materials and Consumables Used***

Our raw materials and consumables used increased by 16.1% from RMB740.9 million in 2024 to RMB860.5 million in 2025, primarily driven by an increase in cost for food ingredients by 16.5% from RMB691.8 million in 2024 to RMB805.7 million in 2025. Such increase was generally in line with our overall business growth from 2024 to 2025.

***Staff Costs***

Our staff costs increased by 20.4% from RMB775.0 million in 2024 to RMB933.1 million in 2025, primarily due to (i) the increase in the total number of staff at our restaurants, driven by the continuous expansion of our Banu restaurant network from 144 restaurants as of December 31, 2024 to 180 restaurants as of December 31, 2025; and (ii) the increases in the compensation level for our employees and the service fees paid to third party outsourcing agencies engaged by us as a result of the improved performance of our restaurants in 2025.

***Depreciation of Right-of-use Assets***

Our depreciation of right-of-use assets increased by 7.4% from RMB132.7 million in 2024 to RMB142.5 million in 2025, primarily due to the expansion of our restaurant network in 2025 as compared to 2024.

### *Other Rentals and Related Expenses*

Our other rentals and related expenses increased by 46.5% from RMB55.7 million in 2024 to RMB81.6 million in 2025, primarily due to our restaurant network expansion in 2025 as compared to 2024.

### *Depreciation and Amortization of Other Assets*

Our depreciation and amortization of other assets increased by 18.4% from RMB104.8 million in 2024 to RMB124.0 million in 2025, primarily due to our restaurant network expansion and the increase in the equipment at our restaurants in 2025 as compared to 2024.

### *Utility Expenses*

Our utility expenses increased by 13.3% from RMB90.0 million in 2024 to RMB102.0 million in 2025, primarily due to our restaurant network expansion in 2025 as compared to 2024.

### *Traveling and Related Expenses*

Our traveling and related expenses increased by 19.3% from RMB13.2 million in 2024 to RMB15.8 million in 2025, primarily due to the increase of our traveling expenses as our business scale continue to grow.

### *Advertising and Promotion Expenses*

Our advertising and promotion expenses increased by 24.9% from RMB100.9 million in 2024 to RMB126.0 million in 2025, primarily due to our increased investments in marketing and promotion activities to drive our restaurant network expansion and business growth.

### *Other Expenses*

Our other expenses increased by 38.4% from RMB114.2 million in 2024 to RMB158.0 million in 2025, primarily due to (i) an increase in [**REDACTED**] of RMB35.9 million and (ii) an increase in professional consultant service fees paid to external consultants of RMB8.7 million for software and technical services.

### *Share of Profits or Losses of Associates*

Our share of losses of associates was RMB106.0 thousand in 2025, as compared to our share of profits of associates of RMB35.0 thousand in 2024, mainly in relation to the financial performance of the associates we invested in.

### *Other Net Losses*

Our other net losses remained relatively stable at RMB1.9 million in 2024 and RMB2.1 million in 2025.

### *Finance Costs*

Our finance costs remained relatively stable at RMB25.4 million in 2024 and RMB24.6 million in 2025.

***Changes in Carrying Amount of Redemption Liabilities***

Changes in carrying amount of redemption liabilities decreased from RMB21.1 million in 2024 to RMB18.6 million in 2025, primarily due to our repurchase of the convertible redeemable preferred shares held by one of our Pre-[**REDACTED**] investors in December 2024.

***Impairment Losses of Property, Plant and Equipment***

Our impairment losses of property, plant and equipment decreased from RMB3.5 million in 2024 to RMB0.8 million in 2025, primarily because we only identified a limited number of restaurants with unfavorable future prospects in 2025 based on our assessment.

***Income Tax***

Our income tax increased by 67.4% from RMB42.6 million in 2024 to RMB71.3 million in 2025, reflecting the growth in our taxable income.

***Profit for the Year***

As a result of the foregoing, our profit for the period increased by 67.5% from RMB122.9 million in 2024 to RMB205.9 million in 2025, and our net profit margin increased from 5.3% in 2024 to 7.2% in 2025.

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

***Revenue***

Our revenue increased by 9.3% from RMB2,111.6 million in 2023 to RMB2,307.3 million in 2024, primarily due to an increase in revenue from restaurant operation related services of RMB208.7 million, mainly attributable to the revenue contribution from our newly opened 35 restaurants in 2024, despite a slight decrease in our average spending per customer from RMB150 in 2023 to RMB142 in 2024.

***Other Revenue***

Our other revenue increased by 72.6% from RMB21.7 million in 2023 to RMB37.4 million in 2024, primarily due to (i) an increase in government grants of RMB15.0 million we received from local government as part of its supporting policies; and (ii) increases in investment income on wealth management products and interest income on bank deposits, both attributable to our increased capital from operating activities along with our business growth.

***Raw Materials and Consumables Used***

Our raw materials and consumables used increased by 5.6% from RMB701.3 million in 2023 to RMB740.9 million in 2024, primarily due to our increased procurement of raw materials and consumables in line with our expansion of restaurant network and overall business growth.

***Staff Costs***

Our staff costs increased by 22.0% from RMB635.1 million in 2023 to RMB775.0 million in 2024, primarily due to (i) the increase in the total number of staff at our restaurants, attributable to our continuous restaurant network expansion in 2024 and (ii) the increases in the compensation level for our employees and the service fees paid to third party outsourcing agencies engaged by us as a result of the improved performance of our restaurants.

***Depreciation of Right-of-use Assets***

Our depreciation of right-of-use assets increased by 8.9% from RMB121.8 million in 2023 to RMB132.7 million in 2024, primarily due to our restaurant network expansion.

***Other Rentals and Related Expenses***

Our other rentals and related expenses increased by 25.8% from RMB44.2 million in 2023 to RMB55.7 million in 2024, primarily driven by our continuous restaurant network expansion in 2024.

***Depreciation and Amortization of Other Assets***

Our depreciation and amortization of other assets decreased slightly by 3.6% from RMB108.7 million in 2023 to RMB104.8 million in 2024, primarily due to the completion of depreciation and amortization of certain property, plant and equipment in 2024.

***Utility Expenses***

Our utility expenses increased by 6.6% from RMB84.4 million in 2023 to RMB90.0 million in 2024, primarily due to our continuous restaurant network expansion in 2024.

***Traveling and Related Expenses***

Our traveling and related expenses remained relatively stable at RMB13.6 million and RMB13.2 million in 2023 and 2024, respectively.

***Advertising and Promotion Expenses***

Our advertising and promotion expenses increased by 31.7% from RMB76.6 million in 2023 to RMB100.9 million in 2024, primarily due to our increased investments in marketing and promotion activities to drive our restaurant network expansion and business growth.

***Other Expenses***

Our other expenses decreased by 19.7% from RMB142.3 million in 2023 to RMB114.2 million in 2024, primarily due to (i) the impairment loss on trade and other receivables of RMB19.5 million we recorded in 2023 mainly in relation to the full provision made in 2023 for our loans to Beijing Tao Niang, our then related party, considering such party's financial capability and our disposal plan; and (ii) a decrease in maintenance expenses mainly because we conducted and completed substantial repairing and maintenance work for restaurants in 2023 and incurred a significant amount of maintenance expenses in 2023, as compared to 2024.

***Share of Profits or Losses of Associates***

Our share of profits of associates was RMB0.4 million and RMB35.0 thousand in 2023 and 2024, respectively, mainly in relation to the financial performance of the associates we invested in.

***Other Net Losses***

Our other net losses decreased by 68.6% from RMB5.9 million in 2023 to RMB1.9 million in 2024, primarily due to a decrease in accidental compensation paid to customers in relation to the food quality incident for Chao Dao in 2023. See "Business — Food Safety and Quality Control — Historical Food Safety-related Administrative Penalty."

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

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Total non-current assets** | **892,634** | **921,553** | **984,530** |
| **Total current assets** | **722,345** | **864,006** | **1,034,668** |
| **Total current liabilities** | **697,899** | **716,909** | **768,930** |
| **Total non-current liabilities** | **358,044** | **355,885** | **345,650** |
| **Net current assets** | **24,446** | **147,097** | **265,738** |
| **Total assets less current liabilities** | **917,080** | **1,068,650** | **1,250,268** |
| **NET ASSETS** | **559,036** | **712,765** | **904,618** |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 39 | 39 | 39 |
| Reserves | 558,997 | 712,726 | 904,579 |
| **TOTAL EQUITY** | **559,036** | **712,765** | **904,618** |

### Assets

#### *Property, Plant and Equipment*

Our property, plant and equipment consist of leasehold improvements, kitchen equipment, electronic equipment, motor vehicles, furniture and fixtures and other equipment, plant and buildings and construction in progress.

Our property, plant and equipment increased by 10.0% from RMB339.3 million as of December 31, 2023 to RMB373.2 million as of December 31, 2024, primarily due to the increase in leasehold improvements as a result of continuous expansion of our restaurant network in 2024.

Our property, plant and equipment increased by 9.3% from RMB373.2 million as of December 31, 2024 to RMB407.9 million as of December 31, 2025, primarily due to the increase in leasehold improvements as a result of continuous expansion of our restaurant network in 2025.

#### *Right-of-use Assets*

Our right-of-use assets consist of leased properties and leasehold land. Our right-of-use assets decreased by 2.2% from RMB452.1 million as of December 31, 2023 to RMB442.1 million as of December 31, 2024, primarily due to depreciation. Our right-of-use assets then increased to RMB451.2 million as of December 31, 2025, primarily due to additional properties we leased in 2025 along with our restaurant network expansion.

#### *Intangible Assets*

Our intangible assets consist of software and trademarks. Our intangible assets decreased by 20.6% from RMB6.3 million as of December 31, 2023 to RMB5.0 million as of December 31, 2024, and further decreased by 18.7% to RMB4.1 million as of December 31, 2025, primarily due to amortization.

### *Interests in Associates*

Our interests in associates represent our equity investment in certain unlisted corporate entities. Our interests in associates increased from RMB1.9 million as of December 31, 2023 to RMB2.5 million as of December 31, 2024, primarily due to our increased investment in upstream and downstream companies. Our interests in associates increased significantly from RMB2.5 million as of December 31, 2024 to RMB9.2 million as of December 31, 2025, primarily due to our investment in a U.S. company with restaurant operations as its principal activities.

### *Deferred Tax Assets*

Our deferred tax assets primarily arise from unused tax losses, right-of-use assets and lease liabilities. Our deferred tax assets remained relatively stable at RMB67.0 million and RMB66.5 million as of December 31, 2023 and 2024, respectively. Our deferred tax assets decreased from RMB66.5 million as of December 31, 2024 to RMB49.5 million as of December 31, 2025, primarily due to utilization of our accumulated losses for deduction.

### *Rental Deposits*

Our rental deposits represent the deposits paid in advance as a guarantee for property rentals pursuant to certain lease agreements. Our rental deposits increased from RMB24.3 million as of December 31, 2023 to RMB28.4 million as of December 31, 2024 and further to RMB34.9 million as of December 31, 2025, primarily due to the increased leases we entered into as a result of our restaurant network expansion.

### *Inventories*

Our inventories consist of food ingredients, condiment product, beverage and other materials. See Note 15 to the Accountants' Report included in Appendix I to this Document for the breakdown of our inventories.

Our inventories decreased from RMB159.7 million as of December 31, 2023 to RMB124.6 million as of December 31, 2024, primarily due to the decrease in procurement prices of certain food ingredients and condiment products. Our inventories increased from RMB124.6 million as of December 31, 2024 to RMB192.5 million as of December 31, 2025, primarily due to the continuous growth of our restaurant operations.

Our inventory turnover days, calculated by dividing the average of the beginning and ending balances of inventories for a year by the amount of raw materials and consumables used for that year and multiplied by 365 days, decreased from 80 days in 2023 to 70 days in 2024 and further decreased to 67 days in 2025, primarily due to our enhanced inventory management.

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

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within six months | 143,303 | 120,616 | 187,997 |
| Six months to one year | 15,096 | 2,294 | 3,613 |
| Over one year | 1,286 | 1,680 | 893 |
| **Total inventories** | **159,685** | **124,590** | **192,503** |

As of April 30, 2026, RMB174.0 million, or 90.4%, of our inventories as of December 31, 2025 had been subsequently sold or consumed.

***Prepayments, Trade and Other Receivables***

Prepayments, trade and other receivables consist of (i) receivables from third-party payment platforms and shopping malls, (ii) receivables from third parties who purchase condiment products and food from us, (iii) prepayments, (iv) amounts due from related parties and (v) other receivables and deposits. As of December 31, 2023, 2024 and 2025, we had prepayments, trade and other receivables of RMB152.6 million, RMB161.2 million and RMB254.5 million, respectively. See Note 16 to the Accountants' Report included in Appendix I to this Document for the breakdown of our prepayments, trade and other receivables.

We incurred loss allowance of RMB17.4 million for amounts due from related parties as of December 31, 2023 and loss allowance of RMB17.4 million and RMB17.6 million for other receivables and deposits as of December 31, 2024 and 2025, respectively. Such loss allowance was related to the loans provided by us to Beijing Tao Niang, our then related party, which was established in the PRC in March 2022 with a principal business to deliver quick and affordable single-serving hotpot meals, and its subsidiaries. To focus on our premium hotpot business and streamline our corporate structure, following pilot operations and continued performance evaluation, we disposed of our entire equity interest in Beijing Tao Niang to the affiliates of certain of the then shareholders of Banu Hotpot at a consideration of RMB1 in December 2022 (the "2022 Disposal"). See "History, Reorganization and Corporate Structure — Corporate Development And Major Shareholding Changes of Our Group — C. Reorganization and Establishment of Our Company — 1. Structure before the Reorganization — Disposal of Beijing Tao Niang." The consideration was determined with reference to the fact that Beijing Tao Niang had net liabilities and was making losses at the time of the 2022 Disposal. The net liability position of Beijing Tao Niang at the time of the 2022 Disposal was mainly attributable to, among others, the loans we offered to Beijing Tao Niang. After the 2022 Disposal, we continued to sell food ingredients to Beijing Tao Niang for its operation to facilitate such party in improving its operational and financial performance, with the expectation to enhance its ability to repay the outstanding loans due to us. In 2023, we provided full loss allowance of RMB17.4 million for the loans to Beijing Tao Niang, considering such party's deteriorating financial condition and operating performance and the absence of a feasible recovery plan, which cast significant doubt on its ability to repay the outstanding balance. See Note 28 to the Accountants' Report included in Appendix I to this Document.

Our prepayments mainly include (i) prepayments related to our restaurants, including prepayments of rental and property management expenses, (ii) prepayments of utility expenses, (iii) prepayments for inventory procurement and (iv) prepayment for the purchase of plant, property and equipment.

Our other receivables and deposits consist primarily of input value-added tax (VAT) to be deducted in relation to the recoverable portion of VAT incurred by us on our purchases of goods or services from suppliers, which can be offset against our output VAT collected from customers; and deposits for our leased properties and relevant services.

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Prepayments** | | | |
| Prepayments related to restaurants | 22,897 | 30,551 | 44,091 |
| Prepayments for inventory procurement | 6,482 | 3,824 | 15,374 |
| Prepayments of utility expenses | 6,192 | 4,073 | 4,415 |
| Prepayment for the purchase of plant, property and equipment | 1,662 | 3,854 | 6,896 |
| Others[1] | 6,549 | 9,357 | 12,046 |
| **Total prepayments** | **43,782** | **51,659** | **82,822** |
| **Other receivables and deposits** | | | |
| Input VAT to be deducted | 63,427 | 70,875 | 89,537 |
| Deposits | 13,939 | 18,889 | 22,615 |
| Others[2] | 1,910 | 3,032 | 4,219 |
| **Total other receivables and deposits** | 79,276 | 92,796 | 116,371 |

*Notes:*

(1) Others primarily represent prepayments related to software, [**REDACTED**], restaurant renovation and design and professional services.

(2) Others primarily represent cash advanced to employees for business-related expenditures.

Our prepayments for inventory procurement decreased from RMB6.5 million as of December 31, 2023 to RMB3.8 million as of December 31, 2024, primarily due to our enhanced efficiency in settlement and utilization of prepaid inventory to support our expanded operation. Our prepayments for inventory procurement increased significantly to RMB15.4 million as of December 31, 2025, primarily due to the increased inventory procurement to support the ongoing operations and expansion of our restaurant network. Our prepayments of utility expenses fluctuated during the Track Record Period despite our business expansion, benefiting from our proactive expense management. Following the lifting of pandemic restrictions in 2023, we incurred an increase in utility expenses due to expanded business scale. In 2024, we implemented targeted management policies for utilities, including active negotiations with service providers in regions with higher prices, reducing the average supply prices of electricity, water and gas, leading to decreased prepayments of utility expenses as of December 31, 2024. Our prepayments of utility expenses slightly increased to RMB4.4 million as of December 31, 2025, due to the combined effects of our business expansion and efficient expense management policies.

Our prepayments, trade and other receivables increased from RMB154.3 million as of December 31, 2023 to RMB165.1 million as of December 31, 2024, primarily due to (i) an increase in other receivables and deposits and (ii) an increase in prepayments, both of which were generally in line with our revenue growth and restaurant network expansion. Such increase was partially offset by a decrease in trade receivables, mainly attributable to the decrease in sales of condiment products and food ingredients from 2023 to 2024.

Our prepayments, trade and other receivables increased from RMB165.1 million as of December 31, 2024 to RMB261.4 million as of December 31, 2025, primarily due to (i) increases in trade receivables and other receivables and deposits, generally in line with our revenue growth and restaurant network expansion; and (ii) an increase in prepayments, mainly attributable to the increases in prepayments for inventory procurement and prepayments related to restaurants. Such increases were mainly driven by our strategic inventory procurement to support the ongoing operations and expansion of our restaurant network, as well as our procurement and settlement arrangements made at the end of 2025 in advance of upcoming holidays in the beginning of 2026, during which inventory consumption typically accelerates, in order to maintain stable restaurant operations.

Our trade receivable turnover days, calculated by dividing the average of the beginning and ending balances of trade receivables for each year by the total revenue for that year and multiplied by 365 days, were three days, four days and five days in 2023, 2024 and 2025, respectively. See Note 16 to the Accountants' Report included in Appendix I to this Document for an aging analysis of our trade receivables.

As of April 30, 2026, RMB65.4 million, or 99.4%, of our trade receivables as of December 31, 2025 had been subsequently settled.

***Cash and Cash Equivalents and Restricted Bank Deposits***

The restricted bank deposits represent the deposits with banks that were pledged for prepaid cards. Our cash and cash equivalents and restricted bank deposits were RMB290.5 million, RMB244.8 million and RMB61.8 million as of December 31, 2023, 2024 and 2025, respectively. The decreases were mainly due to our use of cash for investment in wealth management products.

***Time Deposits***

We recorded nil, nil and RMB32.0 million of current time deposits as of December 31, 2023, 2024 and 2025, respectively. We also recorded nil, nil and RMB20.8 million of non-current time deposits as of December 31, 2023, 2024 and 2025, respectively. This is primarily in relation to our purchase of time deposits as part of our investment and wealth management activities.

***Financial Assets at FVPL***

Our financial assets at FVPL represent our investment in wealth management products. We generally invest in short-term wealth management products with principal not guaranteed and no predetermined or guaranteed return. Our financial assets at FVPL were RMB115.2 million, RMB327.5 million and RMB488.8 million as of December 31, 2023, 2024 and 2025, respectively. The increases reflect our target and efforts to make better use of such cash by making appropriate investments to increase our income without interfering with our business operation or capital expenditures.

Our investment strategy aims to optimize the efficiency of our short-term idle funds and minimize investment and financial risks. We have implemented treasury policies to manage our investment in wealth management products.

- **Approval procedure.** Each proposed investment is subject to an internal approval process, under which we are required to submit detailed information on the product's risk rating, expected return, underlying assets and term. We also prepare a benchmarking table comparing similar products offered by different banks to facilitate informed decision-making.

- **Underlying asset selection.** We prioritize wealth management products with bond type underlying assets and generally avoid those linked to equity-type underlying assets in order to minimize risk exposure.

- **Ongoing monitoring.** We maintain a detailed and continuously updated register of wealth management products, and conduct monthly monitoring and review of the returns of our portfolio.

- **Response to volatility.** For products with relatively high return volatility, we proactively engage with the responsible relationship managers of the banks to analyze product performance, and determine whether to continue holding or redeem such products, with the aim of securing the expected return while safeguarding the principal.

Guided by such policies, we make investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to risk control, our own working capital conditions, and liquidity, term and return rates of our investments. Specifically, we are only allowed by our internal policies and guidelines to invest in structured deposits, high-interest deposits and low-risk wealth management products issued by reputable commercial banks with maturities of no more than 12 months. Our fund management department is responsible for the proposal and evaluation of potential investment in wealth management products. The investment proposals shall be approved by our chief financial officer before the fund management department makes the investments. Our chief financial officer, Mr. Liu Niankang, has over ten years of experience in finance, investment and corporate governance. See "Directors and Senior Management — Board of Directors — Executive Directors." We have also adopted risk control measures associated with our investment in wealth management products. Our fund management department is required to evaluate our investment objectives and risk tolerance prior to making any investment in wealth management products, and will only consider products that align with our overall risk management principles, to avoid undue exposure to potential risks. Our internal audit department may from time to time review the approval procedures of our investments to ensure compliance with our policies and assess the performance of our investment portfolio. Upon maturity of a wealth management product, our fund management department shall promptly collect the proceeds of such product and maintain accurate and up-to-date investment records for the investments we made.

In the future, we may continue to invest in structured deposits and other low-risk financial products that are in our Group's interest upon thorough evaluations and analysis, and we will ensure that all such investments comply with the applicable laws and regulations, including the relevant requirements under Chapter 14 of the Listing Rules after the [**REDACTED**].

## Liabilities

### *Trade and Other Payables*

Trade and other payables consist of (i) payables due to third-party and related suppliers of food ingredients, third-party logistics service providers and other third-party service providers; (ii) other payables and accrued charges, mainly including staff salary payables, tax payables, payables for construction work and equipment, payables in relation to our restaurants, and deposits; and (iii) amounts due to related parties. As of December 31, 2023, 2024 and 2025, we had trade and other payables of RMB177.3 million, RMB216.4 million and RMB233.5 million. See Note 18 to the Accountants' Report included in Appendix I to this Document for the breakdown of our prepayments, trade and other receivables.

Our trade and other payables increased from RMB177.3 million as of December 31, 2023 to RMB216.4 million as of December 31, 2024 and further to RMB233.5 million as of December 31, 2025, primarily due to the expansion of our restaurant network and our revenue growth.

Our trade payable turnover days, calculated by dividing the average of the beginning and ending balances of trade payables for a year by the cost of raw materials and consumables used for that year and multiplied by 365 days, increased from 21 days in 2023 to 29 days in 2024, primarily because our payment cycle returned to the normal level along with the development of our business operations. Our trade payable turnover days then remained stable at 29 days in 2025. See Note 18 to the Accountants' Report included in Appendix I to this Document for an aging analysis of our trade payables.

As of April 30, 2026, RMB72.3 million, or 98.4%, of our trade payables as of December 31, 2025 had been subsequently settled.

### *Contract Liabilities*

Our contract liabilities comprise (i) contract liabilities related to prepaid cards, (ii) contract liabilities related to customer membership programs, representing reward points that our customers have accumulated but not yet redeemed or expired in relation to our customer membership programs, and (iii) contract liabilities related to sales of products, representing advances from customers for our products. See Note 19 to the Accountants' Report included in Appendix I to this Document for the breakdown of our contract liabilities.

Our contract liabilities increased from RMB57.0 million as of December 31, 2023 to RMB59.5 million as of December 31, 2024, primarily due to the increases in contract liabilities related to prepaid cards and customer membership programs, driven by the expansion of our restaurant network and our overall business growth. Our contract liabilities decreased from RMB59.5 million as of December 31, 2024 to RMB51.3 million as of December 31, 2025, primarily due to the decreases in contract liabilities related to prepaid cards and customer membership programs, mainly attributable to increased use of prepaid cards and redemption of membership points by our customers.

As of April 30, 2025, RMB17.6 million, or 34.3% of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

## LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from operating activities and equity financings. As of December 31, 2025, we had RMB39.3 million of cash and cash equivalents. We do not anticipate any material changes to the availability of financing to fund our operations in the future. Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, our available banking facilities, cash flows from operating activities and [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for at least 12 months from the date of this Document.

### Current Assets and Current Liabilities

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

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* |
| **Current assets:** | | | | |
| Inventories | 159,685 | 124,590 | 192,503 | 212,208 |
| Prepayments, trade and other receivables | 152,636 | 161,218 | 254,469 | 250,996 |
| Current tax recoverable | 4,259 | 5,884 | 5,025 | 6,637 |
| Time deposits | – | – | 32,049 | 32,337 |
| Restricted bank deposits | 21,700 | 21,700 | 22,479 | 22,557 |
| Financial assets at fair value through profit or loss ("FVPL") | 115,223 | 327,531 | 488,820 | 567,242 |
| Cash and cash equivalents | 268,842 | 223,083 | 39,323 | 75,483 |
| **Total current assets** | **722,345** | **864,006** | **1,034,668** | **1,167,460** |

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* |
| **Current liabilities:** | | | | |
| Trade and other payables | 177,281 | 216,449 | 233,499 | 247,935 |
| Contract liabilities | 56,956 | 59,463 | 51,268 | 85,254 |
| Lease liabilities | 122,325 | 123,579 | 145,374 | 148,014 |
| Redemption liabilities | 327,113 | 301,482 | 320,122 | 326,250 |
| Current tax payable | 14,224 | 15,936 | 18,667 | 11,215 |
| **Total current liabilities** | **697,899** | **716,909** | **768,930** | **818,668** |
| **Net current assets** | **24,446** | **147,097** | **265,738** | **348,792** |

Our net current assets increased from RMB265.7 million as of December 31, 2025 to RMB348.8 million as of April 30, 2026, primarily due to (i) an increase in cash and cash equivalents of RMB36.2 million, mainly attributable to the cash generated from our operating activities; and (ii) an increase in financial assets at FVPL of RMB78.4 million in relation to our increased investment in wealth management products. Such increase was partially offset by an increase in contract liabilities of RMB34.0 million in line with our business growth.

Our net current assets increased from RMB147.1 million as of December 31, 2024 to RMB265.7 million as of December 31, 2025, primarily due to (i) an increase in financial assets at FVPL of RMB161.3 million in relation to our increased investment in wealth management products, (ii) an increase in prepayments, trade and other receivables of RMB93.3 million, mainly attributable to the increase in prepayments for restaurants and inventory procurement as our restaurant businesses continue to grow and (iii) an increase in inventories of RMB67.9 million, in line with the continuous growth of our restaurant operations, partially offset by (i) a decrease in cash and cash equivalents of RMB183.8 million and (ii) an increase in lease liabilities of RMB21.8 million and (iii) an increase in redemption liabilities of RMB18.6 million.

Our net current assets increased from RMB24.4 million as of December 31, 2023 to RMB147.1 million as of December 31, 2024, primarily due to an increase in financial assets at FVPL of RMB212.3 million in relation to our increased investment in wealth management products, partially offset by (i) a decrease in cash and cash equivalents of RMB45.8 million, (ii) an increase in trade and other payables of RMB39.2 million in line with our business growth and (iii) a decrease in inventories of RMB35.1 million attributable to the decreased procurement prices.

## Cash Flows

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

| | For the year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net cash generated from operating activities | 428,573 | 494,721 | 392,763 |
| Net cash used in investing activities | (252,995) | (360,978) | (342,708) |
| Net cash used in financing activities | (239,465) | (180,588) | (232,743) |
| **Net decrease in cash and cash equivalents** | **(63,887)** | **(46,845)** | **(182,688)** |
| Cash and cash equivalents as of January 1 | 332,183 | 268,842 | 223,083 |
| Effect of foreign exchange rate changes | 546 | 1,086 | (1,072) |
| **Cash and cash equivalents as of December 31** | **268,842** | **223,083** | **39,323** |

### *Operating Activities*

Net cash flows generated from operating activities in 2025 were RMB392.8 million, which primarily consists of profit before taxation of RMB277.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB142.5 million, (ii) depreciation and amortization of other assets of RMB124.0 million and (iii) equity-settled share-based payment expenses of RMB56.0 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in prepayments, trade and other receivables and rental deposits of RMB96.5 million and (ii) an increase in inventories of RMB67.9 million.

Net cash flows generated from operating activities in 2024 were RMB494.7 million, which primarily consists of profit before taxation of RMB165.5 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB132.7 million and (ii) depreciation and amortization of other assets of RMB104.8 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and other payables of RMB52.9 million and (ii) a decrease in inventories of RMB35.1 million, partially offset by an increase in prepayments, trade and other receivables and rental deposits of RMB16.9 million.

Net cash flows generated from operating activities in 2023 were RMB428.6 million, which primarily consists of profit before taxation of RMB140.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation of right-of-use assets of RMB121.8 million and (ii) depreciation and amortization of other assets of RMB108.7 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and other payables of RMB46.9 million, partially offset by (i) an increase in prepayments, trade and other receivables and rental deposits of RMB35.2 million and (ii) an increase in inventories of RMB13.7 million.

### *Investing Activities*

Net cash flows used in investing activities in 2025 were RMB342.7 million, which primarily consists of (i) payment for purchase of financial assets measured at FVPL, net of RMB152.3 million, (ii) payment for purchases of property, plant and equipment of RMB132.3 million and (iii) payment for purchases of time deposits of RMB52.5 million.

Net cash flows used in investing activities in 2024 were RMB361.0 million, which primarily consist of (i) payment for purchase of financial assets measured at FVPL, net of RMB205.8 million and (ii) payment for purchases of property, plant and equipment of RMB162.7 million, partially offset by interest received of RMB7.5 million.

Net cash flows used in investing activities in 2023 were RMB253.0 million, which primarily consist of (i) payment for purchases of property, plant and equipment of RMB144.1 million and (ii) payment for purchase of financial assets measured at FVPL, net of RMB113.3 million, partially offset by interest received of RMB3.6 million.

### *Financing Activities*

Net cash flows used in financing activities in 2025 were RMB232.7 million, which primarily consist of (i) payment of capital element of lease liabilities of RMB134.9 million and (ii) dividends paid to equity shareholders of the Company of RMB70.0 million.

Net cash flows used in financing activities in 2024 were RMB180.6 million, which primarily consist of payment of capital element of lease liabilities of RMB116.0 million, (ii) payment for redemption of preferred shares of RMB39.4 million and (iii) payment of interest element of lease liabilities of RMB25.0 million.

Net cash flows used in financing activities in 2023 were RMB239.5 million, which primarily consist of (i) payment of capital element of lease liabilities of RMB112.2 million, (ii) repayment of bank loans of RMB100.0 million and (iii) payment of interest element of lease liabilities of RMB24.6 million.

## INDEBTEDNESS

During the Track Record Period, our indebtedness included bank loans, lease liabilities and redemption liabilities.

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

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(unaudited)* |
| **Current:** | | | | |
| Lease liabilities | 122,325 | 123,579 | 145,374 | 148,014 |
| Redemption liabilities | 327,113 | 301,482 | 320,122 | 326,250 |
| Non-trade amounts due to related parties | 18 | – | – | – |
| **Non-current:** | | | | |
| Lease liabilities | 351,663 | 348,571 | 337,084 | 332,117 |
| **Total** | **801,119** | **773,632** | **802,580** | **806,381** |

As of April 30, 2026, being the most recent practicable date for determining our indebtedness, we had unutilized bank facilities of RMB80.0 million. Our Directors confirm that we had no defaults on trade and non-trade payables and borrowings, and/or breaches of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

### Lease Liabilities

Our lease liabilities pertain to payment obligations for properties leased primarily as our restaurants and offices. Our lease liabilities, including current and non-current portion, amounted to RMB474.0 million, RMB472.2 million, RMB482.5 million and RMB480.1 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively.

### Redemption Liabilities

Our redemption liabilities represent equity interests with redemption rights and convertible redeemable preferred shares issued to certain investors in our Series Angel and Series A financing.

In 2020, Banu Hotpot entered into a capital contribution agreement with Ningbo Tomato No. 2 Equity Investment Partnership Enterprise (Limited Partnership) (寧波番茄貳號股權投資合夥企業(有限合夥)) ("Tomato No. 2 Partnership"), pursuant to which, Tomato No. 2 Partnership agreed to make an investment to acquire 3.5% of the then equity interest of Banu Hotpot at a consideration of RMB63.0 million. In the same year, Banu Hotpot further entered into a capital contribution agreement with Nanjing Tomato No. 5 Equity Investment Partnership Enterprise (Limited

Partnership) (南京番茄伍號股權投資合夥企業(有限合夥)) ("Tomato No. 5 Partnership," together with Tomato No. 2 Partnership, the "Series Angel Investors"), pursuant to which Tomato No. 5 Partnership agreed to acquire 3.0% of the then equity interest of Banu Hotpot at a consideration of RMB60.0 million.

In August 2022, Banu Hotpot entered into capital contribution agreements with Nanjing Tomato No. 6 Equity Investment Partnership Enterprise (Limited Partnership) (南京番茄陸號股權投資合夥企業(有限合夥)) ("Tomato No. 6 Partnership") and Nanjing Yellow Tomato Equity Investment Partnership Enterprise (Limited Partnership) (南京黃番茄股權投資合夥企業(有限合夥)) ("Yellow Tomato," together with Tomato No. 6 Partnership, the "Series A Investors"), pursuant to which the Series A Investors agreed to contribute RMB40.0 million and RMB110.0 million to acquire 0.8% and 2.2% of the then equity interest of Banu Hotpot, respectively.

The Series Angel Investors and the Series A Investors were all granted with the redemption rights. In 2022, another equity shareholder of Banu Hotpot, GYH L Limited ("GYH L"), was granted the redemption rights same as the Series Angel Investors. Pursuant to the redemption rights, upon written request, Banu Hotpot shall repurchase all or portion of the equity interest of Banu Hotpot held by the Series Angel Investors and the Series A Investors at the option of such holders at any time, upon certain events described in the agreements with such investors. See Note 21 to the Accountants' Report included in Appendix I to this Document for more details.

Upon the completion of the Reorganization, our Company issued preferred shares to the Series Angel Investors and the Series A Investors or their designated entities or persons. These preferred shares carried rights identical to the equity interests of Banu Hotpot, plus the redemption rights previously held by the Series Angel Investors and the Series A Investors, among others, except that the automatic termination of special rights clause was replaced by a conversion feature. Under this conversion feature, all preferred rights of the holders of preferred shares will be terminated and the preferred shares will be automatically converted into ordinary shares upon the completion of the [**REDACTED**].

As of December 31, 2023, 2024, 2025 and April 30, 2026, our redemption liabilities were RMB327.1 million, RMB301.5 million, RMB320.1 million and RMB326.3 million, respectively. The convertible redeemable preferred shares will be reclassified from redemption liabilities to equity as a result of automatic conversion into ordinary shares upon our [**REDACTED**].

### Indebtedness Statement

Except as otherwise disclosed in this Document, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of April 30, 2026, being the latest practicable date for determining our indebtedness.

Our Directors confirm that there has been no material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

## CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities.

## CAPITAL EXPENDITURES

Our capital expenditures are incurred primarily for restaurant renovation, equipment acquisition and construction of centralized kitchens and production facilities. Our capital expenditures amounted to RMB145.6 million, RMB163.4 million and RMB133.5 million in 2023, 2024 and 2025, respectively.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of [**REDACTED**]—Use of [**REDACTED**]." We intend to fund our future capital expenditures with financial resources available to us, including cash generated from our business operations, the [**REDACTED**] from the [**REDACTED**], and bank borrowings available to us.

## CAPITAL COMMITMENTS

Our capital commitments mainly represent the amount to be invested in new restaurants, including leasehold improvements and equipment. As of December 31, 2023, 2024 and 2025, our capital commitments were RMB34.2 million, RMB7.6 million and RMB26.7 million, respectively, consisting of (i) capital commitments contracted for acquisition of property, plant and equipment of RMB34.2 million, RMB7.3 million and RMB26.7 million, respectively, and (ii) capital commitments authorized but not contracted for acquisition of property, plant and equipment of nil, RMB0.2 million and nil, respectively.

## KEY FINANCIAL RATIOS

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

| | For the year ended / As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Adjusted net profit margin (non-IFRS measure)(1) | 6.8% | 7.3% | 11.1% |
| Current ratio(2) | 1.0 | 1.2 | 1.3 |
| Quick ratio(3) | 0.8 | 1.0 | 1.1 |
| Gross profit margin(4) | 66.8% | 67.9% | 69.8% |

*Notes:*

(1) Equals adjusted profit for the year (non-IFRS measure) divided by revenue for the same year and multiplied by 100%.

(2) Equals current assets divided by current liabilities as of the same date.

(3) Equals current assets less inventories and divided by current liabilities as of the same date.

(4) Equals gross profit (i.e. our revenue less raw materials and consumables used) as a percentage of revenue.

## RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 28 to the Accountants' Report included in Appendix I to this Document.

Our Directors are of the view that each of the related party transactions set out in Note 28 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## FINANCIAL RISKS DISCLOSURE

We are exposed to various types of risks, including credit risk, liquidity risk, interest rate risk and currency risk.

### Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to trade and other receivables. See Note 26(a) to the Accountants' Report included in Appendix I to this Document for more details.

### Liquidity Risk

In management of liquidity risk, our policy is to regularly monitor our liquidity requirements and compliance with lending covenants, to ensure that we maintain sufficient reserves of cash, readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. See Note 26(b) to the Accountants' Report included in Appendix I to this Document for more details.

### Interest Risk

Our interest rate risk arises primarily from bank loans. Borrowings issued at fixed rates expose our Group to cash flow fair value interest rate risk. Overall, our exposure to interest rate risk is not significant. See Note 26(c) to the Accountants' Report included in Appendix I to this Document for more details.

### Currency Risk

We are exposed to currency risk primarily from cash and cash equivalents that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. Our currency risk mainly arises from transactions denominated in USD. See Note 26(d) to the Accountants' Report included in Appendix I to this Document for more details.

## DIVIDENDS

Our Company is a holding company registered by way of continuation under the laws of the Cayman Islands. As a result, the payment and amount of any future dividends will depend on the availability of dividends received from our subsidiaries.

In January 2025, we declared dividends of RMB70.0 million to our Shareholders and such dividends had been fully paid as of the Latest Practicable Date. Other than this, no dividend was declared or paid by the Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. Distribution of dividends shall be decided by our Board of Directors at their discretion in compliance with the applicable laws and regulations. A decision to declare or to pay any dividends and the amount thereof depends on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits of our subsidiaries and dividends they pay to us, future plans and business prospects, market conditions, the Articles, regulatory restrictions and our contractual obligations. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. As advised by our legal adviser as to Cayman Islands laws, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, declaring and paying dividends to our Shareholders shall not be prohibited solely on the grounds of an accumulated deficit in the Company's financial position. Dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Memorandum and Articles of Association do not prohibit such payment and our Company is able to pay its debts as they fall due in the ordinary course of business immediately after such payment. There can be no assurance that dividends of any amount will be declared or distributed in any year.

## DISTRIBUTABLE RESERVES

As of December 31, 2025, our share premium and retained earnings were RMB613.3 million, which represents our distributable reserves of our Group as of the same date.

## [**REDACTED**]

Our [**REDACTED**] mainly include (i) [**REDACTED**] expenses, such as [**REDACTED**] and [**REDACTED**], and (ii) [**REDACTED**], comprising professional fees to our legal advisors and Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the [**REDACTED**], the estimated total [**REDACTED**] (based on the [**REDACTED**] of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**] million, accounting for approximately of [**REDACTED**]% of our [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**] of HK$[**REDACTED**] million, professional fees for our legal advisors and Reporting Accountants of HK$[**REDACTED**] million and other fees and expenses of HK$[**REDACTED**] million. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] has been partially or is expected to be charged to profit or loss and the remaining amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon the [**REDACTED**]. In 2023, 2024 and 2025, we recognized [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] in our consolidated statements of profit or loss and other comprehensive income.

## NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this Document, there has been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of our latest audited financial statements, and there has been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

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

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

## UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

**[REDACTED]**