

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial information as of and for the years ended December 31, 2023, 2024, 2025, and the six months ended June 30, 2025 and 2026 included in the Accountants’ Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are an AI-empowered global platform for cross-border e-commerce compliance services. According to CIC, we were the largest cross-border e-commerce compliance service provider both globally and in China in terms of sales value in 2025, with our sales value exceeding the combined total of the second- to eighth-ranked market players in China in the same year. Additionally, we held the leading market share of 21.5% in China’s cross-border e-commerce compliance platform market in terms of sales value in 2025. As of June 30, 2026, we had served over 264,000 paying users cumulatively. As of the Latest Practicable Date, we had established four business segments, comprising corporate and tax compliance, environmental compliance, product testing and certification, and IPP. As of the same date, we managed over 6,000 active service SKUs in these segments across complex compliance scenarios in 121 countries and regions.

We have experienced rapid and continuous business growth during the Track Record Period. Our revenue increased by 45.9% year-over-year to RMB350.5 million in 2024, and increased by 50.8% year-over-year to RMB528.5 million in 2025. Our revenue increased by 65.6% from RMB233.1 million in the six months ended June 30, 2025 to RMB385.9 million during the same period in 2026. Our adjusted net profit margin (non-HKFRS) slightly increased from 18.7% in the six months ended June 30, 2025 to 19.2% during the same period in 2026.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with Hong Kong Financial Reporting Standards as issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) (“HKFRS Accounting Standards”). The preparation of the historical financial information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 5 to the Accountants’ Report in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We operate in the cross-border e-commerce compliance services industry. Our business and results of operations are impacted by general factors affecting the cross-border e-commerce compliance services industry, such as overall economic growth and the development of the cross-border e-commerce market, emergence of new e-commerce platforms and new business models, adoption and acceptance of technology advancements in the cross-border e-commerce compliance services industry, and policy and regulatory changes. Additionally, we believe that our financial condition and results of operations are also affected by a number of company-specific factors, including the factors discussed below.

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Our ability to expand our paying user base, retain our current paying users and increase cross-selling

Our ability to attract new users and expand our paying user base is critical to our operational performance and future growth. We have experienced significant growth of our paying user base over the past years. Our total accumulated paying users increased from 87,117 as of December 31, 2023 to 167,113 as of December 31, 2024, further to 246,254 as of December 31, 2025, and reached 264,005 as of June 30, 2026. We also have a proven track record of retaining our users and increasing their spending. During the Track Record Period, our NDR remained in the range of 104% to 126%, indicating both our integration into clients’ full operation lifecycle and continuous value creation.

To further drive the spending of our existing users, we will continue to cross-sell one-stop products tailored to their evolving compliance needs. As they scale, our growth depends on becoming integral to their operations. Ultimately, our ability to expand usage among our current user base relies on our commitment to user success and the delivery of high-quality and stable services.

Our ability to enrich our products and drive further revenue growth

Our ability to continuously enrich our products to address our clients’ evolving compliance needs is essential to our results of operations. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded revenue of RMB240.3 million, RMB350.5 million, RMB528.5 million, RMB233.1 million and RMB385.9 million, respectively. We believe that a comprehensive product offering covering both mainstream and niche compliance areas will provide greater compliance support to our clients’ global expansion and long-term growth, thereby integrating most of our services into their operations in the long run. Therefore, we are constantly expanding and upgrading our product portfolio. For example, we have expanded our service coverage to include TIC services, a sub-sector of the compliance market with substantial potential and client demand.

Our ability to advance technology innovations

Our ability to advance technology innovations and adopt new technology in our offerings development, underpinned by our O-AI Suite and O-Foundation in the development of our offerings, is important for us to maintain our market position. We have applied advanced technologies, such as our enterprise-grade agentic AI network, to our cross-border e-commerce platform to provide our clients with more efficient and accurate compliance products.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we incurred research and development expenses of RMB28.3 million, RMB30.0 million, RMB32.1 million, RMB15.3 million and RMB18.7 million, respectively. Employee expenses, which mainly represent the compensation we pay to our R&D personnel, were the major element of our overall research and development expenses. We expect to continue to strengthen our talent pool to provide a solid foundation to our future business growth. We have been investing in our AI infrastructure and the functionalities of our products. We will leverage our deep industry know-how to continue developing and upgrading our products with new and better features while improving overall R&D efficiency, thereby enhancing internal delivery efficiency, improving user experience and driving our long-term business growth.

Our ability to improve operational efficiency and optimize operating expenses

Our results of operations are affected by our ability to manage costs and improve overall operational efficiency. Our cost of sales primarily consists of (i) procurement costs, (ii) employee compensation and (iii) share-based payment expenses. Our gross profit margin was 52.5%, 52.5%, 52.9%, 54.5% and 53.2% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our ability to continue to manage our cost of sales and improve our gross profit margin depends on several factors, including overall technological efficiency enhancement, efficiency optimization under our self-operated model, and cost optimization in collaboration with third parties. We also aim to enhance the efficiency of our product delivery by continuing to build up our in-house delivery teams while retaining high-quality third-party service providers as suppliers.

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Our financial performance also depends on achieving greater operational efficiency and operating leverage. We intend to further optimize efficiency by refining our organizational structure, streamlining workflows through agentic AI and strengthening our internal engineering processes through our AI-FOE model. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our operating expenses, including research and development expenses, administrative expenses and selling and distribution expenses, amounted to RMB120.4 million, RMB143.1 million, RMB198.8 million, RMB91.4 million and RMB132.6 million, respectively, accounting for 50.1%, 40.8%, 37.6%, 39.2% and 34.4% of our revenue, respectively. We believe continued improvements in operating leverage will help enhance margins and support long-term revenue growth.

Our ability to maintain our brand and market recognition

We have built a strong brand reputation and market recognition with our seven brands, i.e., EVAT MASTER, IPP MASTER, XMSAIL, GOING GREEN, VATAi, AXIS, and NBTS. We were the world’s largest cross-border e-commerce compliance service provider in terms of sales value in 2025 and have ranked first in terms of market share among cross-border e-commerce compliance service providers in China for four consecutive years since 2022, according to CIC. According to CIC, our sales value in 2025 exceeded the combined total of the second- to eighth-ranked market players in China’s cross-border e-commerce compliance services market in that year.

We believe our brand assets enable us to more efficiently expand our user base, enhance our established market leadership, and lead to more word-of-mouth referrals. Leveraging our market recognition, we are in a position to optimize our product based on accumulated client feedback and industry know-how, which in turn drives our revenue growth.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and estimates that are material to the preparation of our consolidated financial statements in accordance with HKFRS Accounting Standards. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. 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 evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. When reviewing our financial statements, the following factors should be considered: (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

For more information on the basis of preparation of the Historical Financial Information, see Note 2 of Appendix I to this document.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets out a summary of our results of operations for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Revenue	240,323	100.0	350,469	100.0	528,476	100.0	233,114	100.0	385,915	100.0
Cost of sales	(114,238)	(47.5)	(166,328)	(47.5)	(248,689)	(47.1)	(105,988)	(45.5)	(180,737)	(46.8)
Gross profit	126,085	52.5	184,141	52.5	279,787	52.9	127,126	54.5	205,178	53.2
Other income, gains and loss, net	33,419	13.9	42,502	12.1	40,514	7.7	13,571	5.8	1,018	0.3
Impairment losses (recognized) reversed under ECL model, net . .	(1,031)	(0.4)	1,130	0.3	(1,750)	(0.3)	(430)	(0.2)	636	0.2
Selling expenses	(52,814)	(22.0)	(65,371)	(18.7)	(93,658)	(17.7)	(43,586)	(18.7)	(62,948)	(16.3)
Administrative expenses . .	(39,256)	(16.3)	(47,749)	(13.6)	(73,023)	(13.8)	(32,456)	(13.9)	(50,993)	(13.2)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses	(28,335)	(11.8)	(29,991)	(8.6)	(32,140)	(6.1)	(15,324)	(6.6)	(18,650)	(4.8)
Finance costs	(11,348)	(4.7)	(12,072)	(3.4)	(5,300)	(1.0)	(5,070)	(2.2)	(266)	(0.1)
Profit before tax	26,720	11.1	72,590	20.7	114,430	21.7	43,831	18.8	56,361	14.6
Income tax expense	(518)	(0.2)	(1,371)	(0.4)	(17,255)	(3.3)	(5,168)	(2.2)	(13,217)	(3.4)
Profit for the year/period .	26,202	10.9	71,219	20.3	97,175	18.4	38,663	16.6	43,144	11.2
Attributable to:										
Owners of the Company . .	14,258	5.9	44,685	12.8	89,048	16.9	30,920	13.3	38,328	9.9
Non-controlling interests . .	11,944	5.0	26,534	7.6	8,127	1.5	7,743	3.3	4,816	1.2

Non-HKFRS Measure

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS, we also use adjusted net profit, which is not required by, or presented in accordance with HKFRS. The presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures facilitates a comparison of our operating performance by eliminating the impact of (i) interest on redemption liabilities, (ii) [REDACTED], (iii) share-based payment expenses and (iv) restructuring expenses, representing one-off tax expenses incurred in connection with the restructuring arrangement. See “History, Development and Corporate Structure — Onshore Restructuring.” Such non-HKFRS measure allow investors to consider metrics used by our management in evaluating our performance. The use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to, an analysis of our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

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The following table shows reconciliation of net profit for the periods to our adjusted net profit for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Reconciliation of net profit to adjusted net profit (non-HKFRS measure)					
Profit for the year/period	26,202	71,219	97,175	38,663	43,144
Added: Interest expenses on redemption liabilities	10,904	11,755	4,903	4,903	—
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payment expenses	—	—	—	—	7,783
Restructuring expenses	—	—	—	—	5,576
Adjusted net profit (non-HKFRS measure)	37,106	82,974	102,078	43,566	74,117

Revenue

Revenue by business segment

During the Track Record Period, we generated revenue from environmental compliance, corporate and tax compliance, product testing and certification, and intellectual property protection. The following table sets forth a breakdown of our revenue by business segment, in absolute terms and as percentages of total revenue, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Environmental compliance	94,823	39.5	141,917	40.5	235,290	44.5	101,635	43.7	172,508	44.7
Corporate and tax compliance	109,638	45.6	146,914	41.9	185,732	35.1	81,669	35.0	139,393	36.1
Product testing and certification	17,137	7.1	32,487	9.3	72,219	13.7	32,743	14.0	55,928	14.5
Intellectual property protection	18,725	7.8	29,151	8.3	35,235	6.7	17,067	7.3	18,086	4.7
Total	240,323	100.0	350,469	100.0	528,476	100.0	233,114	100.0	385,915	100.0

We typically require prepayments from most of our users before we grant them access to our services, and we charge service fees either on (i) a periodic subscription basis, with revenue recognized over time as services are rendered on a ratable basis, or (ii) per service basis, with revenue recognized at a point in time when the relevant service is completed. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our revenue amounted to RMB240.3 million, RMB350.5 million, RMB528.5 million, RMB233.1 million and RMB385.9 million, respectively.

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Revenue by geographic region

Although most of our customers are cross-border e-commerce retailers based in Chinese Mainland, our services are used locally across different countries and regions to satisfy local compliance requirements. Accordingly, we present a geographical breakdown of our revenue based on the location where our services are used. The following table sets forth such breakdown by the location of service usage, in absolute amounts of our total revenues for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Chinese Mainland	–	–	100	0.0	359	0.1	60	0.0	1,388	0.4
Overseas	240,323	100.0	350,369	100.0	528,117	99.9	233,054	100.0	384,527	99.6
– Europe	209,374	87.1	281,121	80.2	438,345	82.9	196,110	84.1	320,378	83.0
– the Americas	19,099	7.9	37,904	10.8	48,514	9.2	22,196	9.5	36,039	9.3
– Asia	11,580	4.8	30,147	8.6	38,163	7.2	13,672	5.9	26,255	6.8
– Others ⁽¹⁾	270	0.2	1,197	0.4	3,095	0.6	1,076	0.5	1,855	0.5
Total	240,323	100.0	350,469	100.0	528,476	100.0	233,114	100.0	385,915	100.0

Note:

(1) Others primarily consist of Oceania.

Cost of Sales

Our cost of sales primarily consists of (i) procurement costs, incurred from providers for services such as environmental, accounting and legal services, (ii) employee compensation and (iii) share-based payment expenses. The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Procurement costs	101,323	88.7	146,350	88.0	220,863	88.8	93,370	88.1	154,770	85.6
Employee compensation	11,604	10.2	18,384	11.1	26,147	10.5	11,575	10.9	22,677	12.4
Share-based payment expenses	–	–	–	–	–	–	–	–	1,168	0.6
Others	1,311	1.1	1,594	0.9	1,679	0.7	1,043	1.0	2,122	1.4
Total	114,238	100.0	166,328	100.0	248,689	100.0	105,988	100.0	180,737	100.0

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB114.2 million, RMB166.3 million, RMB248.7 million, RMB106.0 million and RMB180.7 million, respectively. Our cost of sales accounted for 47.5%, 47.5%, 47.1%, 45.5% and 46.8% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Gross profit margin represents gross profit divided by revenue, expressed as a percentage. Changes in gross profit margin may be affected by, among other things, our service mix, pricing, delivery efficiency and cost structure.

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We recorded gross profit of RMB126.1 million, RMB184.1 million, RMB279.8 million, RMB127.1 million and RMB205.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit margin was 52.5%, 52.5%, 52.9%, 54.5% and 53.2% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)	Gross Profit	Gross Profit Margin (%)
	(RMB'000, except for percentage)						(unaudited)			
Corporate and tax compliance	66,644	60.8	91,819	62.5	121,473	65.4	52,287	64.0	89,387	64.1
Environmental compliance	34,700	36.6	47,799	33.7	72,636	30.9	34,413	33.9	60,167	34.9
Product testing and certification	14,717	85.9	28,620	88.1	64,755	89.7	30,089	91.9	45,172	80.8
Intellectual property protection	10,024	53.5	15,903	54.6	20,923	59.4	10,337	60.6	10,452	57.8
Total	126,085	52.5	184,141	52.5	279,787	52.9	127,126	54.5	205,178	53.2

Other Income, Gains and Loss, Net

Other income, gains and loss, net primarily comprises (i) value-added tax refunds related to the taxes we paid in connection with our sales, (ii) change in fair value of financial assets at FVTPL, (iii) bank interest income, (iv) government subsidies and (v) net foreign exchange gains or losses. The following table sets forth a breakdown of our other income, gains and loss, net, in absolute terms and as percentages of total other income, gains and loss, net, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Value-added tax refund	22,236	66.5	32,170	75.7	38,730	95.6	12,782	94.2	3,568	350.5
Change in fair value of financial assets at FVTPL	3,377	10.1	378	0.9	1,724	4.3	669	4.9	1,601	157.3
Bank interest income	7,910	23.7	10,299	24.2	3,845	9.5	3,212	23.7	781	76.7
Government subsidies	1,767	5.3	1,071	2.5	739	1.8	10	0.1	45	4.4
Net foreign exchange losses	(2,023)	(6.1)	(1,535)	(3.6)	(4,451)	(11.0)	(3,008)	(22.2)	(5,373)	(527.8)
Others	152	0.5	119	0.3	(73)	(0.2)	(94)	(0.7)	396	38.9
Total	33,419	100.0	42,502	100.0	40,514	100.0	13,571	100.0	1,018	100.0

Impairment Losses (Recognized) Reversed under Expected Credit Loss (ECL) Model, Net

Impairment losses (recognized) reversed under the expected credit loss model, net represent expected credit losses recognized or reversed on financial assets subject to impairment assessment under HKFRS 9. Such financial assets primarily include (i) trade receivables and (ii) other receivables.

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We recorded net impairment losses of RMB1.0 million, RMB1.8 million and RMB0.4 million in 2023 and 2025 and the six months ended June 30, 2025, respectively, and net reversal of impairment losses of RMB1.1 million and RMB0.6 million in 2024 and the six months ended June 30, 2026, respectively.

Selling Expenses

Our selling expenses primarily consist of (i) employee compensation, (ii) promotion expenses, (iii) depreciation and amortization and (iv) share-based payment expenses. The following table sets forth a breakdown of our selling expenses, in absolute amounts and as percentages of total selling expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,					
	2023		2024		2025		2025		2026			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%		
Employee compensation . . .	37,290	70.6	49,858	76.3	72,516	77.4	34,024	78.1	49,056	77.9		
Promotion expenses	13,161	24.9	11,576	17.7	15,424	16.5	7,139	16.4	7,733	12.3		
Depreciation and amortization	970	1.8	2,200	3.4	2,773	3.0	1,459	3.3	3,286	5.2		
Share-based payment expenses	—	—	—	—	—	—	—	—	1,509	2.4		
Others ⁽¹⁾	1,393	2.6	1,737	2.6	2,945	3.1	964	2.2	1,364	2.2		
Total	52,814	100.0	65,371	100.0	93,658	100.0	43,586	100.0	62,948	100.0		

Note:

- (1) Others primarily consist of travel expenses, business development expenses, office expenses, and platform service and certificate expenses.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee compensation, (ii) office and travel expenses, (iii) professional service expenses, (iv) share-based payment expenses, (v) tax and surcharges and (vi) depreciation and amortization. The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of total administrative expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,					
	2023		2024		2025		2025		2026			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%		
Employee compensation . . .	17,362	44.2	23,770	49.8	37,531	51.4	16,704	51.5	23,814	46.7		
Office and travel expenses . .	5,363	13.7	7,402	15.5	10,595	14.5	4,293	13.2	7,860	15.4		
Professional service expenses	6,167	15.7	4,437	9.3	9,648	13.2	5,105	15.7	5,824	11.4		
Share-based payment expenses	—	—	—	—	—	—	—	—	3,879	7.6		
Tax and surcharges	3,816	9.7	5,570	11.7	7,466	10.2	2,729	8.4	4,311	8.5		
Depreciation and amortization	5,263	13.4	5,388	11.3	5,239	7.2	1,907	5.9	3,931	7.7		
Others ⁽¹⁾	1,285	3.3	1,182	2.4	2,544	3.5	1,718	5.3	1,374	2.7		
Total	39,256	100.0	47,749	100.0	73,023	100.0	32,456	100.0	50,993	100.0		

Note:

- (1) Others primarily consist of bank charges.

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Research and Development Expenses

Our research and development expenses primarily consist of (i) employee compensation, (ii) share-based payment expenses, (iii) depreciation and amortization and (iv) office and travel expenses. The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Employee compensation . . .	25,906	91.4	27,888	93.0	29,565	92.0	14,065	91.8	16,739	89.8
Share-based payment expenses	-	-	-	-	-	-	-	-	1,227	6.6
Depreciation and amortization	1,021	3.6	1,039	3.5	1,248	3.9	643	4.2	397	2.1
Office and travel expenses . . .	286	1.0	231	0.8	234	0.7	114	0.7	124	0.7
Others ⁽¹⁾	1,122	4.0	833	2.7	1,093	3.4	502	3.3	163	0.8
Total	28,335	100.0	29,991	100.0	32,140	100.0	15,324	100.0	18,650	100.0

Note:

(1) Others primarily consist of platform service and certificate expenses and professional service expenses.

Finance Costs

Finance costs primarily consist of (i) interest expenses on bank borrowings, (ii) interest expenses on redemption liabilities and (iii) interest expenses on lease liabilities. The following table sets forth a breakdown of our finance costs, in absolute terms and as percentages of total finance costs, for the periods indicated.

	Year ended 31 December						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Interest expenses on bank borrowings	324	2.9	217	1.8	-	-	-	-	-	-
Interest expenses on redemption liabilities . . .	10,904	96.1	11,755	97.4	4,903	92.5	4,903	96.7	-	-
Interest expenses on lease liabilities	120	1.0	100	0.8	397	7.5	167	3.3	266	100.0
Total	11,348	100.0	12,072	100.0	5,300	100.0	5,070	100.0	266	100.0

TAXATION

Our income tax expenses primarily consist of (i) current income tax and (ii) deferred income tax. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we had income tax expenses of RMB0.5 million, RMB1.4 million, RMB17.3 million, RMB5.2 million and RMB13.2 million, respectively.

We are subject to various rates of income tax under different jurisdictions. The following summarizes major factors affecting our applicable tax rates in jurisdictions in which we operate, which we believe are significant.

FINANCIAL INFORMATION

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese Mainland are subject to CIT at a rate of 25% on the taxable income. During the Track Record Period, Shenzhen Oushuitong was entitled to a preferential treatment of two-year exemption and three-year half reduction on corporate income tax from 2023. Shenzhen Oushuitong obtained the High-and-New Technology Enterprise qualification on December 25, 2025, valid for three years. In addition, certain subsidiaries of ours operating in Chinese Mainland were entitled to effective preferential income tax rates of 5%, 5%, 5% and 5% in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, because they were regarded as “Small-scaled Minimal Profit Enterprises” with annual taxable income of no more than RMB3.0 million.

Hong Kong

The first HK\$2.0 million of assessable profits of our Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Others

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which we operate.

DISCUSSION OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared to Six Months Ended June 30, 2025

Revenue

Revenue by business segment

Our revenue increased by 65.6% from RMB233.1 million in the six months ended June 30, 2025 to RMB385.9 million during the same period in 2026, attributable to an increase in revenue from sales of environmental compliance, corporate and tax compliance, product testing and certification and intellectual property protection services.

Our revenue from environmental compliance increased by 69.8% from RMB101.6 million in the six months ended June 30, 2025 to RMB172.5 million during the same period in 2026, primarily attributable to (i) the increase in the number of subscriptions for environmental compliance services, (ii) continued expansion of our user base and (iii) the acquisition of Shenzhen Yisi at the end of 2025.

Our revenue from corporate and tax compliance increased by 70.6% from RMB81.7 million in the six months ended June 30, 2025 to RMB139.4 million during the same period in 2026, primarily attributable to (i) the expansion of our business operations, which aligned with evolving cross-border e-commerce market trends, (ii) the improving market recognition of our services and (iii) the acquisition of Shenzhen Yisi at the end of 2025.

Our revenue from product testing and certification increased by 70.9% from RMB32.7 million in the six months ended June 30, 2025 to RMB55.9 million during the same period in 2026, primarily attributable to (i) the acquisition of Guangdong Newbest at the end of 2025 and (ii) strengthened product quality regulations across Europe, which caused major cross-border e-commerce platforms to further enhance their compliance requirements relating to product certification and testing.

Revenue by geographic region

Our revenue was primarily attributable to services used in overseas markets. Our revenue in overseas markets increased by 65.0% from RMB233.1 million in the six months ended June 30, 2025 to RMB384.5 million during the same period in 2026, primarily due to the increase in revenue from European markets, driven by the strengthened regulatory environment across Europe and the continued optimization of our service portfolio offered in Europe, which has been well recognized by the markets.

FINANCIAL INFORMATION

Cost of sales

Our cost of sales increased by 70.5% from RMB106.0 million in the six months ended June 30, 2025 to RMB180.7 million during the same period in 2026, primarily attributable to (i) an increase in procurement cost, which is in line with the expansion of our business operation and (ii) an increase in employee compensation, driven by the acquisition of Shenzhen Yisi and Guangdong Newbest at the end of 2025.

Gross profit and gross profit margin

Our gross profit increased by 61.4% from RMB127.1 million in the six months ended June 30, 2025 to RMB205.2 million during the same period in 2026, in line with our overall business growth. Our gross profit margin remained relatively stable at 54.5% for the six months ended June 30, 2025 and 53.2% for the same period in 2026.

Our gross profit from corporate and tax compliance increased by 70.9% from RMB52.3 million for the six months ended June 30, 2025 to RMB89.4 million for the same period in 2026, while our gross profit margin from corporate and tax compliance remained relatively stable at 64.0% for the six months ended June 30, 2025 and 64.1% for the same period in 2026.

Our gross profit from environmental compliance increased by 75.0% from RMB34.4 million for the six months ended June 30, 2025 to RMB60.2 million for the same period in 2026, while our gross profit margin from environmental compliance remained relatively stable at 33.9% for the six months ended June 30, 2025 and 34.9% for the same period in 2026.

Our gross profit from product testing and certification increased by 50.2% from RMB30.1 million for the six months ended June 30, 2025 to RMB45.2 million for the same period in 2026, while our gross profit margin from product testing and certification decreased from 91.9% for the six months ended June 30, 2025 to 80.8% for the same period in 2026, primarily due to lower-margin testing services following the acquisition of Guangdong Newbest in December 2025.

Our gross profit from intellectual property protection increased by 1.9% from RMB10.3 million for the six months ended June 30, 2025 to RMB10.5 million for the same period in 2026, while our gross profit margin from intellectual property protection decreased from 60.6% for the six months ended June 30, 2025 to 57.8% for the same period in 2026, primarily due to lower-margin intellectual property protection services following the acquisition of Shenzhen Yisi at the end of 2025.

Other income, gains and loss, net

Our other income, gains and loss, net decreased by approximately 92.6% from RMB13.6 million in the six months ended June 30, 2025 to RMB1.0 million during the same period in 2026, primarily attributable to a decrease in value-added tax refunds, primarily due to the change in the applicable VAT rate.

Selling expenses

Our selling expenses increased by 44.3% from RMB43.6 million in the six months ended June 30, 2025 to RMB62.9 million during the same period in 2026, primarily attributable to (i) an increase in employee compensation, driven by the expansion of our sales team and a higher salary level and (ii) depreciation and amortization of customer relationships, following the acquisition of Shenzhen Yisi and Guangdong Newbest at the end of 2025.

Administrative expenses

Our administrative expenses increased by 56.9% from RMB32.5 million in the six months ended June 30, 2025 to RMB51.0 million during the same period in 2026, primarily attributable to (i) an increase in employee compensation, driven by the increase in the number of our administrative personnel and higher salary level and (ii) the increase in share-based payment expenses.

FINANCIAL INFORMATION

Research and development expenses

Our research and development expenses increased by 22.2% from RMB15.3 million in the six months ended June 30, 2025 to RMB18.7 million during the same period in 2026, primarily attributable to (i) an increase in employee compensation, driven by the increase in the number of R&D staff and higher salary level to support our new service and technology development and (ii) the increase in share-based payment expenses.

Impairment losses (recognized) reversed under ECL model, net

We recorded net impairment losses of RMB0.4 million in the six months ended June 30, 2025 and net reversal of impairment losses of RMB0.6 million during the same period in 2026, primarily attributable to the settlement of certain trade and other receivables which had been outstanding for more than one year.

Finance costs

Our finance costs decreased by 94.1% from RMB5.1 million in the six months ended June 30, 2025 to RMB0.3 million during the same period in 2026, primarily attributable to the decrease in interest expenses on redemption liabilities, arising from the derecognition of redemption liability in connection with our restructuring arrangements. See “History, Development and Corporate Structure — Offshore Restructuring.”

Income tax expense

Our income tax expense increased from RMB5.2 million in the six months ended June 30, 2025 to RMB13.2 million during the same period in 2026, which was primarily attributable to (i) withholding tax arising from our restructuring arrangements and (ii) the growth of our profit before tax.

Profit for the period

As a result of the foregoing, our profit for the period increased by 11.4% from RMB38.7 million in the six months ended June 30, 2025 to RMB43.1 million during the same period in 2026.

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

Revenue

Revenue by business segment

Our revenue increased by 50.8% from RMB350.5 million in 2024 to RMB528.5 million in 2025, attributable to an increase in revenue from environmental compliance, product testing and certification, corporate and tax compliance and intellectual property protection.

Our revenue from environmental compliance increased by 65.8% from RMB141.9 million in 2024 to RMB235.3 million in 2025, primarily attributable to (i) our services addressing the strengthened environmental compliance enforcement across Europe. For example, major e-commerce platforms began implementing regulatory measures by the end of 2024 in response to the EU Batteries Regulation, which resulted in an increase in market demand; and (ii) the revenue contribution from Shenzhen GoingGreen following its acquisition in August 2024.

Our revenue from corporate and tax compliance increased by 26.4% from RMB146.9 million in 2024 to RMB185.7 million in 2025, primarily attributable to (i) the launch of our new VAT compliance service portfolio in January 2025, which carries a higher price, aligned with evolving cross-border e-commerce market trends and the strengthening market recognition of our service offerings, (ii) the increase in demand for certain VAT services, as completing such VAT registration is a prerequisite for the relevant EPR compliance, and major e-commerce platforms required sellers to complete such EPR compliance in the relevant jurisdictions by December 31, 2025 and (iii) the revenue contribution following the acquisition of Shenzhen Shuyou in March 2025.

FINANCIAL INFORMATION

Our revenue from product testing and certification increased by 122.3% from RMB32.5 million in 2024 to RMB72.2 million in 2025, primarily attributable to strengthened product quality regulations across Europe, which caused major cross-border e-commerce platforms to further enhance their compliance requirements relating to product certification and testing.

Our revenue from intellectual property protection increased by 20.9% from RMB29.2 million in 2024 to RMB35.2 million in 2025, driven by the continued expansion of our IP service offerings across key overseas markets, particularly in the U.S. and Europe.

Revenue by geographic region

Our revenue was primarily attributable to services used in overseas markets. Our revenue in overseas markets increased by 50.7% from RMB350.4 million in 2024 to RMB528.1 million in 2025, primarily due to the increase in revenue from European markets, driven by the strengthened regulatory environment across Europe and the continued optimization of our service portfolio offered in Europe, which has been well recognized by the markets.

Cost of sales

Our cost of sales increased by 49.5% from RMB166.3 million in 2024 to RMB248.7 million in 2025, primarily attributable to an increase in procurement costs, which is in line with the increase in our revenue.

Gross profit and gross profit margin

Our gross profit increased by 52.0% from RMB184.1 million in 2024 to RMB279.8 million in 2025, in line with our overall business growth. Our gross profit margin remained relatively stable at 52.5% for 2024 and 52.9% for 2025.

Our gross profit from corporate and tax compliance increased by 32.4% from RMB91.8 million in 2024 to RMB121.5 million in 2025, while our gross profit margin from corporate and tax compliance increased from 62.5% for 2024 to 65.4% for 2025 driven by (i) an increased proportion of self-operated sales and (ii) an optimized service mix toward higher-margin services, such as corporate and value-added services in South Korea.

Our gross profit from environmental compliance increased by 51.9% from RMB47.8 million in 2024 to RMB72.6 million in 2025, while our gross profit margin from environmental compliance decreased slightly from 33.7% in 2024 to 30.9% in 2025, primarily due to pricing adjustments in response to competitive markets.

Our gross profit from product testing and certification significantly increased from RMB28.6 million in 2024 to RMB64.8 million in 2025, while our gross profit margin from product testing and certification increased from 88.1% in 2024 to 89.7% in 2025, primarily due to improvements in our operational efficiency and the economies of scale.

Our gross profit from intellectual property protection increased by 31.6% from RMB15.9 million in 2024 to RMB20.9 million in 2025, while our gross profit margin from intellectual property protection increased from 54.6% in 2024 to 59.4% in 2025, primarily due to a general uplift in pricing across our services provided in the U.S.

Other income, gains and loss, net

Our other income, gains and loss, net decreased by 4.7% from RMB42.5 million in 2024 to RMB40.5 million in 2025, primarily attributable to a decrease in bank interest income as we placed our cash in current accounts bearing lower interest rates.

Selling expenses

Our selling expenses increased by 43.3% from RMB65.4 million in 2024 to RMB93.7 million in 2025, primarily attributable to (i) an increase in employee compensation, driven by the expansion of our sales team and a higher salary level and (ii) an increase in promotion expenses, driven by our increased promotional initiatives and offline advertising activities to strengthen our brand and penetrate new markets.

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses increased by 53.0% from RMB47.7 million in 2024 to RMB73.0 million in 2025, primarily attributable to (i) an increase in employee compensation, driven by an increase in administrative staff and higher salary level to support our overall growth and (ii) an increase in professional service expenses, associated with our business expansion and advisory services incurred in the course of our business operation.

Research and development expenses

Our research and development expenses increased by 7.0% from RMB30.0 million for 2024 to RMB32.1 million in 2025, primarily attributable to an increase in employee compensation, driven by an increase in the number of R&D staff and higher salary levels to support our new service and technology development.

Impairment losses (recognized) reversed under ECL model, net

We recorded net impairment losses of RMB1.8 million in 2025 and net reversal of impairment losses of RMB1.1 million in 2024. The reversal of impairment losses in 2024 was primarily due to the recovery of certain previously impaired receivables. The net impairment losses recognized in 2025 were in line with the increase in trade receivables as our business expanded, reflecting the application of the expected credit loss model.

Finance costs

Our finance costs decreased by 56.2% from RMB12.1 million in 2024 to RMB5.3 million in 2025, primarily attributable to a decrease in interest expenses on redemption liabilities, driven by the derecognition of redemption liability, following the restructuring arrangements. See “History, Development and Corporate Structure — Offshore Restructuring.”

Income tax expense

Our income tax expense significantly increased from RMB1.4 million in 2024 to RMB17.3 million in 2025, which was primarily attributable to the transition of our principal PRC operating subsidiary from a tax holiday period to a reduced tax rate period under two-year exemption and three-year half reduction on corporate income tax policies applicable to qualified software enterprises.

Profit for the year

As a result of the foregoing, our profit for the year increased by 36.5% from RMB71.2 million in 2024 to RMB97.2 million in 2025.

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

Revenue

Revenue by business segment

Our revenue increased by 45.9% from RMB240.3 million in 2023 to RMB350.5 million in 2024, attributable to an increase in revenue from sales of corporate and tax compliance, environmental compliance, product testing and certification and intellectual property protection.

Our revenue from corporate and tax compliance increased by 34.0% from RMB109.6 million in 2023 to RMB146.9 million in 2024, primarily as we expanded our geographic coverage into new markets and benefited from the overall growth of cross-border e-commerce market trends.

Our revenue from environmental compliance increased by 49.7% from RMB94.8 million in 2023 to RMB141.9 million in 2024, primarily attributable to (i) the continued enforcement of environmental compliance regulations across major European markets, which increased customer demand, and (ii) the expansion of our carbon compliance service offerings.

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Our revenue from product testing and certification increased by 89.6% from RMB17.1 million in 2023 to RMB32.5 million in 2024, primarily due to strengthened product quality regulations across Europe, which caused major cross-border e-commerce platforms to further enhance their compliance requirements relating to product certification and testing.

Our revenue from intellectual property protection increased by 55.7% from RMB18.7 million in 2023 to RMB29.2 million in 2024, driven by an increase in our user base, aligned with the evolving cross-border e-commerce market trends.

Revenue by geographic region

Our revenue was primarily attributable to services used in overseas markets. Our revenue in overseas markets increased by 45.9% from RMB240.3 million in 2023 to RMB350.4 million in 2024, primarily due to the increase in revenue from Europe and the Americas, driven by an increase in our subscriptions, aligned with the evolving cross-border e-commerce activities. For the Americas market, the increase is also attributable to a general uplift in pricing across our services provided in the U.S.

Cost of sales

Our cost of sales increased by 45.6% from RMB114.2 million in 2023 to RMB166.3 million in 2024, primarily attributable to (i) an increase in procurement costs, which is in line with the increase in our revenue, and (ii) an increase in employee compensation driven by the expansion of our delivery and implementation team.

Gross profit and gross profit margin

Our gross profit increased by 46.0% from RMB126.1 million in 2023 to RMB184.1 million in 2024, in line with our overall business growth. Our gross profit margin remained stable at 52.5% in 2023 and at 52.5% in 2024.

Our gross profit from corporate and tax compliance increased by 37.8% from RMB66.6 million in 2023 to RMB91.8 million in 2024, while our gross profit margin from corporate and tax compliance increased from 60.8% in 2023 to 62.5% in 2024, primarily due to (i) the increase in gross profit contribution by XMSAIL’s higher-margin service offerings following the acquisition, and (ii) improvements in our operational efficiency.

Our gross profit from environmental compliance increased by 37.7% from RMB34.7 million in 2023 to RMB47.8 million in 2024, while our gross profit margin from environmental compliance decreased from 36.6% in 2023 to 33.7% in 2024 primarily due to the increase in procurement costs, driven by environmental fee policies across Europe that strengthened extended producer responsibility requirements and introduced more eco-modulated environmental fees.

Our gross profit from product testing and certification increased by 94.5% from RMB14.7 million in 2023 to RMB28.6 million in 2024, while our gross profit margin from product testing and certification increased from 85.9% in 2023 to 88.1% in 2024, primarily due to the improvements in our operational efficiency and the economies of scale.

Our gross profit from intellectual property protection increased by approximately 58.7% from RMB10.0 million in 2023 to RMB15.9 million in 2024, while our gross profit margin from intellectual property protection increased from 53.5% in 2023 to 54.6% in 2024, primarily due to a general uplift in pricing across our services provided in the U.S.

Other income, gains and loss, net

Our other income, gains and loss, net increased by 27.2% from RMB33.4 million in 2023 to RMB42.5 million in 2024, primarily attributable to an increase in value-added tax refunds, which is in line with the increase in revenue.

Selling expenses

Our selling expenses increased by 23.8% from RMB52.8 million in 2023 to RMB65.4 million in 2024, primarily attributable to an increase in employee compensation, mainly attributable to higher salary levels and the expansion of our sales team.

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Administrative expenses

Our administrative expenses increased by 21.4% from RMB39.3 million in 2023 to RMB47.7 million in 2024, primarily attributable to an increase in employee compensation, driven by an increase in administrative staff to support our overall growth.

Research and development expenses

Our research and development expenses increased by 6.0% from RMB28.3 million in 2023 to RMB30.0 million in 2024, primarily attributable to an increase in employee compensation, driven by an increase in the number of R&D staff and higher salary levels to support our new service and technology development.

Impairment losses (recognized) reversed under ECL model, net

We recorded net impairment losses of RMB1.0 million in 2023 and net reversal of impairment losses of RMB1.1 million in 2024. The reversal of impairment losses in 2024 was primarily due to the recovery of certain previously impaired receivables. The net impairment losses recognized in 2023 were in line with the increase in trade receivables as our business expanded, reflecting the application of the expected credit loss model.

Finance costs

Our finance costs remained relatively stable at RMB11.3 million in 2023 and at RMB12.1 million in 2024.

Income tax expense

Our income tax expense remained relatively stable at RMB0.5 million in 2023 and RMB1.4 million in 2024.

Profit for the year

As a result of the foregoing, our profit for the year increased by 171.8% from RMB26.2 million in 2023 to RMB71.2 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS

Non-Current Assets and Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Non-current assets				
Prepayment for acquisition of subsidiaries	24,000	—	—	—
Property, plant and equipment	2,972	2,183	17,513	33,454
Intangible assets	6,362	19,337	45,713	42,897
Right-of-use assets	2,175	9,801	19,125	18,466
Goodwill	—	31,501	67,781	67,781
Deferred tax assets	288	117	577	4,183
Deposits for the acquisition of property, plant and equipment	—	—	17,667	—
Restricted bank deposits	—	—	16,749	16,161
Term deposits	218,017	30,000	—	—
Other non-current assets	—	—	3,557	1,779
Total non-current assets	253,814	92,939	188,682	184,721

FINANCIAL INFORMATION

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities				
Deferred tax liabilities	292	3,318	7,696	7,060
Lease liabilities	140	8,130	15,297	13,641
Redemption liabilities	399,438	411,193	—	—
Accruals and other payables	—	—	22,800	10,500
Total non-current liabilities	399,870	422,641	45,793	31,201

Prepayment for acquisition of subsidiaries

Our prepayment for acquisition of subsidiaries represented the advance payment for our acquisition of equity interests in XMSAIL which was made on December 31, 2023. We obtained control of XMSAIL in January 2024 and consolidated its financial statements. The total consideration for our acquisition of XMSAIL was RMB40.0 million. We subsequently settled the acquisition consideration in two installments, in September 2024 and May 2025, RMB8.0 million for each payment, respectively.

Property, Plant and Equipment

Our property, plant and equipment comprise (i) furniture, fixtures, office and electronic equipment, (ii) motor vehicles, (iii) laboratory equipment, (iv) leasehold improvements and (v) land and building. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Furniture, fixtures, office and electronic equipment	1,584	1,429	2,374	2,703
Motor vehicles	340	247	421	352
Laboratory equipment	—	—	10,045	9,433
Leasehold improvements	1,048	507	4,673	4,502
Land and building	—	—	—	16,464
Total	2,972	2,183	17,513	33,454

Our property, plant and equipment decreased by 26.7% from RMB3.0 million as of December 31, 2023 to RMB2.2 million as of December 31, 2024, primarily due to a decrease in leasehold improvements, driven by the depreciation charges related to our offices. Our property, plant and equipment significantly increased from RMB2.2 million as of December 31, 2024 to RMB17.5 million as of December 31, 2025, primarily due to (i) an increase in laboratory equipment, driven by the procurement of new laboratory equipment for our TIC services, and the acquisition of Guangdong Newbest at the end of 2025, (ii) an increase in leasehold improvements, driven by the increase in the leased area and the renovation of our offices, driven by the expansion of our operations and (iii) an increase in furniture, fixtures, office and electronic equipment, driven by the acquisition of Shenzhen Yisi and Guangdong Newbest at the end of 2025. Our property, plant and equipment increased by 91.4% from RMB17.5 million as of December 31, 2025 to RMB33.5 million as of June 30, 2026, primarily due to an increase in land and building, driven by the purchase of our Shenzhen Qianhai office to support our business operation expansion.

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Intangible Assets

Our intangible assets primarily comprise customer relationships acquired in business combinations. The following table sets forth our intangible assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Customer relationships	6,274	19,253	45,353	42,564
Others ⁽¹⁾	88	84	360	333
Total	6,362	19,337	45,713	42,897

Note:

(1) Others primarily consist of patent rights and trademark rights.

Our intangible assets significantly increased from RMB6.4 million as of December 31, 2023 to RMB19.3 million as of December 31, 2024, primarily due to an increase in customer relationships, driven by the acquisition of XMSAIL and Shenzhen GoingGreen.

Our intangible assets increased by 136.8% from RMB19.3 million as of December 31, 2024 to RMB45.7 million as of December 31, 2025, driven by an increase in customer relationships, mainly attributable to the acquisition of Shenzhen Yisi and Guangdong Newbest.

Our intangible assets decreased by 6.1% from RMB45.7 million as of December 31, 2025 to RMB42.9 million as of June 30, 2026, driven by a decrease in customer relationships, mainly attributable to the amortization.

Right-of-use Assets

Our right-of-use assets increased significantly from RMB2.2 million as of December 31, 2023 to RMB9.8 million as of December 31, 2024, primarily due to (i) the renewal of the lease for one of our offices, and (ii) an increase in the leased area, driven by the expansion of our operations. Our right-of-use assets increased by 94.9% from RMB9.8 million as of December 31, 2024 to RMB19.1 million as of December 31, 2025, driven by (i) an increase in the leased area, driven by the expansion of our operations, and (ii) the acquisition of Shenzhen Yisi and Guangdong Newbest. Our right-of-use assets decreased by 3.1% from RMB19.1 million as of December 31, 2025 to RMB18.5 million as of June 30, 2026, driven by the depreciation of right-of-use assets recognised in respect of our leased office.

Goodwill

Our goodwill primarily represents synergies and other intangible benefits arising from business combinations. Our goodwill increased significantly from nil as of December 31, 2023 to RMB31.5 million as of December 31, 2024, further increased to RMB67.8 million as of December 31, 2025 and June 30, 2026, primarily due to business acquisitions completed during the year. Goodwill acquired through business combinations is allocated to six cash generating units (CGU) for impairment testing, including SZXM, ABITIO, SZ GoingGreen, Shuyou, AXIS and Newbest. See Note 18 to the Accountants’ Report included in Appendix I to this document for details.

Deferred Tax Assets

Our deferred tax assets primarily represent deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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Our deferred tax assets remained relatively stable at RMB0.3 million as of December 31, 2023, RMB0.1 million as of December 31, 2024 and RMB0.6 million as of December 31, 2025. Our deferred tax assets significantly increased from RMB0.6 million as of December 31, 2025 to RMB4.2 million as of June 30, 2026, primarily attributable to the recognition of deferred tax assets for unused tax losses, as sufficient taxable profits were expected to be available against which such tax losses could be utilised.

Deferred tax liabilities

Our deferred tax liabilities significantly increased from RMB0.3 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, and further increased by 133.3% to RMB7.7 million as of December 31, 2025, primarily attributable to fair value adjustment, arising from our acquisition activities during the years. Our deferred tax liabilities remained relatively stable at RMB7.7 million as of December 31, 2025 and RMB7.1 million as of June 30, 2026.

Redemption liabilities

Our redemption liabilities represent the present value of the redemption amount payable to the holders of our redeemable preference shares. Our redemption liabilities increased by 3.0% from RMB399.4 million as of December 31, 2023 to RMB411.2 million as of December 31, 2024, primarily attributable to the accretion of interest. Our redemption liabilities significantly decreased from RMB411.2 million as of December 31, 2024 to nil as of December 31, 2025 and remained nil as of June 30, 2026, primarily attributable to the derecognition of the redemption liabilities arising from our restructuring arrangement. See “History, Development and Corporate Structure — Offshore Restructuring.”

Current Assets and Liabilities

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current assets					
Trade receivables . . .	4,598	6,305	9,323	9,614	7,526
Deposits, prepayments and other receivables .	62,211	78,524	110,695	168,307	179,971
Financial assets at fair value through profit or loss	204,888	—	—	—	158,227
Restricted bank deposits	2,700	—	2,668	2,192	2,185
Term deposits	—	213,057	—	20,000	—
Cash and cash equivalents	36,475	285,865	533,814	563,176	294,143
Total current assets .	310,872	583,751	656,500	763,289	642,052
Current liabilities					
Trade payables	11,308	27,101	53,331	70,877	62,311
Accruals and other payables	49,657	86,966	117,027	224,644	112,386
Contract liabilities . .	196,528	271,631	418,621	490,393	478,330
Bank borrowings	14,080	—	—	—	—
Lease liabilities	2,095	1,729	4,724	5,904	5,876
Tax liabilities	473	1,301	12,568	12,962	6,691
Total current liabilities	274,141	388,728	606,271	804,780	665,594
Net current assets/ (liabilities)	36,731	195,023	50,229	(41,491)	(23,542)

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Our net current assets increased from RMB36.7 million as of December 31, 2023 to RMB195.0 million as of December 31, 2024, primarily due to (i) an increase in cash and cash equivalents of RMB249.4 million, and (ii) an increase in term deposits of RMB213.1 million, due to reclassification of non-current term deposits as maturity within one year. Such increase was partially offset by (i) a decrease in financial assets at FVTPL of RMB204.9 million, primarily due to the disposal of certain structured deposits, and (ii) an increase in contract liabilities of RMB75.1 million, which was in line with the increase in our revenue.

Our net current assets decreased from RMB195.0 million as of December 31, 2024 to RMB50.2 million as of December 31, 2025, primarily due to (i) an increase in contract liabilities, (ii) an increase in trade and other payables, arising from our restructuring arrangement and (iii) dividends paid in 2025, partially offset by an increase in cash and cash equivalents.

Our net current assets decreased from RMB50.2 million as of December 31, 2025 to net current liabilities of RMB41.5 million as of June 30, 2026, primarily due to (i) an increase in accruals and other payables of RMB107.6 million and (ii) an increase in contract liabilities of RMB71.8 million, partially offset by an increase in cash and cash equivalents and other current assets. Our net current liability position as of June 30, 2026 and July 31, 2026 was temporary due to accounting treatment in connection with restructuring arrangement. See “History, Development and Corporate Structure — Onshore Restructuring.”

Trade Receivables

We typically require prepayment from most of our customers before we grant them access to our services, while granting a credit period of up to 90 days to certain customers with good creditworthiness. As such, we recorded trade receivables. The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Trade receivables	6,603	6,790	10,074	10,477
Less: allowance for credit losses	(2,005)	(485)	(751)	(863)
Total	4,598	6,305	9,323	9,614

Our trade receivables increased by 37.0% from RMB4.6 million as of December 31, 2023 to RMB6.3 million as of December 31, 2024, which is in line with the increase in our revenue. Our trade receivables increased by 47.6% from RMB6.3 million as of December 31, 2024 to RMB9.3 million as of December 31, 2025, primarily due to the acquisition of Shenzhen Yisi and Guangdong Newbest. Our trade receivables remained relatively stable at RMB9.3 million as of December 31, 2025 and RMB9.6 million as of June 30, 2026.

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

	As of December 31,			As of
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Within three months	516	5,515	7,340	3,754
Three to six months	246	464	1,103	3,579
Six months to one year	3,836	326	880	2,281
Total	4,598	6,305	9,323	9,614

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

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Trade receivable turnover days ⁽¹⁾	4.2	5.6	5.3	4.4

Note:

- (1) Trade receivables turnover days are calculated based on the average of opening and closing balances of trade receivables less allowance for credit losses for the relevant period, divided by revenue for the same period and multiplied by 360 days for 2023, 2024 and 2025 and 180 days for the six months ended June 30, 2026.

Our trade receivables turnover days remained relatively stable at 4.2 days in 2023, 5.6 days in 2024, 5.3 days in 2025 and 4.4 days in the six months ended June 30, 2026.

During the Track Record Period, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of July 31, 2026, RMB4.1 million, or 42.7%, of our trade receivables as of June 30, 2026, had been settled.

Deposits, prepayments and other receivables

Our deposits, prepayments and other receivables primarily consist of (i) receivable from disposal of equity interest, (ii) deposits and other receivables, (iii) receivables from payment platforms, (iv) advance payments to suppliers, (v) prepaid [REDACTED] expenses, (vi) value-added tax recoverable, (vii) amounts due from related parties and (viii) deferred [REDACTED] costs. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Receivable from disposal of equity interest	1,978	—	—	—
Deposits and other receivables	15,169	8,297	16,406	16,874
Receivables from payment platform	18,032	27,544	27,787	32,865
Advance payment to suppliers	22,431	40,144	61,399	95,449
Prepaid [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	3,746	3,227	6,259	20,621
Amounts due from related parties	1,221	—	803	—
Deferred [REDACTED] cost	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	62,577	79,212	112,654	169,500
Less: allowance for credit losses	(366)	(688)	(1,959)	(1,193)
Total	62,211	78,524	110,695	168,307

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Our deposits, prepayments and other receivables increased by 26.2% from RMB62.2 million as of December 31, 2023 to RMB78.5 million as of December 31, 2024, primarily due to increases in advance payment to the suppliers and receivables from payment platform, which were in line with the increase in our revenue. Our deposits, prepayments and other receivables increased by 41.0% from RMB78.5 million as of December 31, 2024 to RMB110.7 million as of December 31, 2025, primarily due to (i) an increase in advance payment to suppliers, which is in line with the increase in our revenue, and (ii) an increase in deposits and other receivables, driven by higher deposit payments made to our suppliers, resulting from the expansion of our operation. Our deposits, prepayments and other receivables increased by 52.0% from RMB110.7 million as of December 31, 2025 to RMB168.3 million as of June 30, 2026, primarily due to (i) an increase in advance payment to suppliers, in line with the increase in our revenue and (ii) an increase in value-added tax recoverable, primarily attributable to changes in the applicable VAT rate.

As of July 31, 2026, RMB95.8 million, or approximately 56.9% of our deposits, prepayments, and other receivables as of June 30, 2026 had been subsequently settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss represent our structured deposit products issued by commercial banks and we mainly invest in bank deposits with the price linked to gold price and exchange rate. Our financial assets at fair value through profit or loss decreased from RMB204.9 million as of December 31, 2023 to nil as of December 31, 2024 primarily due to our disposal of structured deposits, and remained nil as of December 31, 2025 and June 30, 2026.

Term Deposits

Term deposits are classified as either current, comprising deposits maturing within one year, or non-current, comprising deposits maturing beyond one year. Our non-current term deposits significantly decreased from RMB218.0 million as of December 31, 2023 to RMB30.0 million as of December 31, 2024, and further decreased to nil as of December 31, 2025 and June 30, 2026, primarily attributable to the maturity of our term deposits, part of which was reclassified as current term deposits upon their contractual maturities falling within one year.

Correspondingly, our current term deposits significantly increased from nil as of December 31, 2023 to RMB213.1 million as of December 31, 2024, driven by the reclassification of certain fixed-term bank deposits referred to above. Our current term deposits then significantly decreased from RMB213.1 million as of December 31, 2024 to nil as of December 31, 2025, due to the maturity of our term deposits, and increased from nil as of December 31, 2025 to RMB20.0 million as of June 30, 2026, due to the purchase of term deposits.

Cash and Cash Equivalents

Our cash and cash equivalents include bank balances and short term deposits that carry interest at market rates. Our cash and cash equivalents increased from RMB36.5 million as of December 31, 2023 to RMB285.9 million as of December 31, 2024, further to RMB533.8 million as of December 31, 2025 and further increased to RMB563.2 million as of June 30, 2026, primarily attributable to (i) the net cash generated from operating activities, which is in line with the increase of our revenue, and (ii) the maturity of term deposits and structured deposits.

Trade Payables

Our trade payables primarily represent amounts due to suppliers for services. Our credit period shall be no more than two months from our suppliers. Our trade payables increased by 139.8% from RMB11.3 million as of December 31, 2023 to RMB27.1 million as of December 31, 2024, primarily due to the expansion of our operation. Our trade payables increased by 96.7% from RMB27.1 million as of December 31, 2024 to RMB53.3 million as of December 31, 2025, primarily due to the timing of payments to our suppliers in line with the normal course of our business operations. Our trade payables increased by 33.0% from RMB53.3 million as of December 31, 2025 to RMB70.9 million as of June 30, 2026, which was in line with our revenue growth.

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

	As of December 31,			As of
	2023	2024	2025	June 30,
	RMB'000	RMB'000	RMB'000	2026
Within one year	9,612	23,442	51,849	58,502
Over one year	1,696	3,659	1,482	12,375
Total	11,308	27,101	53,331	70,877

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

	Year Ended December 31,			Six Months
	2023	2024	2025	Ended
				June 30,
Trade payables turnover				2026
days ⁽¹⁾	26.2	41.6	58.2	61.9

Note:

- (1) Trade payables turnover days are calculated based on the average of opening and closing balances of trade payables for the relevant period, divided by cost of sales for the same period and multiplied by 360 days for 2023, 2024 and 2025, and 180 days for the six months ended June 30, 2026.

Our trade payables turnover days increased from 26.2 days in 2023 to 41.6 days in 2024, further to 58.2 days in 2025 and further to 61.9 days for the six months ended June 30, 2026, reflecting our enhanced bargaining power as our service procurement scale increased in line with our business expansion.

As of July 31, 2026, RMB16.2 million, or 22.8%, of our trade payables as of June 30, 2026, had been settled.

Accruals and other payables

Our accruals and other payables primarily comprise (i) accrued staff costs and retirement benefit scheme contributions, (ii) other tax payables, (iii) payable for acquisition of subsidiaries, (iv) amounts due to related companies, (v) accrued [REDACTED] cost and (vi) accrued [REDACTED] expenses. The following table sets forth our accruals and other payables as of the dates indicated.

	As of 31 December,			As of
	2023	2024	2025	30 June,
	RMB'000	RMB'000	RMB'000	2026
Accrued staff costs and retirement benefit scheme contributions	21,070	27,896	38,204	30,527
Other tax payables	4,831	22,152	11,245	10,640
Payable for acquisition of subsidiaries	7,500	12,000	27,213	26,250
Amounts due to related companies	1,435	119	19,530	114,000
Accrued [REDACTED] costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	14,821	24,799	43,635	47,943
Total	49,657	86,966	139,827	235,144

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	As of 31 December,			As of 30 June,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Represented by:				
- Non-current	—	—	22,800	10,500
- Current	49,657	86,966	117,027	224,644
Total	49,657	86,966	139,827	235,144

Our accruals and other payables increased by 75.1% from RMB49.7 million as of December 31, 2023 to RMB87.0 million as of December 31, 2024, primarily due to an increase in other tax payables, primarily attributable to withholding tax, arising from dividend distribution.

Our accruals and other payables increased by 60.7% from RMB87.0 million as of December 31, 2024 to RMB139.8 million as of December 31, 2025, driven by (i) an increase in amounts due to related companies in connection with the restructuring arrangement. See “History, Development and Corporate Structure — Offshore Restructuring,” (ii) an increase in performance deposits, in line with the expansion of our business operations and (iii) an increase in payable for acquisition of subsidiaries, following the acquisition of Guangdong Newbest and Shenzhen Yisi at the end of 2025.

Our accruals and other payables increased by 68.2% from RMB139.8 million as of December 31, 2025 to RMB235.1 million as of June 30, 2026, primarily attributable to an increase in amount due to related companies, arising from restructuring arrangements. See “History, Development and Corporate Structure — Onshore Restructuring.”

As of July 31, 2026, RMB161.9 million, or 68.9% of our accruals and other payables as of June 30, 2026, had been subsequently settled.

Contract Liabilities

Contract liabilities represent advance payments received from customers for services to be rendered. Our contract liabilities increased by 38.2% from RMB196.5 million as of December 31, 2023 to RMB271.6 million as of December 31, 2024, further increased to RMB418.6 million as of December 31, 2025, and further increased by 17.1% from RMB418.6 million as of December 31, 2025 to RMB490.4 million as of June 30, 2026, driven by the continued growth of our business as we received increased advance payments from customers for services to be used.

As of July 31, 2026, RMB44.3 million, or 9.0% of our contract liabilities as of June 30, 2026, had been recognized as revenue.

Tax liabilities

Our tax liabilities increased from RMB0.5 million as of December 31, 2023 to RMB1.3 million as of December 31, 2024, further to RMB12.6 million as of December 31, 2025 and further to RMB13.0 million as of June 30, 2026, primarily attributable to (i) withholding tax arising from our restructuring arrangements and (ii) the increase in profit before tax.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from operating activities and equity financing. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the net [REDACTED] from the [REDACTED]. We had cash and cash equivalents of RMB36.5 million, RMB285.9 million, RMB533.8 million and RMB563.2 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively. In addition, we had term deposits of RMB218.0 million, RMB243.1 million, nil and RMB20.0 million as of the same dates, respectively.

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Our Directors are of the opinion that, taking into account (i) our cash and cash equivalents and bank deposits and financial assets at fair value through profit or loss, and (ii) the expected cash flows from our operations, we will have sufficient working capital for our present requirements for at least 12 months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the Latest Practicable Date.

Cash Flow

The following table sets forth selected cash flow data for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from operating activities	89,014	173,726	269,110	72,570	86,404
Net cash from/(used in) investing activities	(123,406)	191,116	184,871	61,523	(20,073)
Net cash from/(used in) financing activities	(9,805)	(114,754)	(205,645)	(297,043)	(38,679)
Net (decrease)/increase in cash and cash equivalents	(44,197)	250,088	248,336	(162,950)	27,652
Cash and cash equivalents at beginning of period	80,022	36,475	285,865	285,865	533,814
Effect of foreign exchange rate changes	650	(698)	(387)	(747)	1,710
Cash and cash equivalents at end of period	36,475	285,865	533,814	122,168	563,176

Net Cash from Operating Activities

For the six months ended June 30, 2026, we generated net cash from operating activities of RMB86.4 million, primarily consisting of profit before tax of RMB56.4 million, adjusted for non-cash items including amortization and depreciation of RMB8.8 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB78.1 million, and (ii) an increase in trade payables of RMB17.5 million, partially offset by an increase in deposits, prepayment and other receivables of RMB59.2 million.

For 2025, we generated net cash from operating activities of RMB269.1 million, primarily consisting of profit before tax of RMB114.4 million, adjusted for non-cash items including amortisation and depreciation of RMB9.7 million, finance costs of RMB5.3 million and impairment losses recognised under ECL, net, of RMB1.8 million, partially offset by interest income of RMB3.8 million and fair value gains on financial assets of RMB1.8 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB115.9 million, (ii) an increase in other payables of RMB32.2 million, and (iii) an increase in trade payables of RMB23.5 million, partially offset by an increase in deposits, prepayments and other receivables of RMB20.1 million.

For 2024, we generated net cash from operating activities of RMB173.7 million, primarily consisting of profit before tax of RMB72.6 million, adjusted for non-cash items including amortization and depreciation of RMB9.0 million and finance costs of RMB12.1 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB70.8 million, (ii) an increase in other payables of RMB17.3 million, and (iii) an increase in trade payables of RMB13.5 million.

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For 2023, we generated net cash from operating activities of RMB89.0 million, primarily consisting of profit before tax of RMB26.7 million, adjusted for non-cash items, including finance costs of RMB11.3 million, amortization and depreciation of RMB7.4 million, partially offset by interest income of RMB7.9 million. Working capital changes primarily included (i) an increase in contract liabilities of RMB57.5 million, and (ii) an increase in trade payables of RMB6.0 million, partially offset by (i) an increase in deposits, prepayments and other receivables of RMB7.5 million and (ii) an increase in trade receivables of RMB4.6 million.

Net Cash from/(Used in) Investing Activities

For the six months ended June 30, 2026, we used net cash in investing activities of RMB20.1 million, primarily due to (i) payments to acquire financial assets at FVTPL of RMB683.0 million, and (ii) placement of term deposits of RMB50.0 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB684.6 million, and (ii) withdrawal of term bank deposits of RMB30.0 million.

For 2025, we generated net cash from investing activities of RMB184.9 million, primarily due to (i) proceeds from disposal of financial assets at FVTPL of RMB1,105.3 million, (ii) withdrawal of term bank deposits of RMB230.0 million, and (iii) interest received of RMB16.9 million, partially offset by (i) payments to acquire financial assets at FVTPL of RMB1,103.5 million, (ii) purchases of property, plant and equipment of RMB30.6 million, (iii) placement of restricted bank deposits of RMB19.4 million, and (iv) net cash outflow on acquisition of subsidiaries of RMB13.8 million.

For 2024, we generated net cash from investing activities of RMB191.1 million, primarily due to (i) withdrawal of term deposits of RMB327.0 million, and (ii) proceeds from disposal of financial assets at FVTPL of RMB205.3 million, partially offset by (i) placement of term deposits of RMB347.0 million, (ii) net cash outflow on acquisition of subsidiaries of RMB2.4 million, and (iii) purchases of property, plant and equipment of RMB1.7 million.

For 2023, we used net cash in investing activities of RMB123.4 million, primarily due to (i) payments to acquire financial assets at FVTPL of RMB607.3 million and (ii) net cash outflow on acquisition of subsidiaries of RMB31.5 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB487.0 million, (ii) withdrawal of term deposits of RMB30.0 million, and (iii) interest received of RMB2.0 million.

Net Cash Used in Financing Activities

For the six months ended June 30, 2026, we used net cash in financing activities of RMB38.7 million, primarily due to (i) dividends paid of RMB41.4 million, and (ii) repayments of lease liabilities of RMB2.9 million, partially offset by proceeds from capital injection of RMB7.4 million.

For 2025, we used net cash in financing activities of RMB205.6 million, primarily due to (i) the effect of restructuring of RMB276.3 million, and (ii) dividends paid of RMB30.5 million, partially offset by proceeds from capital injection/issue of shares of RMB108.0 million.

For 2024, we used net cash in financing activities of RMB114.8 million, primarily due to (i) dividends paid of RMB93.7 million, and (ii) repayment of bank borrowings of RMB14.1 million, and (iii) acquisition of subsidiaries under common control of RMB4.0 million.

For 2023, we used net cash in financing activities of RMB9.8 million, primarily due to (i) acquisition of subsidiaries under common control of RMB12.0 million, and (ii) dividends paid of RMB12.0 million, partially offset by bank borrowings raised of RMB16.0 million.

FINANCIAL INFORMATION

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current					
Bank borrowings	14,080	—	—	—	—
Lease liabilities	2,095	1,729	4,724	5,904	5,876
Non-current					
Lease liabilities	140	8,130	15,297	13,641	13,186
Redemption liabilities	399,438	411,193	—	—	—
Total	415,753	421,052	20,021	19,545	19,062

Bank Borrowings

Bank borrowings represent unsecured bank borrowings repayable within one year and shown under current liabilities. As of December 31, 2023, we had unsecured bank borrowings of RMB14.1 million with a fixed interest rate of 3.2% per annum. Such bank borrowings were repayable within one year and were fully repaid by December 31, 2024. As of December 31, 2024, 2025, June 30, 2026 and July 31, 2026, we did not have any outstanding bank borrowings. We did not have unutilized bank facility as of the date of this document.

Our Directors confirm that we have not defaulted in the repayment of the borrowings during the Track Record Period. Our Directors have confirmed that, as of the Latest Practicable Date, there was no covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we did not experience any difficulty in obtaining bank loans.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our offices.

As of December 31, 2023, 2024, 2025 and June 30, 2026, our lease liabilities amounted to RMB2.2 million, RMB9.9 million, RMB20.0 million and RMB19.5 million, respectively. Our lease liabilities significantly increased from RMB2.2 million as of December 31, 2023 to RMB9.9 million as of December 31, 2024, primarily attributable to the renewal of the lease for one of our offices in 2024. Our lease liabilities increased from RMB9.9 million as of December 31, 2024 to RMB20.0 million as of December 31, 2025, driven by (i) an increase in the leased area, driven by the expansion of our operations, and (ii) the acquisition of Shenzhen Yisi and Guangdong Newbest. Our lease liabilities remained relatively stable at RMB20.0 million as of December 31, 2025 and RMB19.5 million as of June 30, 2026.

Except as disclosed above, as of July 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material adverse change in our indebtedness since July 31, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

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

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of purchases of property, plant and equipment and intangible assets. The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of property, plant and equipment	1,035	1,723	30,596	1,313	1,322
Purchases of intangible assets . .	66	–	–	–	12
Total	1,101	1,723	30,596	1,313	1,334

Our capital expenditures increased from RMB1.1 million in 2023 to RMB1.7 million in 2024, primarily due to an increase in purchases of office and electronic equipment, driven by the expansion of our operation. Our capital expenditures significantly increased from RMB1.7 million in 2024 to RMB30.6 million in 2025, primarily attributable to an increase in purchase of property, plant and equipment, primarily attributable to the expansion of our offices and TIC laboratory, which is in line with our business growth. Our capital expenditures remained relatively stable at RMB1.3 million in the six months ended June 30, 2025 and 2026.

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities. We expect to fund future capital expenditures with a combination of cash flow generated from operating activities and net [REDACTED] from the [REDACTED]. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

We had no material capital commitments as of December 31, 2023, 2024 and 2025 and June 30, 2026.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Gross profit margin ⁽¹⁾	52.5%	52.5%	52.9%	53.2%
Net profit margin ⁽²⁾	10.9%	20.3%	18.4%	11.2%
Adjusted net profit margin (Non-HKFRS measure) ⁽³⁾ . . .	15.4%	23.7%	19.3%	19.2%
Gearing ratio ⁽⁴⁾	2.9%	1.5%	2.4%	2.1%

Notes:

- (1) Gross profit margin equals gross profit divided by revenue.
- (2) Net profit margin equals net profit divided by revenue.
- (3) Adjusted net profit margin is a non-HKFRS measure, which equals adjusted net profit divided by revenue.
- (4) Gearing ratio equals total debt (bank borrowings and lease liabilities) divided by total assets. We present gearing ratio on this basis as our equity was negative during the Track Record Period primarily due to redemption liabilities.

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OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Related party transactions are set out in Note 32 to the Accountants’ Report included in Appendix I to this document. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our Board reviews and agrees policies for managing each of these risks. See Note 36 to the Accountants’ Report in Appendix I to this document for a detailed description of our financial risk management.

Market Risk

Interest Rate Risk

We are exposed to fair value interest-rate risk in relation to fixed rate borrowings from banks and lease liabilities. We currently do not have an interest rate hedging policy. However, our management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Our principal business operations are conducted in the PRC and the majority of our transactions are denominated in RMB. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations.

Credit Risk

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and other receivables, restricted bank deposits, amounts due from related parties, bank balances and amount due from a subsidiary. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

Liquidity Risk

In the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. Our management monitors the utilization of borrowings and ensures compliance with loan covenants.

DIVIDENDS

We declared dividends of approximately RMB13.4 million, RMB92.3 million, RMB30.5 million and RMB41.4 million in 2023, 2024, 2025 and six months ended June 30, 2026, respectively, which were settled through cash.

We do not have a dividend policy or any pre-determined dividend distribution ratio. The declaration of dividend is subject to the discretion of our Board. We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any declaration of final dividend is subject to the applicable laws and regulations including the Companies Act and our Articles, which require also the approval of our Shareholders. Our Board may recommend a

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distribution of dividends in the future after considering our results of operations, financial conditions, operating requirements, capital requirements, Shareholder’s interests, future development requirement and any other conditions that our Board may deem relevant. Any future declarations of dividends may or may not reflect our historical declarations of dividends.

Under applicable PRC laws, dividends may be paid only out of distributable profits. As a result, we may not have sufficient distributable profits to enable us to make dividend distributions to our shareholders in the future. In addition, our ability to receive dividends from our PRC subsidiaries is subject to restrictions under PRC laws and regulations. See “Risk Factors — Risks Related to Our Business and Industry — Historical dividends are not indicative of our future dividends” for risks related to our dividends.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[REDACTED] EXPENSES

Based on the mid-point of our indicative [REDACTED] range and assuming the [REDACTED] is not exercised, the [REDACTED] expenses to be borne by us are estimated to be approximately RMB[REDACTED] million and are expected to represent approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED], comprising (i) [REDACTED], including [REDACTED] and other expenses, of approximately RMB[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately RMB[REDACTED] (including (a) fees and expenses of legal advisers and reporting accountant of approximately RMB[REDACTED], and (b) other fees and expenses of approximately RMB[REDACTED]).

During the Track Record Period, we recognized [REDACTED] expenses of RMB[REDACTED] in our consolidated statements of profit or loss.

We expect to incur additional [REDACTED] expenses of RMB[REDACTED] (assuming the [REDACTED] is not exercised and based on the mid-point of our indicative [REDACTED] range), approximately RMB[REDACTED] of which is expected to be charged to our statements of profit or loss, and approximately RMB[REDACTED] of which is expected to be charged to equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Unaudited [REDACTED] Statement of Adjusted Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company” in Appendix II to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the date on which our latest audited financial information was prepared, and there has been no event since June 30, 2026 which would materially affect the information shown in our financial statements included in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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