You should read the following discussion and analysis in conjunction with our consolidated financial statements together with the accompanying notes as set forth in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which may differ in certain 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 that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Business" in this document.

OVERVIEW

We are a commerce and service platform serving businesses in China's family care and nutrition product industry in lower-tier market. Operating through two core models, namely, (i) a digital marketplace model, where our *Hipac* platform connects family care and nutrition product vendors with diverse buyers to streamline supply chains and facilitate transactions, and (ii) a self-operated model, where we hold inventory of family care and nutrition products and sell them to downstream buyers via our *Hipac* platform, we reorganize the family care and nutrition product supply chain, empower our business customers with a wide portfolio of family care and nutrition products, optimize consumer experience and facilitate consumption upgrades in lower-tier market. In 2025, our GMV generated from China's family care and nutrition products in lower-tier market reached RMB7.9 billion, making us the largest commerce and service platform serving businesses in China's family care and nutrition product industry in lower-tier market in terms of GMV in 2025, with a market share of 8.7%, according to Frost & Sullivan.

During the Track Record Period, our total revenue remained relatively stable at RMB1,066.8 million and RMB1,032.4 million in 2023 and 2024, respectively, and further increased to RMB1,401.0 million in 2025. We recorded net losses of RMB56.5 million, RMB78.8 million and RMB358.7 million for the years ended December 31, 2023, 2024 and 2025, respectively. However, we recorded adjusted net profit (non-HKFRS financial measure) of RMB19.3 million, RMB25.8 million and RMB42.6 million for the years ended December 31, 2023, 2024 and 2025, respectively.

BASIS OF PREPARATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on April 28, 2015. In preparation for the [REDACTED], we underwent the Reorganization, the details of which are set out in "History, Reorganization and Corporate Structure." The historical financial information has been prepared and presented as a continuation of the financial information of our Group's business prior to the Reorganization. Our historical financial information has been prepared in accordance with HKFRS Accounting Standards (including all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted on a consistent basis by our Group in the preparation of the historical financial information throughout the relevant years. See Notes 2.1 and 2.2 to the Accountants' Report set out in Appendix I to this document for details.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Development of China's Family Care and Nutrition Product Industry in Lower-tier Market and Its Competition Landscape

Our business, financial performance, results of operations and future growth are affected by the development of China's family care and nutrition product industry in lower-tier market. According to Frost & Sullivan, the market size of China's family care and nutrition product industry in lower-tier market is expected to reach RMB2.5 trillion in 2030 with a CAGR of 4.9% from 2025 to 2030, indicating great market potential. In particular, China's family care and nutrition product industry in lower-tier market is driven by enhanced product development to address unmet market demand, increasing consumption frequency through refined consumer needs, and improved distribution efficiency via stronger brand-platform collaboration. See "Industry Overview — Overview of China's Family Care and Nutrition Product Industry in Lower-tier Market" for details. Meanwhile, we face competition in China's family care and nutrition product industry in lower-tier market primarily from other competitors with diverse capabilities. We believe our competitive advantage in this market is driven by several key factors, including strong relationship with ecosystem participants, deep consumer insights into lower-tier market demands, an integrated digital platform and IT infrastructure, an extensive sales network, competitive pricing and brand recognition. However, increased competition or our inability to sustain our competitive advantage could adversely affect our results of operations.

Our Ability to Expand Ecosystem Participants Transacting on Our Platform as well as Maintain and Enhance Relationships with Suppliers and Buyers

Ecosystem participants transacting on our platform include family care and nutrition product vendors and diverse buyers. We also source products from suppliers and rely on OEM suppliers under our self-operated business. Our ability to attract and grow the number of participants on our platform and to maintain and enhance relationships with suppliers and buyers is fundamental to the success of our business, which depends on, among other things, our ability to continue to cultivate an efficient ecosystem, create value for the participants, offer a wide variety of SKUs, facilitate fulfilment and fast delivery, and provide high-quality service to industry participants along the value chain. Our *Hipac* platform efficiently connects participants through a marketplace that streamlines supply chains and facilitates transactions. We have also established strategic cooperation with leading manufacturers, which has enhanced our supply chain capabilities. Increased ecosystem participant base as well as enhanced relationships with suppliers and buyers positively affected each other and formed a virtuous cycle and symbiotic ecosystem, laying a solid foundation for our sustainable development.

We have devoted, and expect to continue to devote, substantial resources to our sales and marketing initiatives. During the Track Record Period, our selling and distribution expenses were RMB309.5 million, RMB255.8 million and RMB255.4 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 29.0%, 24.8% and 18.2% of our total revenue for the same years, respectively. As we continue to scale up our business operations, we expect to achieve greater cost efficiency with our sales and marketing initiatives.

Our Ability to Manage Our Mix of Product and Service Offerings

During the Track Record Period, we generated our revenue primarily from (i) digital marketplace business, where we collect commissions and recognize revenue on a net basis; and (ii) self-operated business, where we generate revenue from sale of products and recognize revenue on a gross basis. As the cost structure and gross profit margin of each business line varies, our business mix may affect our financial performance and results of operations. During the Track Record Period, we recorded higher gross profit margin for digital marketplace business, while we recorded lower gross profit margin for self-operated business, primarily due to the different revenue recognition methods. The decrease in our overall gross profit margin during the Track Record Period was primarily due to the continuously growing contribution from self-operated business, which carries inherently lower gross profit margin due to its business nature and revenue model. See "— Description of Key Statement of Profit or Loss and Consolidated Statements of Comprehensive Income — Gross Profit and Gross Profit Margin" for further details. Changes in our business structure and strategies in the future could have a significant impact on our profitability.

Our Ability to Optimize Cost Structure and Improve Operational Efficiency

While we value and encourage innovation, our ability to achieve and maintain profitability is dependent in part on our ability to control costs. During the Track Record Period, our cost of sales was RMB665.3 million, RMB697.1 million and RMB1,036.1 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 62.4%, 67.5% and 74.0% of our total revenue for the same years, respectively. Our cost of sales primarily consisted of cost of goods, warehousing and logistics costs, transaction processing costs, server costs and staff costs. The largest component of our cost of sales was cost of goods, which amounted to RMB604.4 million, RMB651.5 million and RMB993.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing 90.8%, 93.4% and 95.9% of our total cost of sales for the same years, respectively. Our ability to effectively control such costs as we expand our operations has affected and will continue to affect our financial results. We aim to deepen our collaborations with suppliers to enhance the stability and affordability of supply and optimize our cost structure.

In addition, our operating efficiency is affected by our ability to control operating expenses. We anticipate our operating expenses may increase as we continue to expand our business operations and account for a significant portion of our revenue. In addition, during the Track Record Period, our total staff costs, which include staff costs recorded in cost of sales and employee benefit expenses recorded in selling and distribution expenses, administrative expenses and research and development expenses, amounted to RMB271.9 million, RMB259.1 million and RMB429.3 million, accounted for 25.5%, 25.1% and 30.6% of our revenue for the years ended December 31, 2023, 2024 and 2025, respectively. As we further increase our revenue, we expect to benefit from economies of scale and further improve our operational efficiency.

Seasonality

We experience seasonality in our business, reflecting a combination of traditional retail seasonality patterns and emerging patterns associated with online platforms in particular. We typically record higher revenue in the second half of the year attributable to the promotional campaigns we held, such as the year-end grand promotion in December, which capitalizes on buyers' year-end shopping demands. Moreover, as the year progresses, consumers tend to increase their spending and purchase products in advance in anticipation of the year-end festive season, which in turn boosts our revenue in the second half of the year. We generally experience less user traffic and purchase orders during the Chinese New Year holiday season in the first quarter of each year, when lower-tier market experiences widespread closures as manufacturers halt production and offline retail stores cease operations. See "Business — Seasonality" for more details. The degree of seasonality may vary from year to year due to conditions in the industry and other factors, which makes it difficult for us to predict the level of demand with precision.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and accounting judgments and estimates that we believe are significant to the preparation of our consolidated financial statements. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Our material accounting policies, significant accounting judgments and estimates, which are important for understanding our financial position and results of operations, are set forth in detail in Notes 2.4 and 3 to the Accountants' Report set out in Appendix I to this document.

DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth key consolidated statements of profit or loss and consolidated statements of comprehensive income items for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**1,066,785**	**1,032,399**	**1,400,990**
Cost of sales	(665,325)	(697,094)	(1,036,107)
Gross profit	**401,460**	**335,305**	**364,883**
Other income and gains	39,850	32,471	14,913
Selling and distribution expenses	(309,470)	(255,846)	(255,365)
Administrative expenses	(59,407)	(71,225)	(306,598)
Research and development expenses	(35,335)	(33,585)	(21,849)
Other expenses	(20,024)	(6,693)	(4,595)
Finance costs	(466)	(2,964)	(1,746)
Fair value loss on convertible redeemable preferred shares	(72,989)	(76,183)	(147,776)
Share of loss of an associate	(53)	(106)	(139)
Loss before tax	**(56,434)**	**(78,826)**	**(358,272)**
Income tax credit/(expense)	(106)	1	(419)
Loss for the year	**(56,540)**	**(78,825)**	**(358,691)**
Loss for the year attributable to:			
Owners of the parent	(52,131)	(78,403)	(358,129)
Non-controlling interests	(4,409)	(422)	(562)
	(56,540)	**(78,825)**	**(358,691)**
Total comprehensive loss for the year attributable to:			
Owners of the parent	(83,422)	(111,832)	(311,011)
Non-controlling interests	(4,409)	(422)	(562)
	(87,831)	**(112,254)**	**(311,573)**

Non-HKFRS Financial Measure

We provide adjusted net profit as a non-HKFRS financial measure, which is not required by, or presented in accordance with, HKFRS Accounting Standards. However, our presentation of adjusted net profit (non-HKFRS financial measure) may not be comparable to similarly titled measures presented by other companies. The application of the non-HKFRS financial measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards.

We define adjusted net profit (non-HKFRS financial measure) as loss for the year adjusted by adding back fair value loss on convertible redeemable preferred shares, equity-settled share-based payments and [REDACTED] expenses. In particular, [REDACTED] expenses are expenses relating to the [REDACTED]. Fair value gain or loss on convertible redeemable preferred shares are related to the redemption right granted to our [REDACTED] Investors and the promissory notes issued to certain [REDACTED] Investors in May 2024 (the "**Old PNs**"). The Old PNs were terminated prior to our initial submission of [REDACTED] application in June 2025. As all Preferred Shares will be automatically converted to ordinary shares upon [REDACTED], such convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED].

The following table reconciles our adjusted net profit (non-HKFRS financial measure) for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss for the year	**(56,540)**	**(78,825)**	**(358,691)**
Add:			
Fair value loss on convertible redeemable preferred shares	72,989	76,183	147,776
Equity-settled share-based payments	2,852	28,411	237,654
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-HKFRS financial measure)	**19,301**	**25,769**	**42,559**

Revenue

The following table sets forth the breakdown of our revenue by business line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
Digital marketplace business	296,236	27.8	229,335	22.2	180,732	12.9
Self-operated business	767,800	71.9	801,826	77.7	1,216,106	86.8
General self-operated business	443,067	41.5	579,623	56.2	1,064,663	76.0
Proprietary brand business	324,733	30.4	222,203	21.5	151,443	10.8
Others(1)	2,749	0.3	1,238	0.1	4,152	0.3
Total	**1,066,785**	**100.0**	**1,032,399**	**100.0**	**1,400,990**	**100.0**

Note:

(1) Others primarily comprise revenue generated from offline matchmaking services for upstream vendors selling infant formula, cosmetics and electronic products to downstream buyers in rare circumstances, which was recorded on a net basis as we did not control the inventories prior to their delivery to the buyers.

Digital Marketplace Business

Revenue generated from digital marketplace business consists of commissions from vendors based on the GMV of their sales on our *Hipac* platform. We act as an agent under such business as we do not control the specified products prior to their delivery to the buyers.

Our revenue generated from digital marketplace business decreased during the Track Record Period, mainly because we strategically shifted our business focus from scale-oriented development to profit-oriented development since 2022. As the cornerstone of our business, our digital marketplace business has achieved substantial growth during the past decade, during which we have fostered deep collaboration with upstream brands, distributors and manufacturers, as well as built a royal downstream buyer base. Leveraging our established advantages in operating our digital marketplace, we strategically devoted more resources to the development of our self-operated business during the Track Record Period, where we maintained full control over supplier selection, pricing strategies, brand management, inventory management, delivery and after-sales customer services, to fully release the growth potential brought by user traffic on our platform. During the Track Record Period, we deepened our collaboration with upstream vendors through negotiating direct procurement or designated channel arrangements, and successfully transitioned certain product categories with high brand concentration and strong downstream demand, such as infant formula, from digital marketplace business, where we only charge commissions based on the GMV of their sales, to our self-operated business, where we directly procure products from them and recognize revenue on a gross basis from our subsequent products sales.

For the years ended December 31, 2023, 2024 and 2025, the average commission rates we charged under the digital marketplace business were approximately 2.6%, 2.3% and 2.0%, respectively, and our gross profit margin of our digital marketplace business was 91.4%, 91.5% and 91.0% for the same years respectively. Therefore, the average conversion rate of GMV to gross profit under the digital marketplace business was approximately 2.4%, 2.1% and 1.8% for the years ended December 31, 2023, 2024 and 2025, respectively. The decrease in the average commission rates during the Track Record Period was in line with our strategic business adjustment, where we transitioned certain infant formula products, for which we historically charged relatively high commission rates, from digital marketplace business to our self-operated business to further enhance our profit efficiency.

Self-operated Business

Revenue generated from our self-operated business primarily consists of payments for the sale of family care and nutrition products. We act as a principal under our self-operated business, and recognize revenue on a gross basis.

Our revenue generated from self-operated business increased during the Track Record Period, primarily attributable to our strategic shift from a scale-driven approach to a profitability-focused model. See "— Year to Year Comparison of Results of Operations" for details. Notwithstanding the larger scale of GMV generated by our digital marketplace business, our self-operated business demonstrates significantly stronger profit efficiency attributable to our deeper integration into the industry value chain, as compare with merely charging commissions under the digital marketplace business. The average conversion rate of GMV to gross profit under self-operated business was 13.4%, 12.3% and 13.0% for the years ended December 31, 2023, 2024 and 2025, respectively, which is substantially higher than the conversion rate of our digital marketplace business for the same years. The difference in the GMV-to-gross profit conversion rate between our business lines further validates that our strategic shift from a scale-driven approach to a profitability-focused model is conducive to the long-term and sustainable growth of our business.

Cost of Sales

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Cost of goods	604,392	90.8	651,488	93.4	993,865	95.9
Warehousing and logistics costs	35,345	5.3	26,161	3.8	25,953	2.5
Transaction processing costs	15,078	2.3	9,941	1.4	8,566	0.8
Server costs	5,862	0.9	5,239	0.8	4,259	0.4
Staff costs	4,648	0.7	4,265	0.6	3,464	0.4
Total	**665,325**	**100.0**	**697,094**	**100.0**	**1,036,107**	**100.0**

Cost of goods primarily comprise product procurement costs for general self-operated business and fees paid to OEM suppliers for our proprietary brand business. Being our largest cost component, cost of goods increased during the Track Record Period, which was generally in line with our revenue generated from self-operated business.

Warehousing and logistics costs relate to the warehousing and product delivery to customers under self-operated business. The majority of these costs are attributed to disposable diapers, as well as the logistics costs incurred for products sold to consumers via our self-operated stores on major e-commerce platforms, which typically feature smaller average sale amounts and higher logistics costs per order. The relatively lower warehousing and logistics costs in 2024 was generally in line with the reduced sales to consumers through major e-commerce platforms.

Transaction processing costs represent transaction processing fees paid to third-party payment service providers in connection with our digital marketplace business. Transaction processing costs decreased during the Track Record Period, which was generally in line with our revenue generated from digital marketplace business, and was also attributable to the reduced fee rates charged by third-party payment service providers benefiting from our elevated bargaining power aligning with our industry leading position, and our collaboration with third-party payment service providers under more favorable fee rates.

Server costs comprise the maintenance costs of our self-built data center and the costs of cloud services provided by third parties in connection with our digital marketplace. Server costs decreased during the Track Record Period, mainly due to our shift from self-built data center to third-party cloud services starting from 2023, to optimize operational efficiency and reduce expenses.

Staff costs represent salaries, bonuses, pension and other social security and welfare of our full-time customer service and operational staff under our digital marketplace business. Our staff costs decreased during the Track Record Period, mainly due to our concerted efforts to streamline our full-time customer service and operational staff, optimize our labor structure and enhance overall operational efficiency. Our full-time customer service and operational team under staff cost has been downsized from approximately 70 in 2023 to approximately 40 in 2025.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Digital marketplace business	25,588	3.8	19,445	2.8	16,289	1.6
Self-operated business	639,737	96.2	677,649	97.2	1,019,818	98.4
General self-operated business	412,772	62.0	536,593	77.0	939,962	90.7
Proprietary brand business	226,965	34.2	141,056	20.2	79,856	7.7
Others	—	—	—	—	—	—
Total	**665,325**	**100.0**	**697,094**	**100.0**	**1,036,107**	**100.0**

For analysis on fluctuations in cost of sales by business line, see "— Year to Year Comparison of Results of Operations" for details.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Digital marketplace business	270,648	91.4	209,890	91.5	164,443	91.0
Self-operated business	128,063	16.7	124,177	15.5	196,288	16.1
General self-operated business	30,295	6.8	43,030	7.4	124,701	11.7
Proprietary brand business	97,768	30.1	81,147	36.5	71,587	47.3
Others	2,749	100.0	1,238	100.0	4,152	100.0
Total	**401,460**	**37.6**	**335,305**	**32.5**	**364,883**	**26.0**

Our gross profit decreased in 2024, primarily due to (i) decreased gross profit from our digital marketplace business, which was generally in line with our reduced revenue generated from such business line; and (ii) decreased gross profit from our proprietary brand business as a result of declined gross profit from our proprietary brand, *Wonder Miao*, which aligned with its reduced revenue as we strategically shifted focus towards meticulous operations and cost-effectiveness, moving away from reliance on heavy promotional expenditure across major e-commerce platforms.

Our gross profit increased in 2025, primarily attributable to increased gross profit from general self-operated business, as we strengthened our collaboration with upstream infant formula brands through direct procurement or designated channel arrangements, thereby expanding our portfolio of infant formula brands under our self-operated business. Such increase was partially offset by decreased gross profit from our digital marketplace business, which was generally in line with our reduced revenue generated from such business line.

Our gross profit margin decreased during the Track Record Period, primarily due to the strategic adjustment of our business focus to self-operated business which bears lower gross profit margin but stronger profit efficiency. See "— Year to Year Comparison of Results of Operations" for details.

Other Income and Gains

Our other income and gains primarily consist of (i) government grants; (ii) investment income realized from our wealth management products and time deposits; (iii) bank interest income on current bank balances; (iv) income from licensing out of a trademark, representing one-off trademark royalties for licensing our trademark to facilitate the distribution of our proprietary brand collections; (v) platform management income, representing penalties imposed on vendors for non-compliance with our platform management standards, and elective membership fees for utilizing our *Hipac* platform; (vi) VAT and other tax benefits, which mainly represent additional deduction of input VAT and other tax preferences; (vii) net foreign exchange differences on bank deposits denominated in foreign currencies held by our Company and our offshore subsidiary; (viii) fair value gain of financial assets at FVTPL, representing unrealized gain from the fair value changes of our wealth management products; and (ix) gain on disposal of items of property, plant and equipment, which mainly represent disposal of our self-built data center in connection with our digital marketplace.

The following table sets forth a breakdown of other income and gains for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Other income						
Government grants	9,563	24.0	2,830	8.7	5,493	36.8
Investment income	15,116	37.9	11,005	33.9	1,149	7.7
Bank interest income	9,025	22.6	7,504	23.1	1,894	12.7
Income from licensing out of a trademark[1]	—	—	6,604	20.3	—	—
Platform management income	3,976	10.0	2,805	8.6	3,636	24.4
VAT and other tax benefits	1,223	3.1	482	1.5	506	3.4
Foreign exchange differences, net	—	—	—	—	1,766	11.9
Others	274	0.7	149	0.5	302	2.0
Total other income	39,177	98.3	31,379	96.6	14,746	98.9
Gains						
Fair value gain of financial assets at FVTPL	178	0.4	1,092	3.4	—	—
Gain on disposal of items of property, plant and equipment	495	1.3	—	—	167	1.1
Total gains	673	1.7	1,092	3.4	167	1.1
Total other income and gains	**39,850**	**100.0**	**32,471**	**100.0**	**14,913**	**100.0**

Note:

(1) We designed the packaging of a infant formula product and holds the the relevant copyright and the trademark featured on the packaging. In January 2024, we licensed such trademark and copyright to the OEM supplier and offline trading partner of such infant formula to facilitate the distribution of such infant formula, in exchange for a one-off royalty fee of RMB6.6 million. The licensing of the copyright is for a perpetual term, and the licensing of the trademark is valid until the expiry date of the trademark. The royalty fee was determined after arm's length negotiations, taking into account the validity term of the trademark and the infant formula registration certificate of such product.

Government grants recognized under other income and gains primarily represent incentives awarded by local government authorities (i) in recognition of our commercial innovation, economic contribution, and/or business achievements, (ii) in connection with the individual income tax handling fee, and (iii) for providing stable jobs (政府穩崗補貼), all of which are generally non-recurring in nature. There were no unfulfilled conditions or contingencies attached to these government grants.

Our other income and gains decreased in 2024, primarily attributable to (i) decreased government grants; (ii) lower investment income realized from our investments in wealth management products and time deposits; and (iii) lower bank interest income. Our other income and gains further decreased in 2025, primarily due to (i) lower investment income realized from our investments in wealth management products and time deposits; (ii) decreased income from licensing out of a trademark as we did not record similar income in 2025; and (iii) lower bank interest income, which is in line with decreased current bank balances in 2025. See "— Year to Year Comparison of Results of Operations" for details.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses, representing salaries, bonuses and share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) advertising and promotion expenses primarily relating to the online advertising and promotion of our proprietary brand business; (iii) marketing service expenses, which mainly represent service fees for third-party marketing service providers; (iv) office, utilities and travelling expenses incurred by our sales and marketing personnel; and (v) depreciation and amortization, representing depreciation of equipment, leasehold improvements and right-of-use assets in connection with our sales and marketing activities, and amortization in relation to software which are classified as other intangible assets used for our sales and marketing activities.

The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Employee benefit expenses	198,712	64.2	181,874	71.1	143,256	56.1
Advertising and promotion expenses	52,809	17.1	22,445	8.8	59,823	23.4
Marketing service expenses	37,867	12.2	37,911	14.8	40,504	15.9
Office, utilities and travelling expenses	14,763	4.8	10,020	3.9	9,258	3.6
Depreciation and amortization	3,209	1.0	2,470	1.0	1,171	0.5
Others(1)	2,110	0.7	1,126	0.4	1,353	0.5
Total	**309,470**	**100.0**	**255,846**	**100.0**	**255,365**	**100.0**

Note:

(1) Others primarily comprise short-term lease expenses and marketing sample fees incurred by our sales and marketing personnel.

Our selling and distribution expenses decreased in 2024, primarily due to (i) decreased advertising and promotion expenses, mainly because we strategically shifted focus towards meticulous operations of our proprietary brand business and cost-effectiveness, moving away from reliance on heavy promotional expenditure across major e-commerce platforms; and (ii) decreased employee benefit expenses resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency. Our selling and distribution expenses remained relatively stable in 2025. Our direct sales and marketing team under selling and distribution expenses has been downsized from over 1,000 in 2023 to approximately 700 in 2025. See "— Year to Year Comparison of Results of Operations" for details.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, representing salaries, bonuses and share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) professional service fees, representing (a) legal, auditing and consulting service fees in our ordinary course of business, (b) process outsourcing fees we paid to third parties for certain preliminary administrative activities we outsourced, and (c) fees for utilizing administrative software systems developed by third-parties; (iii) tax and surcharges, mainly including urban construction tax and education surcharge; (iv) office, utilities and travelling expenses incurred by our administrative personnel; (v) depreciation and amortization, representing depreciation of equipment, leasehold improvements and right-of-use assets in connection with our administrative activities, and amortization in relation to software which are classified as other intangible assets used for our administrative activities; and (vi) [REDACTED] expenses.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Employee benefit expenses	37,724	63.6	43,529	61.2	263,863	86.1
Professional service fees	9,999	16.8	17,389	24.4	17,628	5.7
Tax and surcharges	3,946	6.6	3,026	4.2	3,177	1.0
Office, utilities and travelling expenses	2,815	4.7	3,429	4.8	4,143	1.4
Depreciation and amortization	3,732	6.3	1,764	2.5	808	0.3
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others[1]	1,191	2.0	2,088	2.9	1,159	0.3
Total	**59,407**	**100.0**	**71,225**	**100.0**	**306,598**	**100.0**

Note:

(1) Others mainly comprise short-term lease expenses, bank charges and conference fees incurred by our administrative personnel.

Our administrative expenses increased in 2024, primarily attributable to (i) increased professional service fees, resulting from (a) increased legal and consulting fees relating to our business operations; (b) increased process outsourcing fees as we outsourced certain preliminary administrative activities to third parties in 2024 to enhance cost-effectiveness; and (c) increased fees for administrative software system we utilized; and (ii) increased employee benefit expenses, resulting from higher share-based payment expenses relating to the [REDACTED] Share Incentive Schemes. Our administrative expenses further increased in 2025, primarily attributable to (i) increased employee benefit expenses as a result of increased share-based payment expenses we incurred relating to the [REDACTED] Share Incentive Schemes; and (ii) increased [REDACTED] expenses. For more details, see "— Year to Year Comparison of Results of Operations."

Research and Development Expenses

Our research and development expenses relate to our R&D activities of our digital marketplace and proprietary brand collections, which primarily consist of (i) employee benefit expenses, representing salaries, bonuses and share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; (ii) professional service fees, representing fees associated with consulting and professional services and fees for utilizing technological software systems developed by third-parties; and (iii) depreciation and amortization, representing depreciation of equipment, leasehold improvements and right-of-use assets in connection with our R&D activities and facilities, and amortization in relation to software which are classified as other intangible assets used for our R&D activities.

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Employee benefit expenses	30,812	87.3	29,463	87.8	18,683	85.5
Professional service fees	968	2.7	1,826	5.4	1,592	7.3
Depreciation and amortization	2,841	8.0	1,945	5.8	986	4.5
Others(1)	714	2.0	351	1.0	588	2.7
Total	**35,335**	**100.0**	**33,585**	**100.0**	**21,849**	**100.0**

Note:

(1) Others mainly comprise office, utilities and travelling expenses and short-term lease expenses incurred by our R&D personnel.

Our research and development expenses decreased during the Track Record Period, primarily due to decreased employee benefit expenses resulting from our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency as we completed substantial development process for our digital platform and achieved stable and mature performance after continuous upgrades. Our R&D team under research and development expenses has been downsized from approximately 60 in 2023 to approximately 50 in 2025. Our backbone R&D personnel for our core business and product line remained relatively stable during the Track Record Period. Therefore, we did not experience any shortages of R&D personnel, and this optimization did not have a material adverse effect on our R&D activities. The decrease in depreciation and amortization during the Track Record Period was in line with the downsize of our R&D team. See "— Year to Year Comparison of Results of Operations" for details.

Other Expenses

Our other expenses primarily comprise (i) net foreign exchange differences on wealth management products denominated in foreign currencies held by our Company and our offshore subsidiary; (ii) impairment of other intangible assets arising from impairment of a trademark; and (iii) net impairment losses on financial assets, primarily representing net impairment losses on trade receivables and other receivables.

The following table sets forth a breakdown of our other expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*% of total*	*RMB'000*	*% of total*	*RMB'000*	*% of total*
Foreign exchange differences, net	5,980	29.9	4,815	71.9	—	—
Impairment of other intangible assets	11,437	57.1	—	—	—	—
Impairment losses on financial assets, net	1,175	5.9	1,443	21.6	3,483	75.8
Others(1)	1,432	7.1	435	6.5	1,112	24.2
Total	**20,024**	**100.0**	**6,693**	**100.0**	**4,595**	**100.0**

Note:

(1) Others mainly comprise scrap of packaging materials for our products, donations made by us and penalties incurred for early termination of a warehousing contract.

Our other expenses decreased in 2024, mainly because we recorded an impairment of a trademark of RMB11.4 million in 2023. See "— Discussion of Certain Key Items of Consolidated Statements of Financial Position — Other Intangible Assets" for details of the impairment of a trademark. Our other expenses further decreased in 2025, primarily due to decreased foreign exchange losses resulting from the appreciation of Renminbi against U.S. dollar in 2025.

Finance Costs

Our finance costs primarily consist of (i) interest on bank loans; (ii) interest on bank loans from discounting bills receivable and letter of credit relating to the discount fee for acceptance bills and letter of credit; and (iii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	3	163	678
Interest on bank loans from discounting bills receivable and letter of credit	—	2,664	988
Interest on lease liabilities	463	137	80
Total	**466**	**2,964**	**1,746**

Our finance costs significantly increased in 2024 due to the interest on bank loans from discounting bills receivable and letter of credit resulting from the discount of certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million. Our finance costs decreased in 2025, primarily due to decreased interest on bank loans from discounting bills receivable and letter of credit as a result of less bills receivable discounted as well as lower bank interest rate on such discounting in 2025.

Fair Value Loss on Convertible Redeemable Preferred Shares

Our fair value loss on convertible redeemable preferred shares arise primarily from the changes in the carrying amount of our Preferred Shares. We recorded fair value losses of convertible redeemable preferred shares of RMB73.0 million, RMB76.2 million and RMB147.8 million in 2023, 2024 and 2025, respectively, resulting from the increase in fair value of convertible redeemable preferred shares. All Preferred Shares will be automatically converted to ordinary shares upon the [REDACTED], and we will no longer recognize fair value changes thereof. For more details, please see "History, Reorganization and Corporate Structure — [REDACTED] Investments — (2) Special Rights" and Note 27 to the Accountants' Report set out in Appendix I to this document.

Share of Loss of an Associate

We recorded share of loss of an associate of RMB53.0 thousand, RMB106.0 thousand and RMB139.0 thousand in 2023, 2024 and 2025, respectively. Our share of results of an associate was from Hangzhou Beiqi Intelligent Technology Co., Ltd. (杭州貝奇智能科技有限公司) ("**Hangzhou Beiqi**"), in which we held 42% equity interest as of the Latest Practicable Date. We expect that our share of results of an associate will not have a significant impact on our results of operations in the near future.

Income Tax Credit/(expense)

During the Track Record Period, our income tax credit or expense consists of current income tax and deferred income tax, which comprises PRC corporate income tax and Hong Kong profits tax. The following table sets forth a breakdown of our income tax credit or expense for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Charge for the year	106	—	419
Overprovision in prior years	—	(1)	—
Total tax charge/(credit) for the year	**106**	**(1)**	**419**

We are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Pursuant to the laws and regulations of the Cayman Islands, our Company and subsidiaries are not subject to any income tax in the Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands. Pursuant to the relevant tax law of Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the relevant years. During the Track Record Period, our PRC subsidiaries were subject to the statutory EIT rate of 25%, except Hangzhou Yangtuo Internet, which enjoyed a preferential EIT rate of 15% for their high-tech enterprises status throughout the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 35.7% from RMB1,032.4 million for the year ended December 31, 2024 to RMB1,401.0 million for the year ended December 31, 2025.

Digital Marketplace Business

Our revenue generated from digital market business decreased by 21.2% from RMB229.3 million for the year ended December 31, 2024 to RMB180.7 million for the year ended December 31, 2025, mainly due to the strategic adjustment of our business focus from scale-oriented development to profit-oriented development, where we devoted more resources to the development of our self-operated business.

Self-operated Business

Our revenue generated from self-operated business increased by 51.7% from RMB801.8 million for the year ended December 31, 2024 to RMB1,216.1 million for the year ended December 31, 2025, mainly attributable to the increase in our general self-operated business being partially offset by the decrease in our proprietary brand business.

Our revenue generated from general self-operated business increased by 83.7% from RMB579.6 million for the year ended December 31, 2024 to RMB1,064.7 million for the year ended December 31, 2025, mainly attributable to the substantial growth of infant formula benefiting from deepened collaboration with upstream infant formula brands through negotiating direct procurement or designated channel arrangements, as well as the growth of non-edible family care products resulting from the transition of disposable diapers from proprietary brand business to general self-operated business since July 2025.

Our revenue generated from proprietary brand business decreased by 31.8% from RMB222.2 million for the year ended December 31, 2024 to RMB151.4 million for the year ended December 31, 2025, mainly due to decreases in food, snacks and supplements for infants and toddlers aged below three years old impacted by the historical declines in China's birth rate and newly-born population, as well as the aforementioned transition of disposable diapers from proprietary brand business to general self-operated business, which were partially offset by an increase in dietary supplements targeting broader customer groups.

Cost of Sales

Our cost of sales increased by 48.6% from RMB697.1 million for the year ended December 31, 2024 to RMB1,036.1 million for the year ended December 31, 2025.

Digital Marketplace Business

Our cost of sales of digital market business decreased by 16.2% from RMB19.4 million for the year ended December 31, 2024 to RMB16.3 million for the year ended December 31, 2025, which was generally in line with the decreased revenue generated from such business line.

Self-operated Business

Our cost of sales of self-operated business increased by 50.5% from RMB677.6 million for the year ended December 31, 2024 to RMB1,019.8 million for the year ended December 31, 2025, which was generally in line with the revenue growth in such business line.

Our cost of sales of general self-operated business increased by 75.2% from RMB536.6 million for the year ended December 31, 2024 to RMB940.0 million for the year ended December 31, 2025, generally aligning with the revenue growth in such business line.

Our cost of sales of proprietary brand business decreased by 43.4% from RMB141.1 million for the year ended December 31, 2024 to RMB79.9 million for the year ended December 31, 2025, mainly due to less fees paid to OEM suppliers aligning with our decreased revenue generated from such business line.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 8.8% from RMB335.3 million for the year ended December 31, 2024 to RMB364.9 million for the year ended December 31, 2025, with our gross profit margin decreased from 32.5% for the year ended December 31, 2024 to 26.0% for the year ended December 31, 2025.

Digital Marketplace Business

Our gross profit margin of digital marketplace business remained relatively stable at 91.5% for the year ended December 31, 2024 and 91.0% for the year ended December 31, 2025.

Self-operated Business

Our gross profit margin of self-operated business increased from 15.5% for the year ended December 31, 2024 to 16.1% for the year ended December 31, 2025, primarily attributable to the higher revenue contribution from channel exclusive products, which we generally have higher gross profit margins benefiting from our price and channel control initiatives.

Our gross profit margin of general self-operated business increased from 7.4% for the year ended December 31, 2024 to 11.7% for the year ended December 31, 2025, mainly attributable to increased gross profit margin from infant formula through negotiating direct procurement from upstream infant formula brands and designated channel arrangements with them leveraging our deepened collaboration relationships.

Our gross profit margin of proprietary brand business increased from 36.5% for the year ended December 31, 2024 to 47.3% for the year ended December 31, 2025, mainly attributable to (i) our successful launch of proprietary dietary supplement products, which have higher gross profit margin due to their higher pricing than our other proprietary products, reflecting their specialized ingredients and functional value; and (ii) the aforementioned transition of disposable diapers with poor performance from proprietary brand business to general self-operated business.

Other Income and Gains

Our other income and gains decreased by 54.1% from RMB32.5 million for the year ended December 31, 2024 to RMB14.9 million for the year ended December 31, 2025, primarily due to (i) a decrease of RMB9.9 million in investment income realized from our investments in wealth management products and time deposits as we redeemed such products in 2025; (ii) a decrease of

RMB6.6 million in income from licensing-out of a trademark as we did not record similar income in 2025; and (iii) a decrease of RMB5.6 million in bank interest income aligning with decreased current bank balances in 2025.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB255.8 million for the year ended December 31, 2024 and RMB255.4 million for the year ended December 31, 2025, mainly attributable to the increase in advertising and promotion expenses relating to the online advertising and promotion for dietary supplements under our proprietary brand business, which was largely offset by the decrease in employee benefit expenses resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency.

Administrative Expenses

Our administrative expenses increased from RMB71.2 million for the year ended December 31, 2024 to RMB306.6 million for the year ended December 31, 2025, primarily attributable to (i) an increase of RMB220.3 million in employee benefit expenses resulting from higher share-based payment expenses relating to the [REDACTED] Share Incentive Schemes; and (ii) an increase of RMB15.8 million in [REDACTED] expenses.

Research and Development Expenses

Our research and development expenses decreased by 34.9% from RMB33.6 million for the year ended December 31, 2024 to RMB21.8 million for the year ended December 31, 2025, primarily due to (i) a decrease of RMB10.8 million in employee benefit expenses resulting from our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency as our digital marketplace achieved stable and mature performance after continuous upgrades; and (ii) a decrease of RMB1.0 million in depreciation and amortization in line with the downsize of our R&D team.

Other Expenses

Our other expenses decreased by 31.3% from RMB6.7 million for the year ended December 31, 2024 to RMB4.6 million for the year ended December 31, 2025, primarily due to a decrease of RMB4.8 million in foreign exchange losses resulting from the appreciation of Renminbi against U.S. dollar in 2025.

Finance Costs

Our finance costs decreased by 41.1% from RMB3.0 million for the year ended December 31, 2024 to RMB1.7 million for the year ended December 31, 2025, primarily due to a decrease of RMB1.7 million in interest on bank loans from discounting bills receivable and letter of credit as a result of less bills receivable discounted as well as lower bank interest rate on such discounting in 2025.

Income Tax Expense/(credit)

We recorded income tax credit of RMB1.0 thousand for the year ended December 31, 2024, and recorded income tax expense of RMB419.0 thousand for the year ended December 31, 2025.

Loss for the year

As a result of the foregoing, our net loss for the year increased from RMB78.8 million for the year ended December 31, 2024 to RMB358.7 million for the year ended December 31, 2025, primarily due to increases in fair value loss on convertible redeemable preferred shares, share-based payment expenses we incurred relating to the [REDACTED] Share Incentive Schemes and [REDACTED] expenses. Our net loss margin increased from 7.6% for the year ended December 31, 2024 to 25.6% for the year ended December 31, 2025.

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

Revenue

Our revenue remained relatively stable at RMB1,066.8 million for the year ended December 31, 2023 and RMB1,032.4 million for the year ended December 31, 2024.

Digital Marketplace Business

Our revenue generated from digital marketplace business decreased by 22.6% from RMB296.2 million for the year ended December 31, 2023 to RMB229.3 million for the year ended December 31, 2024, mainly because we strategically shifted our business focus from scale-oriented development to profit-oriented development. As the cornerstone of our business, our digital marketplace business has achieved substantial growth during the past decade, during which we have fostered deep collaboration with upstream brands, distributors and manufacturers, as well as built a royal downstream buyer base. Leveraging our established advantages in operating our digital marketplace, we strategically devoted more resources to the development of our self-operated business during the Track Record Period, where we maintained full control over supplier selection, pricing strategies, brand management, inventory management, delivery and after-sales customer services, to fully release the growth potential brought by user traffic on our platform. During the Track Record Period, we deepened our collaboration with upstream vendors through negotiating direct procurement or designated channel arrangements, and successfully transitioned certain product categories with high brand concentration and strong downstream demand, such as infant formula, from digital marketplace business, where we only charge commissions based on the GMV of their sales, to our self-operated business, where we directly procure products from them and recognize revenue on a gross basis from our subsequent products sales.

Self-operated Business

Our revenue generated from self-operated business remained relatively stable at RMB767.8 million for the year ended December 31, 2023 and RMB801.8 million for the year ended December 31, 2024, primarily attributable to the increase in our general self-operated business being largely offset by the decrease in our proprietary brand business.

Our revenue generated from general self-operated business increased by 30.8% from RMB443.1 million for the year ended December 31, 2023 to RMB579.6 million for the year ended December 31, 2024, primarily attributable to (i) the rising revenue from infant formula resulting from our deepened collaboration with upstream infant formula brands through negotiating direct procurement or designated channel arrangements, thereby increasing the scope of infant formula brands under our general self-operated business; and (ii) increased revenue generated from dietary supplements, which was attributable to the expansion of our product portfolio under general self-operated business, and was also in tandem with the heightened awareness of family health preservation in the post-pandemic era, whereby dietary supplements have progressively evolved into daily necessities.

Our revenue generated from proprietary brand business decreased by 31.6% from RMB324.7 million for the year ended December 31, 2023 to RMB222.2 million for the year ended December 31, 2024, mainly because we reduced our marketing investments in certain non-core sales channels for operational efficiency, and optimized our proprietary SKU portfolio to focus on products with higher repeat purchase rates and higher margins, which was in line with our strategic shift from a scale-driven approach to a profitability-focused model.

Cost of Sales

Our cost of sales remained relatively stable at RMB665.3 million for the year ended December 31, 2023 and RMB697.1 million for the year ended December 31, 2024.

Digital Marketplace Business

Our cost of sales of digital marketplace business decreased by 24.0% from RMB25.6 million for the year ended December 31, 2023 to RMB19.4 million for the year ended December 31, 2024, which was generally in line with the decreased revenue generated from such business line, as well as our shift from self-built data center to third-party cloud services starting from 2023, to optimize operational efficiency and reduce expenses.

Self-operated Business

Our cost of sales of self-operated business increased by 5.9% from RMB639.7 million for the year ended December 31, 2023 to RMB677.6 million for the year ended December 31, 2024, which was generally in line with the revenue growth in such business line.

Our cost of sales of general self-operated business increased by 30.0% from RMB412.8 million for the year ended December 31, 2023 to RMB536.6 million for the year ended December 31, 2024, generally aligning with the increased revenue generated from such business line.

Our cost of sales of proprietary brand business decreased by 37.9% from RMB227.0 million for the year ended December 31, 2023 to RMB141.1 million for the year ended December 31, 2024, primarily due to less fees paid to OEM suppliers as we optimized our proprietary SKU portfolio to focus on products with higher repeat purchase rates and higher margins.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 16.5% from RMB401.5 million for the year ended December 31, 2023 to RMB335.3 million for the year ended December 31, 2024, with our gross profit margin decreased from 37.6% for the year ended December 31, 2023 to 32.5% for the year ended December 31, 2024.

Digital Marketplace Business

Our gross profit margin of digital marketplace business remained relatively stable at 91.4% for the year ended December 31, 2023 and 91.5% for the year ended December 31, 2024.

Self-operated Business

Our gross profit margin of self-operated business decreased from 16.7% for the year ended December 31, 2023 to 15.5% for the year ended December 31, 2024, primarily due to the higher proportion of our general self-operated business, which commands a relatively lower gross profit margin as compared with our proprietary brand business. Notably, the relatively lower gross profit margin of general self-operated business is mainly attributable to infant formula products, especially world top brands, which generally have lower gross profit margins due to their high penetration in the market, relatively transparent profit margins, higher procurement costs and higher bonded warehousing and logistics costs for imported infant formula products.

Our gross profit margin of general self-operated business increased from 6.8% for the year ended December 31, 2023 to 7.4% for the year ended December 31, 2024, primarily attributable to increased gross profit margin from infant formula through negotiating direct procurement from upstream infant formula brands leveraging our deepened collaboration relationships.

Our gross profit margin of proprietary brand business increased from 30.1% for the year ended December 31, 2023 to 36.5% for the year ended December 31, 2024, mainly attributable to our successful launch of proprietary dietary supplement brands, such as *Doctor Jepson* and *Prospace*, which have higher gross profit margin due to their higher pricing than our other proprietary products, reflecting their specialized ingredients and functional value.

Other Income and Gains

Our other income and gains decreased by 18.5% from RMB39.9 million for the year ended December 31, 2023 to RMB32.5 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB6.7 million in government grants; (ii) a decrease of RMB4.1 million in investment income realized from our investments in wealth management products resulting from lower investment return rate; and (iii) a decrease of RMB1.5 million in bank interest income, resulting from the lower overall demand bank deposit interest rates in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 17.3% from RMB309.5 million for the year ended December 31, 2023 to RMB255.8 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB30.4 million in advertising and promotion expenses, mainly because we strategically shifted focus towards meticulous operations of our proprietary brand business and cost-effectiveness, moving away from reliance on heavy promotional expenditure across major e-commerce platforms; and (ii) a decrease of RMB16.8 million in employee benefit expenses, resulting from our concerted efforts to streamline our direct sales and marketing team, optimize our labor structure and enhance overall operational efficiency.

Administrative Expenses

Our administrative expenses increased by 19.9% from RMB59.4 million for the year ended December 31, 2023 to RMB71.2 million for the year ended December 31, 2024, primarily attributable to (i) an increase of RMB7.4 million in professional service fees, resulting from (a) increased legal and consulting fees relating to our business operations; (b) increased process outsourcing fees as we outsourced certain preliminary administrative activities to third parties in 2024 to enhance cost-effectiveness; and (c) increased fees for administrative software system we utilized; and (ii) an increase of RMB5.8 million in employee benefit expenses, resulting from higher share-based payment expenses relating to the [REDACTED] Share Incentive Schemes.

Research and Development Expenses

Our research and development expenses decreased by 5.0% from RMB35.3 million for the year ended December 31, 2023 to RMB33.6 million for the year ended December 31, 2024, primarily due to (i) a decrease of RMB1.3 million in employee benefit expenses resulting from our concerted efforts to streamline our R&D team, optimize our labor structure and enhance overall operational efficiency as our digital marketplace achieved stable and mature performance after continuous upgrades; and (ii) a decrease of RMB0.9 million in depreciation and amortization in line with the downsize of our R&D team.

Other Expenses

Our other expenses decreased significantly by 66.6% from RMB20.0 million for the year ended December 31, 2023 to RMB6.7 million for the year ended December 31, 2024, mainly because we recorded an impairment of a trademark of RMB11.4 million in 2023, whereas no similar impairment loss was recognized in 2024.

Finance Costs

Our finance costs significantly increased from RMB0.5 million for the year ended December 31, 2023 to RMB3.0 million for the year ended December 31, 2024, primarily attributable to the interest on bank loans from discounting bills receivable and letter of credit resulting from the discount of certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million.

Income Tax Expense/(credit)

We recorded income tax expense of RMB106.0 thousand for the year ended December 31, 2023, and we recorded income tax credit of RMB1.0 thousand for the year ended December 31, 2024.

Loss for the Year

As a result of the foregoing, our net loss for the year increased by 39.4% from RMB56.5 million for the year ended December 31, 2023 to RMB78.8 million for the year ended December 31, 2024. Our net loss margin increased from 5.3% for the year ended December 31, 2023 to 7.6% for the year ended December 31, 2024.

DISCUSSION OF CERTAIN KEY ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	1,366	380	16,455
Right-of-use assets	5,545	1,386	13,050
Other intangible assets	5,427	4,478	3,490
Investments in an associate	18,650	18,544	18,405
Equity investments designated at FVTOCI	2,294	1,849	911
Time deposits	92,080	104,583	—
Total non-current assets	**125,362**	**131,220**	**52,311**
Current assets			
Inventories	46,826	74,737	52,370
Trade receivables	6,028	13,535	4,671
Prepayments, deposits and other receivables	118,397	127,488	153,758
Financial assets at FVTPL	25,458	46,092	—
Derivative financial instruments	1,734	—	—
Pledged and time deposits	148,372	33,263	11,728
Restricted cash	7,680	4,942	154,053
Cash and cash equivalents	388,274	368,461	165,102
Total current assets	**742,769**	**668,518**	**541,682**
Current liabilities			
Trade payables	13,773	14,645	10,948
Other payables and accruals	345,728	247,983	224,756
Derivative financial instruments	2,016	—	—
Convertible redeemable preferred shares	2,366,843	2,399,990	2,323,429
Interest-bearing bank borrowings	2,199	137,162	96,500
Lease liabilities	4,594	1,146	—
Due to related parties	49,177	—	73
Tax payable	—	—	159
Total current liabilities	**2,784,330**	**2,800,926**	**2,655,865**

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net current liabilities	**(2,041,561)**	**(2,132,408)**	**(2,114,183)**
Total assets less current liabilities	**(1,916,199)**	**(2,001,188)**	**(2,061,872)**
Non-current liabilities			
Lease liabilities	1,146	—	13,235
Total non-current liabilities	**1,146**	**—**	**13,235**
Net liabilities	**(1,917,345)**	**(2,001,188)**	**(2,075,107)**

Property, Plant and Equipment

The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Office equipment	1,295	355	513
Leasehold improvements	71	25	15,942
Total	**1,366**	**380**	**16,455**

The net carrying amount of our property, plant and equipment decreased by 72.2% from RMB1.4 million as of December 31, 2023 to RMB0.4 million as of December 31, 2024, primarily due to depreciation of office equipment provided in 2024. The net carrying amount of our property, plant and equipment substantially increased from RMB0.4 million as of December 31, 2024 to RMB16.5 million as of December 31, 2025, primarily attributable to increased leasehold improvements arising from the decoration of our new office premises.

Right-of-use Assets

Our right-of-use assets relate to the leases of our office premises. Our right-of-use assets decreased by 75.0% from RMB5.5 million as of December 31, 2023 to RMB1.4 million as of December 31, 2024, primarily due to the depreciation of the leased office premises provided in 2024. Our right-of-use assets increased from RMB1.4 million as of December 31, 2024 to RMB13.1 million as of December 31, 2025, primarily attributable to our new office premises leased in 2025.

Other Intangible Assets

The table below sets forth a breakdown of the net carrying amount of our other intangible assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Software	4,374	3,596	2,831
Patents	301	202	103
Trademarks	752	680	556
Total	**5,427**	**4,478**	**3,490**

Historically, we held a trademark in connection with certain infant formula products under self-operated business and collaborated with a manufacturer who held an infant formula registration certificate for the OEM manufacturing of those infant formula products. Upon the expiration of this infant formula registration certificate in 2023, we evaluated the return from those infant formula products and future operating costs, including those arising from renewing the infant formula registration certificate, and decided not to pursue the development and sales of such infant formula products under the trademark in the future. As a result, we recognized a full impairment of this affected trademark and recorded corresponding losses. The impairment loss recognized was included in other expenses in the consolidated statements of profit or loss.

The net carrying amount of our other intangible assets decreased by 17.5% from RMB5.4 million as of December 31, 2023 to RMB4.5 million as of December 31, 2024, primarily due to amortization of other intangible assets provided in 2024. The net carrying amount of our other intangible assets decreased by 22.1% from RMB4.5 million as of December 31, 2024 to RMB3.5 million as of December 31, 2025, primarily due to amortization of other intangible assets provided in 2025.

Impairment Testing for Non-financial Assets

As we operated at a loss during the Track Record Period, we performed impairment test at the end of each year of the Track Record Period for the cash-generating unit, whose non-current assets consist of leasehold properties, office equipment, and other intangible assets. The recoverable amounts of the cash-generating unit which were supported by value-in-use calculations based on future discounted cash flows were higher than the carrying amounts of the cash-generating unit. Therefore, no impairment loss was recognized during the years ended December 31, 2023, 2024 and 2025.

Equity Investments Designated at FVTOCI

As of the Latest Practicable Date, we held approximately 5.0% equity interests in an unlisted company, Shanghai Heming Jiugao Commercial Development Co., Ltd. (上海鶴鳴九皋商貿發展有限公司), which were irrevocably designated at FVTOCI as we consider such investment to be strategic in nature. We entered into an investment agreement for the investment in such company in May 2023. As of December 31, 2023, 2024 and 2025, we recorded equity investments designated at FVTOCI of RMB2.3 million, RMB1.8 million and RMB0.9 million, respectively.

Inventories

Our inventories consist of (i) raw materials, representing residual raw materials and packaging materials arising from our historical attempts to develop certain proprietary brand collections which we have ceased to pursue; and (ii) finished goods, representing our products under self-operated business. Our OEM suppliers for our proprietary brand business are principally suppliers of finished goods, which process raw materials purchased by themselves and provide us with the finished products. Therefore, we do not maintain a significant inventory of raw materials.

The table below sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	743	743	704
Finished goods	47,780	78,124	54,981
Less:			
Write-down of inventories	(1,697)	(4,130)	(3,315)
Total	**46,826**	**74,737**	**52,370**

Our inventories increased by 59.6% from RMB46.8 million as of December 31, 2023 to RMB74.7 million as of December 31, 2024, primarily attributable to an increase of RMB30.3 million in finished goods as a result of our increased procurement of certain popular infant formula based on our deepened collaboration with upstream vendors, which was generally in line with the increased scale of our self-operated business. Our inventories decreased by 29.9% from RMB74.7 million as of December 31, 2024 to RMB52.4 million as of December 31, 2025, primarily due to reduced finished goods resulting from higher sales and delivery of our self-operated products towards the end of 2025.

The relatively higher provision for inventories as of December 31, 2024 was primarily attributable to the provision for certain infant formula and dietary supplement products with shorter remaining shelf lives pursuant to the inventory provision policy. We assess impairment to inventories from time to time during the Track Record Period and may make provision to write down our inventories to the net realizable value if the inventories become obsolete or damaged, or their prices went down, and their realizable value substantially decreases. Having considered (i) the net realizable value of our inventories; (ii) demand and ongoing sales noted for our inventories; (iii) the aging of our inventories during the Track Record Period which are basically within one year; and (iv) our continuous efforts in supply chain management, we believe we have made sufficient impairment provision for inventories during the Track Record Period and there is no material risk that our existing inventories cannot be recovered or will become obsolete.

Our management monitored our inventories carefully and kept the long-aged inventory at a relatively low level. A vast majority of our inventories are aged within one year. The following table sets forth an aging analysis of our inventories, based on recognition date before provision for write-down, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	45,657	75,711	54,349
One to two years	2,866	2,462	635
Over two years	—	694	701
Inventories, gross	**48,523**	**78,867**	**55,685**

The following table sets forth the number of our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	33	36	25

Note:

(1) Calculated as the average of the opening and closing balances of the gross amount of inventories for the year, divided by cost of goods for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2023, 2024 and 2025).

Our inventory turnover days increased from 33 days in 2023 to 36 days in 2024, primarily attributable to our increased procurement of infant formula based on our deepened collaboration with upstream vendors. Our inventory turnover days decreased to 25 days in 2025, primarily due to lower inventory resulting from higher sales and delivery of our self-operated products towards the end of 2025, as well as increased cost of sales in 2025 in line with the growth of our self-operated business. Our inventory turnover days remained at a relatively stable level during the Track Record Period, primarily due to our adherence to a prudent inventory management policy, pursuant to which we generally maintain inventory levels based on projected sales for the upcoming month.

As of April 30, 2026, approximately RMB41.3 million, or 74.1% of our inventories as of December 31, 2025 had been utilized or sold.

Trade Receivables

Our trade receivables mainly represent outstanding balances due from vendors under our digital marketplace business and outstanding balances due from customers under our self-operated business. We do not hold any collateral or other credit enhancements over its trade receivable balances. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	6,061	13,637	4,709
Less:			
Impairment	(33)	(102)	(38)
Net carrying amount	**6,028**	**13,535**	**4,671**

Our trade receivables increased by 124.5% from RMB6.0 million as of December 31, 2023 to RMB13.5 million as of December 31, 2024, primarily due to increased trade receivables generated from our customized marketing services. Our trade receivables decreased by 65.5% from RMB13.5 million as of December 31, 2024 to RMB4.7 million as of December 31, 2025, primarily due to our accelerated settlement with customers.

As of December 31, 2023, 2024 and 2025, we recorded impairment of trade receivables of RMB33.0 thousand, RMB102.0 thousand and RMB38.0 thousand, respectively. We recognize a loss allowance for ECLs for trade receivables. An impairment analysis is performed at the end of each period using a provision matrix to measure expected credit losses. The expected credit loss rates for trade receivables aged within 12 months are 0.12%, 0.56% and 0.15% as of December 31, 2023, 2024 and 2025, respectively, and the expected credit loss rates for trade receivables aged above 12 months are 100% as of December 31, 2023, 2024 and 2025. For details regarding the allowance for impairment of our trade receivables, see Notes 2.4 and 20 to the Accountants' Report set out in Appendix I to this document.

The following table sets forth an aging analysis of our trade receivables, based on transaction date and net of loss allowance, as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	4,957	9,719	3,477
3 to 6 months	342	1,729	623
6 to 12 months	729	930	571
Over 12 months	—	1,157	—
Total	**6,028**	**13,535**	**4,671**

Our trading terms with our offline trading partners are mainly on credit. We generally grant our customers credit terms of up to 30 days. We seek to maintain strict control over our outstanding trade receivables and overdue balances are reviewed regularly by our senior management. Having considered that (i) the trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) there were no material ongoing disputes with such customers, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, (iv) we have continuously carried out stringent credit management policy, monitored the progress on the recoverability of our trade receivables and increased effort in trade receivables collection, and (v) substantially all of our trade receivables aged within one year during the Track Record Period, we believe the recoverability of our trade receivables is reasonably assured, and our provisions for impairment of trade receivables are sufficient.

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

	Year ended December 31,		
	2023	**2024**	**2025**
Trade receivables turnover days(1)	2	4	3

Note:

(1) Calculated as the average of the opening and closing balances of the gross amount of trade receivables for the year, divided by revenue for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2023, 2024 and 2025).

Our trade receivables turnover days increased in 2024, primarily due to the increase in the balance of trade receivables, in line with the expansion of our business scale.

As of April 30, 2026, approximately RMB1.9 million, or 41.1% of our trade receivables as of December 31, 2025 had been settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (i) advance payments to suppliers, representing the amounts we prepaid for procurement of products under our general self-operated business; (ii) prepaid expense, mainly representing amounts we prepaid for utilizing third-party cloud and professional services; (iii) deposits and other receivables, mainly representing deposits we paid for our leased properties, deposits paid to major e-commerce platforms, deposits paid to upstream vendors to lock in purchase prices in advance, and receivables due from other parties; (iv) other tax receivables, mainly representing deductible input VAT; and (v) deferred [REDACTED] expenses, representing [REDACTED] expenses which will be reclassified to equity upon the [REDACTED].

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advance payments to suppliers	15,175	34,931	97,190
Prepaid expense	2,905	2,985	2,996
Deposits and other receivables	93,939	79,861	42,603
Other tax receivables	8,552	12,370	12,092
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Less:			
Impairment allowance	(2,174)	(2,659)	(3,251)
Total	**118,397**	**127,488**	**153,758**

Our prepayments, deposits and other receivables increased by 7.7% from RMB118.4 million as of December 31, 2023 to RMB127.5 million as of December 31, 2024, and further increased by 20.6% from RMB127.5 million as of December 31, 2024 to RMB153.8 million as of December 31, 2025, primarily attributable to higher advance payments to suppliers for procurement of infant formula, which generally ask for advance payments from us.

As of December 31, 2023, 2024 and 2025, we recorded impairment of other receivables of RMB2.2 million, RMB2.7 million and RMB3.3 million, respectively. An impairment analysis was performed at the end of each period. We applied the general approach to provide for expected credit losses for other receivables under HKFRS 9. We considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily represent wealth management products issued by commercial banks in the PRC, which are not principal-guaranteed and are categorized within level 2 of the fair value hierarchy. During the Track Record Period, there were no transfers between level 2 and level 3 of the fair value hierarchy. For details of the fair value measurement of financial assets at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, see Note 38 to the Accountants' Report set out in Appendix I to this document.

Our financial assets at FVTPL increased from RMB25.5 million as of December 31, 2023 to RMB46.1 million as of December 31, 2024, as we purchased more wealth management products to fully utilize our spare funds. Our financial assets at FVTPL decreased from RMB46.1 million as of December 31, 2024 to nil as of December 31, 2025, mainly because we redeemed our wealth management products upon maturity.

We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth management products with high liquidity and low risk such that our risk exposure arising from such investments is controlled. 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. Prior to making any material investments in wealth management products, or modifying our existing investment portfolio, the proposal submitted by the finance department shall be reviewed and approved by our financial vice president. According to our Articles of Association, such decisions do not require a decision by the Board. These investments will be subject to compliance with Chapter 14 of the Listing Rules after the [REDACTED].

Cash and Cash Equivalents

Time deposits with banks represent deposits at commercial banks with fixed terms and were neither past due nor impaired, the annualized return rate of which ranged from 3.20% to 3.85%. Pledged deposits represent deposits relating to our derivative financial instruments and earnest money for banker's acceptance to issue bills which we used for settlement with our suppliers. As of December 31, 2023, 2024 and 2025, bank balances of RMB72.6 million, RMB0.1 million and RMB0.1 million, respectively, were secured for derivative financial instruments. As of December 31, 2024 and 2025, bank balances of RMB22.4 million and RMB6.0 million were secured for bills issued or received within our Group of RMB66.1 million and RMB20.0 million, respectively. Restricted cash represents payments from buyers on our digital marketplace to the settlement accounts on our collaboration payment partners before subsequent settlement to vendors.

Substantially all of our cash and cash equivalents during the Track Record Period were denominated in Renminbi, U.S. dollar, Canadian dollar, Euro, Japanese Yen and New Zealand dollar. The following table sets forth a breakdown of our cash and cash equivalents, pledged and time deposits and restricted cash as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	468,566	395,883	330,883
Time deposits	167,840	115,366	—
Less:			
Time deposits with original maturity of more than three months when acquired	(167,840)	(115,366)	—
Pledged deposits	(72,612)	(22,480)	(11,728)
Restricted cash for digital marketplace	(7,680)	(4,942)	(154,053)
Cash and cash equivalents	388,274	368,461	165,102

Our cash and cash equivalents decreased by 5.1% from RMB388.3 million as of December 31, 2023 to RMB368.5 million as of December 31, 2024, primarily due to (i) a decrease of RMB72.7 million in cash and bank balances; and (ii) a decrease of RMB52.5 million in time deposits as a result of our investment management strategy. Our cash and cash equivalents decreased by 55.2% from RMB368.5 million as of December 31, 2024 to RMB165.1 million as of December 31, 2025, primarily due to (i) an increase of RMB149.1 million in restricted cash from settlement of payment on our digital marketplace through licensed financial institutions following the full operation of the Service Systems in August 2025; (ii) a decrease of RMB115.4 million in time deposits due to the maturity of such deposits; and (iii) a decrease of RMB65.0 million in cash and bank balances.

Trade Payables

Our trade payables primarily represent outstanding amounts due to our suppliers of products and OEM suppliers under our self-operated business. The trade payables are non-interest-bearing and are normally settled on 30-day terms.

Our trade payables increased by 6.3% from RMB13.8 million as of December 31, 2023 to RMB14.6 million as of December 31, 2024, primarily attributable to increased orders we placed with OEM suppliers for our proprietary nutritional edible and supplement products in anticipation of the rising demand to support our business expansion. Our trade payables decreased by 25.2% from RMB14.6 million as of December 31, 2024 to RMB10.9 million as of December 31, 2025, primarily due to our accelerated settlement with suppliers.

The following table sets forth an aging analysis of our trade payables, based on transaction date, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	12,274	12,106	8,806
3 to 6 months	435	1,956	425
6 to 12 months	621	157	205
Over 12 months	443	426	1,512
Total	**13,773**	**14,645**	**10,948**

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

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days(1)	16	8	5

Note:

(1) Calculated as the average of the opening and closing balances of trade payables for the year divided by cost of goods for the relevant year, multiplied by the number of days for the relevant year (being 365 days for the years ended December 31, 2023, 2024 and 2025).

Our trade payables turnover days decreased during the Track Record Period, primarily due to our increased procurement from infant formula brands, which generally ask for advance payments from us.

Our Directors confirm that we had no material defaults in payment of our trade payables during the Track Record Period and up to the Latest Practicable Date.

As of April 30, 2026, approximately RMB7.8 million, or 71.4% of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) contract liabilities; (ii) payroll payable, representing salary and bonus payable to our employees and social insurance and housing provident fund contributions to be made for our employees; (iii) settlement obligations, representing payables to vendors on our digital marketplace that we collect from buyers, which are due for settlement on demand or according to the scheduled settlement cycles as agreed by vendors and us; (iv) other payables, representing non-interest-bearing amount arising from (a) deposits paid by vendors upon onboarding our platform to guarantee their performance, service and the quality of products offered on our platform, and (b) employee reimbursement payables; (v) advance from buyers, representing funds deposited by buyers into the prepaid accounts of the collaboration payment partner of our digital marketplace; and (vi) taxes payable other than corporate income tax, representing VAT and urban construction tax payable.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	5,045	6,068	6,029
Payroll payable	33,656	28,602	24,129
Advance from buyers	37,751	25,328	11,453
Settlement obligations	186,904	111,571	109,513
Other payables	74,673	73,562	68,439
Taxes payable other than corporate income tax	7,699	2,852	5,193
Total	**345,728**	**247,983**	**224,756**

Our contract liabilities represent non-refundable advanced payments received from customers for products and services that have not yet been delivered or provided to the customers. Our contract liabilities mainly comprise short-term advances arising from (i) commissions received on our digital marketplace prior to product dispatch by vendors; (ii) payments received from customers for product sales under our self-operated business prior to our delivery of products; and (iii) sales proceeds for products sold under our self-operated business allocated to unutilized coupons granted to customers, which are recognized in contract liabilities pursuant to the revenue recognition policy.

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Digital marketplace business	3,874	3,307	1,870
Self-operated business	67	1,528	3,067
Coupons	1,104	1,233	1,092
Total	**5,045**	**6,068**	**6,029**

Our other payables and accruals decreased by 28.3% from RMB345.7 million as of December 31, 2023 to RMB248.0 million as of December 31, 2024, primarily due to (i) a decrease of RMB75.3 million in settlement obligations resulting from expedited settlement cycles on our digital marketplace during our year-end grand promotion in 2024 along with the shorter product delivery period, as well as the overall decrease in our digital platform business; (ii) a decrease of RMB12.4 million in advance from buyers resulting from reduced funds deposited by buyers into the prepaid accounts of our digital marketplace in line with the scaling back of the promotional benefits we granted for prepaid accounts; and (iii) a decrease of RMB5.1 million in payroll payable mainly as a result of our concerted efforts to streamline our personnel, optimize our labor structure and enhance overall operational efficiency.

Our other payables and accruals decreased by 9.4% from RMB248.0 million as of December 31, 2024 to RMB224.8 million as of December 31, 2025, primarily due to (i) a decrease of RMB13.9 million in advance from buyers resulting from reduced prepaid funds from buyers into the payment settlement system of the collaborating commercial bank of our digital marketplace; (ii) a decrease of RMB5.1 million in other payables; and (iii) a decrease of RMB4.5 million in payroll payable mainly as a result of our concerted efforts to streamline our personnel, optimize our labor structure and enhance overall operational efficiency.

Our Directors confirm that we had no material defaults in payment of our other payables and accruals during the Track Record Period and up to the Latest Practicable Date.

Derivative Financial Instruments

Our derivative financial instruments represent forward currency contracts, which are not designated for hedge purposes and are measured at FVTPL. As of December 31, 2023, we recorded derivative financial instruments under current assets of RMB1.7 million, and recorded derivative financial instruments under current liabilities of RMB2.0 million. Changes in the fair value of non-hedging derivative financial instruments amounting to RMB0.3 million were charged to profit or loss for the year ended December 31, 2023.

Convertible Redeemable Preferred Shares

Our convertible redeemable preferred shares represent Preferred Shares we issued to our [REDACTED] investors, which are redeemable upon occurrence of certain future events. Our convertible redeemable preferred shares amounted to RMB2,366.8 million, RMB2,400.0 million and RMB2,323.4 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuation in our convertible redeemable preferred shares was primarily attributable to the changes in fair value of convertible redeemable preferred shares. For details of changes in the fair value of our convertible redeemable preferred shares, see "— Description of Key Items of Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income — Fair Value Gain or Loss on Convertible Redeemable Preferred Shares." In addition, we repurchased 2,616,661 Series D Preferred Shares and 3,454,613 Series D Preferred Shares in 2024 and 2025, respectively.

On May 30, 2025, we reached an agreement with the holders of the convertible redeemable preferred shares that we repurchased 3,454,613 Series D Preferred Shares at a total consideration of USD24,000,000 in June 2025 and the holders would not exercise the redemption rights to request us to repurchase their outstanding Preferred Shares on or before December 31, 2026. See "History, Reorganization and Development — Our Major Corporate Development — (5) Shareholder Divestments — (iii) 2025 Divestment" and Note 27 to the Accountants' Report set out in Appendix I to this document.

Although our Preferred Shares will be automatically converted to ordinary shares and such convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED], to the extent we need to revalue the convertible redeemable preferred shares prior to the [REDACTED], any changes in carrying amount of such convertible redeemable preferred shares will affect our financial positions and results of operations. We do not expect to recognize any further fair value gain or loss on convertible redeemable preferred shares in the future upon [REDACTED]. For key terms of the above-mentioned convertible redeemable preferred shares, see Notes 27 to the Accountants' Report set forth in Appendix I to this document.

Lease Liabilities

We lease certain properties as our offices. Leases of office premises generally have lease terms between one and four years. The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current	4,594	1,146	—
Non-current	1,146	—	13,235
Total	**5,740**	**1,146**	**13,235**

Our lease liabilities decreased by 80.0% from RMB5.7 million as of December 31, 2023 to RMB1.1 million as of December 31, 2024, primarily due to our downsized office premises as we terminated the lease of certain office areas in 2023 and the rents we paid pursuant to the relevant lease agreements. Our lease liabilities substantially increased from RMB1.1 million as of December 31, 2024 to RMB13.2 million as of December 31, 2025, primarily attributable to the new lease agreement for our headquarters we entered into in 2025.

NET CURRENT LIABILITIES

The following table sets forth our current assets, current liabilities and net 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	46,826	74,737	52,370	79,623
Trade receivables	6,028	13,535	4,671	16,437
Prepayments, deposits and other receivables	118,397	127,488	153,758	160,268
Financial assets at FVTPL	25,458	46,092	—	—
Derivative financial instruments	1,734	—	—	—
Pledged and time deposits	148,372	33,263	11,728	—
Restricted cash	7,680	4,942	154,053	138,302
Cash and cash equivalents	388,274	368,461	165,102	105,118
Total current assets	**742,769**	**668,518**	**541,682**	**499,748**
Current liabilities				
Trade payables	13,773	14,645	10,948	9,735
Other payables and accruals	345,728	247,983	224,756	225,008
Derivative financial instruments	2,016	—	—	—
Convertible redeemable preferred shares	2,366,843	2,399,990	2,323,429	2,268,556
Interest-bearing bank borrowings	2,199	137,162	96,500	42,825
Lease liabilities	4,594	1,146	—	—
Amounts due to related parties	49,177	—	73	—
Tax payable	—	—	159	159
Total current liabilities	**2,784,330**	**2,800,926**	**2,655,865**	**2,546,283**
Net current liabilities	**(2,041,561)**	**(2,132,408)**	**(2,114,183)**	**(2,046,535)**

We had net current liabilities of RMB2,046.5 million as of April 30, 2026, which represented a decrease of RMB67.7 million from our net current liabilities of RMB2,114.2 million as of December 31, 2025.

We had net current liabilities of RMB2,114.2 million as of December 31, 2025, which represented a decrease of RMB18.2 million from our net current liabilities of RMB2,132.4 million as of December 31, 2024. This decrease was primarily due to (i) an increase of RMB149.1 million in restricted cash; (ii) a decrease of RMB76.6 million in convertible redeemable preferred shares; and (iii) a decrease of RMB40.7 million in interest-bearing bank borrowings. This was partially offset by (i) a decrease of RMB203.4 million in cash and cash equivalents; and (ii) a decrease of RMB46.1 million in financial assets at FVTPL.

We had net current liabilities of RMB2,132.4 million as of December 31, 2024, which represented an increase of RMB90.8 million from our net current liabilities of RMB2,041.6 million as of December 31, 2023. This increase was primarily attributable to (i) an increase of RMB33.1 million in convertible redeemable preferred shares resulting from the changes in fair value of convertible redeemable preferred shares; (ii) an increase of RMB135.0 million in interest-bearing bank borrowings; and (iii) a decrease of RMB115.1 million in pledged and time deposits. This was partially offset by (i) a decrease of RMB97.7 million in other payables and accruals; and (ii) an increase of RMB27.9 million in inventories attributable to increased finished goods.

We had net current liabilities of RMB2,041.6 million as of December 31, 2023.

During the Track Record Period, we had net current liabilities primarily attributable to the large amount of convertible redeemable preferred shares relating to the redemption right granted to our [REDACTED] Investors and the Old PNs issued to certain [REDACTED] Investors. We expect to achieve a net current asset position upon [REDACTED], as the convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED]. For details, please see "— Discussion of Certain Key Items from Consolidated Statements of Financial Position — Convertible Redeemable Preferred Shares."

LIQUIDITY AND CAPITAL RESOURCES

Our business operations and expansion plans require a significant amount of capital, including cash and cash equivalents as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash flow from operations, bank loans and capital injection from shareholders and [REDACTED] investments. Going forward, we believe that our working capital and other liquidity requirements will be satisfied by using a combination of cash flow from our operating activities and the [REDACTED] received from the [REDACTED]. As of December 31, 2023, 2024 and December 31, 2025, we had cash and cash equivalents of RMB388.3 million, RMB368.5 million and RMB165.1 million, respectively.

Cash Flows

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Operating profit before changes in working capital	24,218	20,646	29,987
Changes in working capital	(39,150)	(140,444)	(174,210)
Cash used in operations	(14,932)	(119,798)	(144,223)
Bank interest received	9,025	7,504	1,894
Income tax refund/(paid)	(106)	1	(260)
Net cash flows used in operating activities	(6,013)	(112,293)	(142,589)
Net cash flows from investing activities	114,034	116,035	146,228
Net cash flows used in financing activities	(56,033)	(24,718)	(207,387)
Net increase/(decrease) in cash and cash equivalents	51,988	(20,976)	(203,748)
Cash and cash equivalents at the beginning of the year	334,375	388,274	368,461
Effect of foreign exchange rate changes, net	1,911	1,163	389
Cash and cash equivalents at the end of the year	**388,274**	**368,461**	**165,102**

Net cash used in operating activities

Our cash flows from operating activities primarily reflects our loss before taxation adjusted for certain non-cash or non-operating activities related items and changes in working capital.

Our net cash flows used in operating activities for the year ended December 31, 2025 was RMB142.6 million, primarily attributable to a loss before taxation of RMB358.3 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) equity-settled share-based payments of RMB237.7 million, (ii) changes in fair value of convertible redeemable preferred shares of RMB147.8 million, and (iii) net foreign exchange differences of RMB4.3 million. Changes in the working capital mainly included (i) an increase of RMB149.1 million in restricted cash; (ii) an increase of RMB29.8 million in prepayments, deposits and other receivables; (iii) a decrease of RMB20.9 million in other payables and accruals; and (iv) a decrease of RMB20.3 million in inventories.

Our net cash flows used in operating activities for the year ended December 31, 2024 was RMB112.3 million, primarily attributable to a loss before taxation of RMB78.8 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in fair value of convertible redeemable preferred shares of RMB76.2 million, (ii) equity-settled share-based payments of RMB28.4 million, and (iii) investment income of RMB11.0 million. Changes in the working capital mainly included (i) a decrease of RMB95.3 million in other payables and accruals; (ii) an increase of RMB30.7 million in inventories; (iii) an increase of RMB10.5 million in prepayments, deposits and other receivables; and (iv) a decrease of RMB2.7 million in restricted cash.

Our net cash flows used in operating activities for the year ended December 31, 2023, was RMB6.0 million, primarily attributable to a loss before taxation of RMB56.4 million, as adjusted to reflect certain non-cash or non-operating activities related items which mainly included (i) changes in fair value of convertible redeemable preferred shares of RMB73.0 million, (ii) investment income of RMB15.1 million, and (iii) impairment of other intangible assets of RMB11.4 million. Changes in the working capital mainly included (i) a decrease of RMB194.6 million in other payables and accruals; (ii) a decrease of RMB26.8 million in trade payables; (iii) an increase of RMB2.8 million in trade receivables, primarily due to an increase in trade receivables; (iv) a decrease of RMB158.1 million in restricted cash; and (v) a decrease of RMB15.3 million in prepayments, deposits and other receivables.

Going forward, we strive to achieve profitability and improve our operating cash flows by (i) pivoting our business focus to self-operated business to further release its robust growth momentum while maintaining the leading position of digital marketplace as the foundation of our business, thereby driving continuous revenue growth; and (ii) continuing to monitor and manage our operating expenses in a disciplined approach and enhancing our operational efficiency. See "Business — Our Business Sustainability" for details.

Net cash generated from investing activities

Our cash generated from investing activities primarily reflects proceeds from disposals of financial assets at FVTPL, withdrawal of pledged deposits, withdrawal of time deposits and investment income received.

Our net cash flows generated from investing activities for the year ended December 31, 2025 was RMB146.2 million, primarily attributable to (i) withdrawal of time deposits of RMB110.0 million; (ii) disposal of financial assets at FVTPL of RMB45.0 million; and (iii) investment income received of RMB7.6 million. This net cash inflow was partially offset by purchases of items of property, plant and equipment of RMB16.5 million.

Our net cash flows generated from investing activities for the year ended December 31, 2024 was RMB116.0 million, primarily attributable to (i) disposal of financial assets at FVTPL of RMB337.5 million; (ii) withdrawal of pledged deposits of RMB176.7 million; and (iii) withdrawal of time deposits of RMB92.0 million. This net cash inflow was partially offset by (i) purchases of financial assets at FVTPL of RMB357.5 million; and (ii) placement of pledged deposits of RMB104.2 million.

Our net cash flows generated from investing activities for the year ended December 31, 2023 was RMB114.0 million, primarily attributable to (i) withdrawal of pledged deposits of RMB1,111.9 million; (ii) disposal of financial assets at FVTPL of RMB578.5 million; and (iii) withdrawal of time deposits of RMB40.0 million. This net cash inflow was partially offset by (i) placement of pledged deposits of RMB1,032.4 million; and (ii) purchases of financial assets at FVTPL of RMB419.7 million.

Net cash used in financing activities

Our cash flow used in financing activities mainly comprises repurchases of ordinary shares, repurchases of preferred shares, repayment of bank loans, principal portion of lease liabilities, repayment of advance payment for exercise of share options, interest paid and acquisition of non-controlling interest.

Our net cash used in financing activities for the year ended December 31, 2025 was RMB207.4 million, primarily attributable to (i) repayment of bank loans of RMB199.1 million; and (ii) repurchases of preferred shares of RMB172.4 million. This net cash outflow was partially offset by new bank loans of RMB158.5 million.

Our net cash used in financing activities for the year ended December 31, 2024 was RMB24.7 million, primarily attributable to (i) repurchases of preferred shares of RMB78.1 million; and (ii) repurchase ordinary shares of RMB49.2 million. This net cash outflow was partially offset by new bank loans of RMB137.1 million.

Our net cash used in financing activities for the year ended December 31, 2023 was RMB56.0 million, primarily attributable to (i) repurchase ordinary shares of RMB50.6 million; and (ii) principal portion of lease liabilities of RMB6.1 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

During the Track Record Period, our indebtedness primarily consisted of convertible redeemable preferred shares, interest-bearing bank borrowings and lease liabilities.

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Included in current liabilities				
Convertible redeemable preferred shares	2,366,843	2,399,990	2,323,429	2,268,556
Interest-bearing bank borrowings	2,199	137,162	96,500	42,825
Lease liabilities	4,594	1,146	—	—
Amounts due to related parties	49,177	—	73	—
Sub-total	2,422,813	2,538,298	2,420,002	2,311,381
Included in non-current liabilities				
Lease liabilities	1,146	—	13,235	13,387
Total	**2,423,959**	**2,538,298**	**2,433,237**	**2,324,768**

Our interest-bearing bank borrowings during the Track Record Period were denominated in Renminbi, and were used to finance our capital expenditure and working capital requirements. The bank borrowings bear interest at fixed interest rates. Depending on the term of the borrowings, for the years ended December 31, 2023, 2024 and 2025, the effective interest rates of our interest-bearing bank borrowings ranged from 1.01% to 3.85% per annum. Our bank loans amounting to RMB1.2 million as of December 31, 2023 were secured by our chief technology officer, Mr. Xiao Jiantao and his spouse's buildings situated in mainland China, which were fully repaid in 2024. Our other bank loans amounting to RMB1.0 million as of December 31, 2023 were secured by our subsidiary, Hangzhou HIPAC Internet, which shall remain valid until 2027. For the years ended December 31, 2024 and 2025, we discounted certain bills receivable and letter of credit accepted by commercial banks issued by one of our subsidiaries with total carrying amounts of RMB116.1 million and RMB66.5 million, respectively, which was recorded in interest-bearing bank borrowings.

Our bank loan agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenant during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in obtaining bank loans and other borrowings or default in repayment of bank loans and other borrowings.

As of April 30, 2026, we had unutilized committed credit facilities of RMB90.0 million. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Save as disclosed above, as of April 30, 2026, being the latest practicable date for determining our indebtedness, we did not have any material outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness position 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 material contingent liabilities.

KEY FINANCIAL RATIOS

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

	Year ended December 31,		
	2023	**2024**	**2025**
		%	
Profitability ratios			
Gross profit margin[(1)]	37.6	32.5	26.0
Net loss margin[(2)]	5.3	7.6	25.6
Adjusted net profit margin (non-HKFRS financial measure)[(3)]	1.8	2.5	3.0

	As of December 31,		
	2023	**2024**	**2025**
Liquidity ratios			
Current ratio[(4)]	0.3	0.2	0.2

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net loss margin is calculated based on loss for the year divided by revenue and multiplied by 100%.

(3) Adjusted net profit margin (non-HKFRS financial measure) is calculated based on adjusted net profit (non-HKFRS financial measure) divided by revenue and multiplied by 100%.

(4) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the relevant year.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of expenditures on (i) purchases of property, plant and equipment, and (ii) purchase of other intangible assets.

The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	94	52	16,540
Other intangible assets	1,052	63	—
Total	**1,146**	**115**	**16,540**

We expect to incur additional capital expenditure in terms of office equipment and office software. We intend to fund our planned capital expenditures through a combination of the [REDACTED] from the [REDACTED] as well as cash flow from operating activities.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, financial condition and results of operations, economic conditions in China and changes in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

As of December 31, 2023, 2024 and 2025, we did not have any significant capital commitments.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with related parties. For the year ended December 31, 2023, our Company repurchased 14,144,584, 7,818,640, 7,818,640 and 2,418,136 ordinary shares from Fun Can, Penelope Goose Co., Ltd., Lotus Lantern Co., Ltd. and The Black Bone Co., Ltd., respectively. The considerations for the share repurchase were fully settled on December 10, 2024. For details, please see "History, Reorganization and Corporate Structure — [REDACTED] Share Incentive Schemes — (2) 2023 Share Incentive Scheme."

Our Directors believe that our transactions with related parties during the Track Record Period disclosed above (i) were conducted on arm's length basis; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

Balances with Related Parties

The following table sets forth a breakdown of our balances with related parties as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties (non-trade)			
Fun Can	43,558	—	—
Penelope Goose Co., Ltd.	2,433	—	—
Lotus Lantern Co., Ltd.	2,433	—	—
The Black Bone Co., Ltd.	753	—	—
Hangzhou Beiqi	—	—	73
Total	**49,177**	**—**	**73**

Hangzhou Beiqi paid network service fees of RMB0.4 million on our behalf in 2025. As of December 31, 2025, amounts due to Hangzhou Beiqi amounted to RMB73.0 thousand, which were non-trade in nature.

All the non-trade payables due to related parties as of the relevant dates were unsecured, interest-free and repayable on demand. We will settle all amounts due to related parties in non-trade nature before the [REDACTED]. We will discontinue all non-trade related party transactions after the [REDACTED], except as in compliance with the Listing Rules.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements. We have not entered into any derivative contracts that are indexed to our equity interest and classified as owners' equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or R&D services with us.

FINANCIAL RISKS

We are exposed to a variety of financial risks, including foreign currency risk, credit risk, liquidity risk and credit management, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, see Note 39 to the Accountants' Report set out in Appendix I to this document.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by our Company during the Track Record Period. We do not have a formal dividend policy or a predetermined payout ratio for dividend distribution.

We are a holding company incorporated under the laws of the Cayman Islands. Therefore, the payment and amount of any future dividends will be contingent upon the availability of dividends received from our subsidiaries. As advised by our Cayman Islands counsel, subject to the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be declared or paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Any declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time declare interim dividends as it deems fit. We cannot guarantee in what form dividends will be paid in the future. In accordance with the Cayman Companies Act and our Articles of Association, dividends may be declared and paid out of our profits and reserves lawfully available for distribution.

We would distribute dividends to our shareholders, mainly through our share premium and retained earnings, in the future. As we are a holding company, our ability to declare and pay dividends may also depend on the availability of funding received from group companies in the PRC and Hong Kong. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in the PRC. Distributions of dividends or settlements from our PRC 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.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash flow from operating activities, cash and cash equivalents, available banking facilities and the estimated [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 requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had no distributable reserves available for distribution to our Shareholders.

[REDACTED]

Our [REDACTED] primarily include [REDACTED], professional fees paid to the Sole Sponsor, legal advisers, the Reporting Accountants and other professional parties for their services rendered in relation to the [REDACTED] and the [REDACTED]. The estimated total [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] (equivalent to HK$[REDACTED]) (including (i) [REDACTED], SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all [REDACTED] of approximately HK$[REDACTED]; and (ii) non-[REDACTED] related expenses of approximately HK$[REDACTED], which consist of (a) fees and expenses of legal advisers and accountants of approximately HK$[REDACTED]; and (b) sponsor fee and other fees and expenses of approximately HK$[REDACTED]), representing [REDACTED]% of the gross [REDACTED] (based on the mid-point of our indicative [REDACTED] for the [REDACTED] and assuming that the [REDACTED] is not exercised) of the [REDACTED].

During the Track Record Period, we incurred [REDACTED] of RMB[REDACTED] (equivalent to HK$[REDACTED]), of which RMB[REDACTED] (equivalent to HK$[REDACTED]) was recognized as administrative expenses in the consolidated statements of profit or loss and RMB[REDACTED] (equivalent to HK$[REDACTED]) was directly attributable to the issuance of [REDACTED] which is expected to be charged against equity upon the [REDACTED]. We expect to incur additional [REDACTED] of approximately RMB[REDACTED] (equivalent to HK$[REDACTED]), of which approximately RMB[REDACTED] (equivalent to HK$[REDACTED]) is expected to be recognized as administrative expenses in the consolidated statements of profit or loss and approximately RMB[REDACTED] (equivalent to HK$[REDACTED]) is expected to be recognized as a deduction in equity directly upon the [REDACTED].

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

See the unaudited pro forma adjusted consolidated net tangible assets in Appendix II to this document for details.

EVENTS AFTER THE TRACK RECORD PERIOD

There are no significant events that require additional disclosure or adjustments occurred after the end of the Track Record Period.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material changes to our business model and the general economic and regulatory environment in which we operate, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of the latest audited consolidated financial position of our Group as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules upon the [REDACTED] of the Shares on the Stock Exchange.