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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BUTONG GROUP, CITIC SECURITIES (HONG KONG) LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of BUTONG GROUP (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-60, which comprises the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025, the statements of financial position of the Company as at 31 December 2023 and 2024 and 30 June 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 15 September 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's financial position as at 31 December 2023 and 2024 and 30 June 2025, the Group's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025 and the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Corresponding Financial Information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2024 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.



Report on matters under the Rules Governing the Listing of Securities on The Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 29(c) to the Historical Financial Information which contains information about the dividend paid by the Company in respect of the Track Record Period.

No statutory statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

15 September 2025



HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合伙)上海分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	5	507,202	852,103	1,248,875	581,863	725,812
Cost of sales		(265,421)	(424,764)	(619,821)	(289,566)	(367,326)
Gross profit		241,781	427,339	629,054	292,297	358,486
Other income and net gain	6	5,691	12,145	20,372	1,194	26,481
Selling and distribution expenses .		(188,869)	(285,738)	(391,116)	(182,049)	(224,609)
Administrative and other expenses.....		(27,560)	(41,630)	(91,497)	(32,131)	(48,522)
Research and development expenses.....		(16,247)	(23,845)	(21,411)	(9,390)	(10,716)
Impairment loss on trade receivables		(4)	(69)	(24)	(16)	(201)
Profit from operations		14,792	88,202	145,378	69,905	100,919
Finance costs	7(a)	(27,222)	(27,500)	(28,672)	(14,224)	(13,628)
Share of loss of an associate		—	—	—	—	(20)
(Loss)/profit before taxation ...	7	(12,430)	60,702	116,706	55,681	87,271
Income tax.....	8(a)	(8,799)	(33,478)	(58,190)	(27,502)	(38,764)
(Loss)/profit for the year/period.		(21,229)	27,224	58,516	28,179	48,507
Other comprehensive income for the year/period (after tax and reclassification adjustments) ...		—	—	(2)	—	6
Total comprehensive income for the year/period		(21,229)	27,224	58,514	28,179	48,513
Earnings per share						
Basic and diluted (RMB)	11	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Renminbi)

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000
Non-current assets					
Property, plant and equipment	12	31,599	48,521	56,813	79,232
Right-of-use assets	13	8,171	14,229	45,293	43,031
Intangible assets	14	41,701	35,724	29,450	26,280
Deferred tax assets	24(b)	22,208	25,207	25,722	26,578
Interests in an associate	16	—	—	—	721
		<u>103,679</u>	<u>123,681</u>	<u>157,278</u>	<u>175,842</u>
Current assets					
Inventories	17	52,833	61,110	98,613	62,209
Trade and other receivables	18	39,803	49,429	64,119	100,582
Financial assets measured at fair value through profit and loss ("FVTPL")	19	73,593	36,637	31,039	152,285
Restricted bank deposits	20(a)	—	6,851	9,695	12,792
Cash and cash equivalents	20(a)	49,715	118,686	217,120	201,152
		<u>215,944</u>	<u>272,713</u>	<u>420,586</u>	<u>529,020</u>
Current liabilities					
Bank loans	21	59,850	29,452	40,000	44,840
Trade and other payables	22	82,658	98,963	167,367	199,882
Contract liabilities	23	1,964	9,267	11,845	16,297
Income tax payables	24(a)	9,019	26,462	31,896	23,171
Lease liabilities	25	6,241	6,589	6,570	6,481
Provisions	26	2,555	4,259	6,244	6,930
Redeemable preferred shares	27	—	—	—	361,016
		<u>162,287</u>	<u>174,992</u>	<u>263,922</u>	<u>658,617</u>
Net current assets/(liabilities)		<u>53,657</u>	<u>97,721</u>	<u>156,664</u>	<u>(129,597)</u>
Total assets less current liabilities		<u>157,336</u>	<u>221,402</u>	<u>313,942</u>	<u>46,245</u>
Non-current liabilities					
Bank loans	21	—	—	—	20,000
Lease liabilities	25	2,040	7,918	8,297	5,109
Redeemable preferred shares	27	300,140	325,725	348,428	—
		<u>302,180</u>	<u>333,643</u>	<u>356,725</u>	<u>25,109</u>
Net (liabilities)/assets		<u>(144,844)</u>	<u>(112,241)</u>	<u>(42,783)</u>	<u>21,136</u>
Capital and reserves	29				
Paid-in capital/share capital		1,259	1,220	39	39
Reserves		(146,103)	(113,461)	(42,822)	21,097
Total (deficit)/equity		<u>(144,844)</u>	<u>(112,241)</u>	<u>(42,783)</u>	<u>21,136</u>

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December		As at 30 June
		2023	2024	2025
		RMB '000	RMB '000	RMB '000
Non-current assets				
Investment in subsidiaries	15	—	356,869	371,186
		—	356,869	371,186
Current assets				
Other receivables		34	—	3,369
Cash and cash equivalents		—	1,421	659
		34	1,421	4,028
Current liabilities				
Other payables		—	4,313	871
Amounts due to subsidiaries		—	3,281	7,588
Redeemable preferred shares	27	—	—	361,016
		—	7,594	369,475
Net current assets/(liabilities)		34	(6,173)	(365,447)
Total assets less current liability		34	350,696	5,739
Non-current liability				
Redeemable preferred shares	27	—	348,428	—
		—	348,428	—
Net assets		34	2,268	5,739
Capital and reserves	29(b)			
Share capital		36	39	39
Reserves		(2)	2,229	5,700
Total equity		34	2,268	5,739

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Note	Paid-in capital/Share capital	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total deficit
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
		(Note 29(a))	(Note 29(a))	(Note 29 (d)(i))	(Note 29 (d)(ii))		
Balance at 1 January 2022		1,259*	—	5,299	(50,929)	(84,662)	(129,033)
Changes in equity for 2022:							
Loss for the year		—	—	—	—	(21,229)	(21,229)
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	—	(21,229)	(21,229)
Equity-settled share-based transactions	28	—	—	5,418	—	—	5,418
Balance at 31 December 2022		1,259*	—	10,717	(50,929)	(105,891)	(144,844)
Balance at 1 January 2023		1,259*	—	10,717	(50,929)	(105,891)	(144,844)
Changes in equity for 2023:							
Profit for the year		—	—	—	—	27,224	27,224
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	—	27,224	27,224
Effect arising from Reorganisation		(39)	—	—	—	—	(39)
Equity-settled share-based transactions	28	—	—	5,418	—	—	5,418
Balance at 31 December 2023		1,220*	—	16,135	(50,929)	(78,667)	(112,241)

	Note	Paid-in capital/Share capital	Share premium	Share-based payment reserve	Other reserves	Exchange reserve	Accumulated losses	Total deficit
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
		(Note 29(a))	(Note 29(a))	(Note 29 (d)(i))	(Note 29 (d)(ii))	(Note 29 (d)(iii))		
Balance at 1 January 2024		1,220*	—	16,135	(50,929)	—	(78,667)	(112,241)
Changes in equity for 2024:								
Profit for the year		—	—	—	—	—	58,516	58,516
Other comprehensive income		—	—	—	—	(2)	—	(2)
Total comprehensive income		—	—	—	—	(2)	58,516	58,514
Effect arising from Reorganisation		(1,181)	—	—	(371)	—	—	(1,552)
Re-designation of redeemable preferred shares to ordinary shares	27	—	2,682	—	—	—	—	2,682
Equity-settled share-based transactions . .	28	—	—	9,814	—	—	—	9,814
Balance at 31 December 2024		39	2,682	25,949	(51,300)	(2)	(20,151)	(42,783)

* The balance as at 1 January 2022, 31 December 2022 and 2023 represents the paid-in capital of BeBeBus Technology prior to the completion of Reorganisation.

	Note	Share capital	Share premium	Share-based payment reserve	Other reserves	Exchange reserve	(Accumulated losses)/ Retained earning	Total (deficit)/ equity
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
		(Note 29(a))	(Note 29(a))	(Note 29(d)(i))	(Note 29(d)(ii))	(Note 29(d)(iii))		
Balance at 1 January 2025		39	2,682	25,949	(51,300)	(2)	(20,151)	(42,783)
Changes in equity for six months ended 30 June 2025:								
Profit for the period		—	—	—	—	—	48,507	48,507
Other comprehensive income		—	—	—	—	6	—	6
Total comprehensive income		—	—	—	—	6	48,507	48,513
Equity-settled share-based transactions	28	—	—	15,406	—	—	—	15,406
Balance at 30 June 2025		39	2,682	41,355	(51,300)	4	28,356	21,136

	Note	Paid-in capital/Share capital	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total deficit
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
		(Note 29(a))	(Note 29(a))	(Note 29(d)(i))	(Note 29(d)(iii))		
(Unaudited)							
Balance at 1 January 2024		1,220*	—	16,135	(50,929)	(78,667)	(112,241)
Changes in equity for six months ended							
30 June 2024:							
Profit for the period		—	—	—	—	28,179	28,179
Other comprehensive income		—	—	—	—	—	—
Total comprehensive income		—	—	—	—	28,179	28,179
Effect arising from Reorganisation		(1,181)	—	—	—	—	(1,181)
Equity-settled share-based transactions	28	—	—	902	—	—	902
Balance at 30 June 2024		39	—	17,037	(50,929)	(50,488)	(84,341)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

		Year ended 31 December			Six months ended 30 June	
	Note	2022	2023	2024	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(Unaudited)	
Operating activities:						
Cash generated from operations.	20(b)	35,795	115,501	193,681	132,892	165,351
Income tax paid	24(a)	(6,252)	(19,034)	(53,271)	(13,016)	(48,345)
Net cash generated from operating activities.		29,543	96,467	140,410	119,876	117,006
Investing activities:						
Payment for purchase of property, plant and equipment, right-of-use assets and intangible assets		(14,868)	(28,603)	(46,216)	(33,476)	(28,114)
Capital injection to an associate		—	—	—	—	(741)
Proceeds from disposal of property, plant and equipment		64	457	—	—	—
Payment for purchase of financial assets measured at FVTPL		(188,100)	(313,400)	(831,300)	(325,400)	(738,900)
Proceeds from disposal of financial assets measured at FVTPL		138,606	351,429	839,754	282,611	619,011
Increase in restricted time deposits		—	—	—	—	(5,000)
Interest income received		519	1,165	3,209	1,294	951
Net cash (used in)/generated from investing activities		(63,779)	11,048	(34,553)	(74,971)	(152,793)
Financing activities:						
Proceeds from bank loans.	20(c)	59,850	29,452	169,591	129,591	24,840
Repayments of bank loans	20(c)	—	(59,850)	(159,043)	(49,051)	—
Interest paid	20(c)	(1,203)	(1,322)	(2,788)	(1,214)	(712)
Proceeds received for the issuance of ordinary shares . .	29(a)	—	—	36	36	—
Effect arising from Reorganisation		—	—	(1,588)	(1,217)	—

Note	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Payment for listing expenses...	—	(180)	(2,654)	(527)	(535)
Capital element of lease rentals paid	20(c) (5,883)	(6,042)	(8,732)	(5,648)	(3,277)
Interest element of lease rentals paid	20(c) (434)	(593)	(499)	(287)	(328)
Net cash generated from/(used in) financing activities	52,330	(38,535)	(5,677)	71,683	19,988
Net increase/(decrease) in cash and cash equivalents	18,094	68,980	100,180	116,588	(15,799)
Cash and cash equivalents at the beginning of the year/period	31,605	49,715	118,686	118,686	217,120
Effect of foreign exchange rate changes	16	(9)	(1,746)	(1,899)	(169)
Cash and cash equivalents at the end of the year/period	20(a) 49,715	118,686	217,120	233,375	201,152

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

BUTONG GROUP (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act (as Revised) of the Cayman Islands on 2 August 2023. The registered office address of the Company is Palm Grove Unit 4, 265 Smith Road, George Town, P.O. Box 52A, Edgewater Way #1653, Grand Cayman KY1-9006, Cayman Islands.

The Company is an investment holding company and has not carried out any business operations since the date of its incorporation. The Company and its subsidiaries, (together, the “Group”) are principally engaged in designing, manufacturing and selling of premium nursery products in the People’s Republic of China (the “PRC”).

2 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Prior to the incorporation of the Company, the aforementioned principal activities were carried out by BeBeBus IoT Technology (Shanghai) Co., Ltd. (“BeBeBus Technology”) and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Stock Exchange of Hong Kong Limited, the Group underwent the reorganisation, as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus (the “Reorganisation”). Upon completion of the Reorganisation, the Company became the holding company of the Group. Details of the Group’s subsidiaries as at 30 June 2025 are set out below.

Name of company	Note	Place and date of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
				Held by the Company	Held by the subsidiary	
BUTONG GROUP HOLDING INC.	(ii)	The British Virgin Islands/ 10 August 2023	50,000 shares of US\$1 each	100%	–	Investment holding
BUTONG GROUP INVESTMENT LIMITED	(ii) (iii)	Hong Kong/ 24 August 2023	HK\$1	–	100%	Investment holding
BUTONG GROUP INTERNATIONAL LIMITED	(ii) (iii)	Hong Kong/ 13 March 2024	HK\$1	–	100%	Provision of product sales in overseas regions
BEBeBUS GROUP USA INC.	(ii)	United States of America/ 4 October 2024	200 shares	–	100%	No substantial operation
BEBeBUS INTERNATIONAL LIMITED	(ii)	Hong Kong/ 22 November 2024	HK\$10,000	–	100%	No substantial operation
PT BEBeBUS INTERNATIONAL INDONESIA	(ii)	Indonesia/ 6 December 2024	IDR11,000,000,000	–	100%	No substantial operation
Create Butong Holding Co., Ltd. 創造不同控股(寧波)有限公司	(i) (ii)	The PRC/ 27 September 2023	US\$30,000,000/ US\$20,116,698	–	100%	No substantial operation
BeBeBus IOT Technology (Shanghai) Co., Ltd. 布董物聯網科技(上海)有限公司	(i) (ii)	The PRC/ 14 November 2018	RMB110,666,160/ RMB73,052,242	–	100%	Investment holding, product procurement, sales, design and research and development

Name of company	Note	Date and location of incorporation/ establishment/ operation	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
				Held by the Company	Held by the subsidiary	
Ningbo BeBeBus Network Technology Co., Ltd. 宁波布童网络科技有限公司 . . .	(i) (ii)	The PRC/ 27 September 2019	RMB1,000,000	–	100%	E-commerce business
BeBeBus Network Technology (Kunshan) Co., Ltd. 布童网络科技(昆山)有限公司	(i) (ii)	The PRC/ 2 July 2020	RMB15,000,000	–	100%	Sales and after-sales service
BeBeBus Safety Technology (Ningbo) Co., Ltd. 布童安全科技(宁波)有限公司 . . .	(i) (ii)	The PRC/ 6 August 2021	RMB100,000,000/ RMB83,000,000	–	100%	Manufacturing and production
BeBeBus Network Technology (Shanghai) Co., Ltd. 布童网络科技(上海)有限公司	(i) (ii)	The PRC/ 22 February 2023	RMB1,000,000/ RMB100,000	–	100%	Marketing and promotion
BeBeBus Real Estate (Shanghai) Co., Ltd. 布童置業(上海)有限公司	(i) (ii)	The PRC/ 23 February 2023	RMB11,500,000	–	100%	No substantial operation
BeBeBus Electronic Information Technology (Ningbo) Co., Ltd. 布童電子信息科技(宁波)有限公司	(i) (ii)	The PRC/ 5 September 2023	RMB500,000	–	100%	Sales of products
Create Butong Technology (Ningbo) Co., Ltd. 创达不同科技(宁波)有限公司 . . .	(i) (ii)	The PRC/ 30 October 2023	RMB50,000,000	–	100%	No substantial operation
Zhepu Technology (Ningbo) Co., Ltd. 哲普科技(宁波)有限公司 (formerly known as Zhepu Technology (Shanghai) Co., Ltd. 哲普科技(上海)有限公司)	(i) (ii)	The PRC/ 6 March 2024	RMB1,000,000	–	100%	No substantial operation
BeBeBus E-commerce (Guangdong Hengqin) Co., Ltd. (布童電子商務(廣東橫琴)有限公司) . . .	(i) (ii)	The PRC/ 24 October 2024	RMB35,000,000/ RMB25,000,000	–	100%	No substantial operation

Notes:

- (i) The official name of these entities is in Chinese. The English name is for identification purpose only.
- (ii) No audited financial statements of these entities for the years ended 31 December 2022, 2023 and 2024 were prepared as they are either newly incorporated or not required to issue audited financial statements under local statutory requirements of their respective places of incorporation.
- (iii) The statutory financial statements for the year ended 31 December 2024 is under preparation and not issued yet at the date of this report.
- (iv) All the above PRC companies are the limited liability companies.
- (v) All companies now comprising the Group have adopted 31 December as their financial year end date.

As the Reorganisation only involved inserting some newly formed entities with no business operations as the new holding companies of BeBeBus Technology, the former holding company of the Group, there were no changes in the economic substance of the ownership and the business of the Group. Accordingly, the Reorganisation has been accounted for using principles similar to those for a reverse acquisition, with BeBeBus Technology treated as the acquirer for accounting purposes. The Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of BeBeBus Technology with the assets and liabilities of BeBeBus Technology recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at 30 June 2025, the Group had net current liabilities of RMB129,597,000, including the redeemable preferred shares amounted to RMB361,016,000. The directors of the Company are of the opinion that no payment is expected for the settlement of the liabilities arising from redeemable preferred shares as the related redemption rights would terminate and the redeemable preferred shares would be converted into equity upon the qualified initial public offering of the Company's shares on the Stock Exchange of Hong Kong Limited. Taken the above into consideration, and together with cashflow forecast for the next twelve months from the date of this report prepared by management of the Company, the directors of the Company are of the opinion that the Group will have sufficient financial resources to continue as a going concern for the next twelve months. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the material accounting policy information are set out in Note 3.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 33.

The Historical Financial Information also complies with the applicable disclosures provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information. The Stub Period Corresponding Financial Information has been prepared in accordance with same basis of preparation and presentation adopted in respect of the Historical Financial Information.

3 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

Item included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). The Historical Financial Information and The Stub Period Corresponding Financial Information are presented in Renminbi ("RMB"), rounded to the nearest thousand except when otherwise indicated.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except certain financial assets, which are stated at their fair value as explained in Note 3(e).

(b) Use of estimates and judgments

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 4.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses (see Note 3(i)(ii)). Cost includes deemed investment arising from the Reorganisation and equity-settled share-based payment expenses.

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 3(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(e) Investments in securities other than equity investments

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 3(t)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- fair value through other comprehensive income (“FVOCI”) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses and interest income (calculated using the effective interest method). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- fair value through profit or loss (“FVTPL”) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property, plant and equipment

Properties, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 3(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	20 years
Machinery and equipment	3 to 10 years
Motor vehicles	4 years
Office and other equipment	3 to 5 years
Leasehold improvement	2 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are annually.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see Note 3(i)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs. Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above. No depreciation is provided in respect of construction in progress.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Other intangible assets, including software and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 3(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of intangible assets are as follows:

– Software	3 to 5 years
– Patents	5 to 15 years

The estimates and associated assumptions of useful life of software determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities equipped by the software and the daily operation needs, the Group considers a useful life of 3 to 5 years to be their best estimation.

Patents are capitalised on the basis of the cost incurred to acquire and bring to use. The patents owned by the Group consists of the invention patents, the appearance design patents and the utility model patents, which have different validity periods as required by the Patent Law of PRC. The estimated useful lives of patents are determined based on the shorter between the residual validity period of the patents and the expected lifespan of the respective products using the patents.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Lease assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 3(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) **Credit losses and impairment of assets**

(i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the financial assets measured at amortised cost, including cash and cash equivalents, trade receivables and other receivables. Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

Interest income recognised in accordance with Note 3(t)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial assets.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication of impairment:

- property, plant and equipment, including the construction in progress;
- right-of-use assets;

- intangible assets;
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether there is any indication of impairment.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Reversals of impairment losses

For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 3(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 3(t)(ii)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 3(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 3(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Redeemable preferred shares

The Group's redeemable preferred shares are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's contractual obligations to purchase its own shares/redeem the preferred shares for cash upon the occurrence of events that are beyond the control of both the Group and the holders give rise to financial liabilities. The financial liabilities are initially measured at the present value of the redemption amount and subsequently measured at amortised cost with changes in the carrying amount of the financial liabilities recognised in profit or loss.

The Group derecognises the financial liabilities arising from redeemable preferred shares when, and only when, the Group's redemption obligations are discharged, cancelled, or have expired. When the redemption obligations expire without exercise or when the redeemable preferred shares are converted into ordinary shares upon the Listing of the Company, the carrying amount of the financial liabilities is reclassified or transferred to equity.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 3(v)).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial option pricing model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the options. The amount recognised as an expense is adjusted to reflect the number of options for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of options that meet the related service conditions at the vesting date. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The equity amount is recognised in the reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. A provision for warranties is recognised when the underlying products of services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

The Group primarily sells its products to customers through online channels and offline channels. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally upon the acceptance by the customer.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

For the contract which the Group grants a customer the option to acquire additional goods (such as loyalty points and rebates), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

(ii) Other income

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to non-controlling interest.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to serve industry cycles. Management reassesses these estimates at the end of each reporting period.

(ii) Depreciation and amortisation

Property, plant and equipment, right-of-use assets and intangible assets are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation or amortisation expense to be recorded during the Track Record Period. The useful lives are based on the Group's historical experience with similar assets. The depreciation and amortisation expenses for future periods are adjusted if there are material changes from previous estimates.

(iii) Fair value of share-based payments

As mentioned in Note 28, the Group has granted share options to a director and certain employees. The Group has used binomial option-pricing model to determine the total fair value of the share options granted. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the Group in applying the binomial option-pricing model.

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realization or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(v) Warranty provisions

As explained in Note 26, the Group makes provisions under the warranties it gives on sale of products taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are designing, researching and developing, and manufacturing and selling of premium nursery products.

The Group's chief operating decision maker is the chief executive officer of the Group, who reviews the Group's results of operations as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has one reportable operating segment with no reportable segment information presented.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major product type is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major product type					
Travel Gear					
– Strollers and accessories	124,720	165,842	238,142	115,628	112,661
– Car seats	140,767	188,015	207,407	91,153	98,993
– Baby carriers	59,216	120,364	125,082	65,666	46,113
Subtotal	324,703	474,221	570,631	272,447	257,767
Sleep Gear	124,772	135,860	223,456	96,994	98,878
Feeding Gear	15,543	41,006	66,521	34,069	62,274
Baby Care Products	42,184	201,016	388,267	178,353	306,893
Total	<u>507,202</u>	<u>852,103</u>	<u>1,248,875</u>	<u>581,863</u>	<u>725,812</u>
Disaggregated by timing of revenue recognition					
– Point in time	507,202	852,103	1,248,875	581,863	725,812

The Group's customer base is diversified and only includes one customer with whom transaction has exceeded 10% of the Group's revenue for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025 respectively. During the Track Record Period, revenue from sales of products to the customer, including sales to entities which are known to the Group to be under common control with the customers, are set out below.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Customer A	<u>58,347</u>	<u>97,733</u>	<u>161,526</u>	<u>N/A*</u>	<u>111,932</u>

* Revenue from sales of products to customer A was not accounted for 10% or more of the Group's total revenue for the six months ended 30 June 2024.

(ii) *Revenue expected to be recognised in the future arising from contracts in existence at the reporting date*

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for sales of products such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of products that had an expected duration of one year or less.

(b) **Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers at which the goods were delivered.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Mainland China	504,221	850,857	1,248,270	581,571	724,846
The Oversea	2,981	1,246	605	292	966
	507,202	852,103	1,248,875	581,863	725,812

The geographical location of specified non-current assets (primarily property, plant and equipment, right-of-use assets and intangible assets) is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets, and the location of the operation to which they are allocated, in the case of intangible assets. During the Track Record Period, all of the Group's specified non-current assets are physically located in the Mainland China except that one newly-leased office in 2024 was located in Hong Kong, the right-of-use of which is RMB873,000 and RMB602,000 as at 31 December 2024 and 30 June 2025 respectively.

6 OTHER INCOME AND NET GAIN

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Interest income	519	1,165	3,209	1,294	951
Net realised and unrealised gain on financial assets measured at FVTPL	1,820	1,073	2,856	674	1,357
Government grants (i)	3,757	10,250	15,282	893	23,853
Net loss on disposal of property, plant and equipment	(555)	(998)	—	—	—
Net foreign exchange gain/(loss) .	16	(9)	(1,743)	(1,899)	(169)
Others	134	664	768	232	489
	5,691	12,145	20,372	1,194	26,481

- (i) Government grants mainly represented various unconditional cash subsidies granted by certain local government authorities in the PRC.

7 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Interest on redeemable preferred shares. . .	25,585	25,585	25,385	12,723	12,588
Interest on bank loans	1,203	1,322	2,788	1,214	712
Interest on lease liabilities.	434	593	499	287	328
	27,222	27,500	28,672	14,224	13,628

(b) Staff costs

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Salaries, wages, and other benefits.	52,207	70,382	98,683	44,112	50,079
Contributions to defined contribution retirement plan (note)	2,436	3,396	5,062	2,295	3,190
Equity-settled share-based payment expenses (Note 28)	5,418	5,418	9,814	902	15,406
	60,061	79,196	113,559	47,309	68,675

Note: The employees of the subsidiaries of the Group, which were established in the PRC, participate in a defined contribution basic pension scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the aforementioned retirement scheme at their normal retirement age.

The subsidiaries incorporated in Hong Kong operate a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately, there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	
Cost of inventories sold #	265,421	424,764	619,821	289,566	367,326
Depreciation of property, plant and equipment	7,912	9,896	9,507	5,267	4,210
Depreciation of right-of-use assets	5,425	6,210	6,446	3,030	3,791
Amortisation of intangible assets	5,758	6,305	6,274	3,137	3,132
Lease expenses not included in the measurement of lease liabilities – short-term leases (Note 13)	1,325	1,354	1,238	598	507
Listing expenses	–	1,020	17,163	3,078	1,534

Cost of inventories includes RMB20,039,000, RMB20,379,000, RMB19,090,000, RMB9,763,000 and RMB9,240,000 for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2024 and 2025, respectively, relating to staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit and loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(Unaudited)	
Current tax:					
Provision for the year/period	9,433	36,477	58,705	28,534	39,620
Deferred tax:					
Origination and reversal of temporary differences	(634)	(2,751)	(515)	(1,032)	(856)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	(248)	–	–	–
Subtotal	(634)	(2,999)	(515)	(1,032)	(856)
	8,799	33,478	58,190	27,502	38,764

(b) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
(Loss)/profit before taxation	(12,430)	60,702	116,706	55,681	87,271
Notional tax on (loss)/profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned <i>(i, ii & iii)</i>	(3,107)	15,175	36,942	15,434	26,757
Tax benefit for subsidiaries subject to preferential tax rates <i>(iii, iv)</i>	(6,148)	(716)	(834)	(115)	(458)
Additional deduction for qualified research and development costs <i>(v)</i>	(2,592)	(4,478)	(4,829)	(2,414)	(2,513)
Effect on deferred tax balances at 1 January resulting from a change of tax rate <i>(iv)</i>	—	(248)	—	—	—
Tax effect of non-deductible expenses	20,646	23,745	26,911	14,597	14,978
	<u>8,799</u>	<u>33,478</u>	<u>58,190</u>	<u>27,502</u>	<u>38,764</u>

(i) Pursuant to the tax rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands or the BVI.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% for the Trace Record Period, except for one subsidiary of the Group which is qualifying corporation under two-tiered Profits Tax rates regime. For this subsidiary, the first HK\$2,000,000 of assessable profits are taxed at half of the current tax rate (8.25%) and the remaining assessable profits are taxed at 16.5%.

The subsidiaries in Hong Kong of the Group did not have any assessable profits for the Trace Record Period.

(iii) Taxable income for the subsidiaries of the Company in the Mainland China are subject to PRC income tax rate of 25% for the Track Record Period, unless otherwise specified below.

For the year ended 31 December 2022, two subsidiaries of the Group met the criteria required for preferential tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential tax rate of 2.5% on taxable income for the first RMB1,000,000 and 5% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000.

For the years ended 31 December 2023 and 2024 and six months ended 30 June 2025, seven, seven and six subsidiaries of the Group met the criteria required for preferential tax rate granted to small and low profit-making enterprise in the PRC, and were entitled to a preferential tax rate of 5% on taxable income for RMB3,000,000.

(iv) BeBeBus Technology was qualified as a High and New Technology Enterprises ("HNTE") in December 2020 and was entitled for a preferential tax rate of 15% for the years ended 31 December 2020, 2021 and 2022, and is liable to PRC income tax at a rate of 25% during the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025.

(v) Prior to 1 October 2022, an additional 75% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Income Tax Law and relevant regulations. Starting from 1 October 2022, the additional deduction ratio was increased to 100%.

- (vi) According to the New Corporate Income Tax Law (“New EIT Law”), distribution of profits earned by companies in the Mainland China since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investors, upon the distribution of profits to overseas-incorporated immediate holding companies. The Group did not have any distributable profit in its PRC subsidiaries as of 30 June 2025.
- (vii) Bebebus Group USA Inc, which is the Company’s subsidiary in New York, the United States (U.S.), is subject to U.S. federal corporate tax and New York state income tax incorporated on its taxable income determined in accordance with the relevant U.S. tax laws. The applicable U.S. federal corporate tax rate is 21%, and the New York state income tax rate is 6.0% to 6.5% for the year ended 31 December 2024 and the six months ended 30 June 2025.
- (viii) PT Bebebus International Indonesia, which is the Company’s subsidiary incorporated in Indonesia, is subject to Indonesia Corporate Income Tax (“Indonesia CIT”) at the statutory rate of 22% on any estimated assessable profits arising in Indonesia for the year ended 31 December 2024 and the six months ended 30 June 2025.

9 DIRECTORS’ EMOLUMENTS

Directors’ emoluments as recorded in the Historical Financial Information are as follows:

Year ended 31 December 2022

Note	Directors’ fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000
Mr. Wang Wei . . . (i)	–	1,254	200	63	1,517	–	1,517
Ms. Shen Ling . . . (ii)	–	1,254	200	63	1,517	–	1,517
	–	2,508	400	126	3,034	–	3,034
	–	–	–	–	–	–	–

Year ended 31 December 2023

Note	Directors’ fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000
Mr. Wang Wei . . . (i)	–	1,268	2,000	68	3,336	–	3,336
Ms. Shen Ling . . . (ii)	–	1,268	1,200	68	2,536	–	2,536
Mr. Yan Dong . . . (iii)	–	184	50	8	242	–	242
	–	2,720	3,250	144	6,114	–	6,114
	–	–	–	–	–	–	–

Year ended 31 December 2024

Note	Directors’ fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000	RMB ‘000
Mr. Wang Wei . . (i) (v)	–	2,658	1,279	57	3,994	3,527	7,521
Ms. Shen Ling . . (ii)	–	1,542	2,000	70	3,612	–	3,612
Mr. Yan Dong . . (iii)	–	314	50	14	378	–	378
	–	4,514	3,329	141	7,984	3,527	11,511
	–	–	–	–	–	–	–

Six months ended 30 June 2025

	Note	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Mr. Wang Wei . . .	(i) (v)	-	1,130	-	18	1,148	6,582	7,730
Ms. Shen Ling . . .	(ii)	-	1,073	-	26	1,099	-	1,099
Mr. Yan Dong . . .	(iii)	-	299	-	15	314	-	314
		-	2,502	-	59	2,561	6,582	9,143
		=	=	=	=	=	=	=

Six months ended 30 June 2024 (Unaudited)

	Note	Directors' fees	Salaries allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Subtotal	Equity-settled share-based payment expenses	Total
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Mr. Wang Wei . . .	(i)	-	1,360	-	35	1,395	-	1,395
Ms. Shen Ling . . .	(ii)	-	758	-	35	793	-	793
Mr. Yan Dong . . .	(iii)	-	157	-	7	164	-	164
		-	2,275	-	77	2,352	-	2,352
		=	=	=	=	=	=	=

Notes:

- (i) Mr. Wang Wei was appointed as a director of BeBeBus Technology on 14 November 2018 and as a director of the Company on 2 August 2023. He was appointed as the chairman of the board and re-designated as an executive director on 31 December 2024.
- (ii) Ms. Shen Ling was appointed as a director of BeBeBus Technology on 13 October 2020 and as a director of the Company on 9 January 2024. She was re-designated as an executive director on 31 December 2024.
- (iii) Mr. Yan Dong joined the Group on 1 June 2023 and was appointed as an executive director of the Company on 31 December 2024.
- (iv) Mr. Yan Jianjun, Mr. Yu Chun Kau and Ms. Chan Wing Ki were appointed as independent non-executive directors on 31 December 2024, which will be effective from the listing date.
- (v) These equity-settled share-based payment expenses above represent the estimated value of share options granted to a director under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 3(q)(ii). The details of share-based payment, including the principal terms and number of options granted, are disclosed in Note 28.

During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 10 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two, two, two, two (unaudited) and two are directors whose emoluments are disclosed in Note 9 during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively. The aggregate of the emoluments in respect of the paid amount to remaining individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Salaries, allowances and benefits in kind	1,873	1,807	3,528	1,453	1,519
Discretionary bonuses	135	550	500	250	883
Contributions to retirement benefit schemes	26	28	71	26	43
Equity-settled share-based payment expenses	2,987	2,987	3,739	24	6,910
	5,021	5,372	7,838	1,753	9,355

The emoluments of the three, three, three, three (unaudited) and three individuals with the highest emoluments are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals	Number of individuals (Unaudited)	Number of individuals
Hong Kong Dollar ("HKD")					
Nil-1,000,000	—	—	—	3	—
1,000,001-1,500,000	3	3	1	—	1
1,500,001-2,000,000	—	—	1	—	—
2,000,001-3,000,000	—	—	—	—	—
3,000,001-4,000,000	—	—	1	—	1
4,000,001-5,000,000	—	—	—	—	—
5,000,001-6,000,000	—	—	—	—	1
	=	=	=	=	=

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to Reorganisation and the basis of preparation and presentation set out Note 2.

12 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Leasehold improvement	Construction in progress	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Cost:							
At 1 January 2022	12,684	20,102	1,355	1,600	2,174	—	37,915
Additions	—	2,516	150	981	439	1,191	5,277
Transfer	—	745	—	—	—	(745)	—
Disposals	—	(707)	—	(12)	—	—	(719)
At 31 December 2022 and 1 January 2023	12,684	22,656	1,505	2,569	2,613	446	42,473
Additions	10,724	951	2,415	960	9,722	3,618	28,390
Transfer	—	219	—	—	19	(238)	—
Disposals	—	(3,524)	(999)	(4)	(117)	—	(4,644)
At 31 December 2023 and 1 January 2024	23,408	20,302	2,921	3,525	12,237	3,826	66,219
Additions	—	933	845	839	668	14,514	17,799
Transfer	—	7,807	—	—	—	(7,807)	—
At 31 December 2024 and 1 January 2025	23,408	29,042	3,766	4,364	12,905	10,533	84,018
Additions	—	500	—	330	320	25,479	26,629
Transfer	—	1,516	—	—	—	(1,516)	—
At 30 June 2025	23,408	31,058	3,766	4,694	13,225	34,496	110,647
Accumulated depreciation:							
At 1 January 2022	(50)	(2,104)	(186)	(480)	(242)	—	(3,062)
Charge for the year	(602)	(5,549)	(337)	(577)	(847)	—	(7,912)
Written back on disposals	—	94	—	6	—	—	100
At 31 December 2022 and 1 January 2023	(652)	(7,559)	(523)	(1,051)	(1,089)	—	(10,874)
Charge for the year	(985)	(5,563)	(551)	(750)	(2,047)	—	(9,896)
Written back on disposals	—	2,454	614	4	—	—	3,072
At 31 December 2023 and 1 January 2024	(1,637)	(10,668)	(460)	(1,797)	(3,136)	—	(17,698)
Charge for the year	(1,112)	(4,222)	(811)	(832)	(2,530)	—	(9,507)
At 31 December 2024 and 1 January 2025	(2,749)	(14,890)	(1,271)	(2,629)	(5,666)	—	(27,205)
Charge for the period	(556)	(1,703)	(434)	(414)	(1,103)	—	(4,210)
At 30 June 2025	(3,305)	(16,593)	(1,705)	(3,043)	(6,769)	—	(31,415)
Net book value:							
At 31 December 2022	12,032	15,097	982	1,518	1,524	446	31,599
At 31 December 2023	21,771	9,634	2,461	1,728	9,101	3,826	48,521
At 31 December 2024	20,659	14,152	2,495	1,735	7,239	10,533	56,813
At 30 June 2025	20,103	14,465	2,061	1,651	6,456	34,496	79,232

Note: As at 31 December 2023, the properties with carrying amount of RMB12,684,000 were secured for bank loans amounting to RMB4,200,000. This collateral was released in May 2024 upon the repayment of the loan. No properties were secured and pledged for bank loans as at 31 December 2022, 31 December 2024 and 30 June 2025.

13 RIGHT-OF-USE ASSETS

The analysis of the carrying amount of the Group's right-of-use assets by class of underlying asset is as follows:

	Leasehold land	Properties	Total
	RMB '000	RMB '000	RMB '000
Cost:			
At 1 January 2022.	–	15,300	15,300
Additions	–	1,753	1,753
Disposals	–	(3,580)	(3,580)
At 31 December 2022 and 1 January 2023.	–	13,473	13,473
Additions	–	12,268	12,268
Disposals	–	(1,401)	(1,401)
At 31 December 2023 and 1 January 2024.	–	24,340	24,340
Additions	28,418	9,092	37,510
At 31 December 2024 and 1 January 2025.	28,418	33,432	61,850
Additions	1,541	–	1,541
Effect of exchange rate adjustment	–	(16)	(16)
At 30 June 2025.	29,959	33,416	63,375
Accumulated depreciation:			
At 1 January 2022.	–	(3,457)	(3,457)
Charge for the year	–	(5,425)	(5,425)
Disposals	–	3,580	3,580
At 31 December 2022 and 1 January 2023.	–	(5,302)	(5,302)
Charge for the year	–	(6,210)	(6,210)
Disposals	–	1,401	1,401
At 31 December 2023 and 1 January 2024.	–	(10,111)	(10,111)
Charge for the year	(190)	(6,256)	(6,446)
At 31 December 2024 and 1 January 2025.	(190)	(16,367)	(16,557)
Change for the period	(310)	(3,481)	(3,791)
Effect of exchange rate adjustment	–	4	4
At 30 June 2025.	(500)	(19,844)	(20,344)
Net book value:			
At 31 December 2022	–	8,171	8,171
At 31 December 2023	–	14,229	14,229
At 31 December 2024	28,228	17,065	45,293
At 30 June 2025.	29,459	13,572	43,031

The right-of-use assets represented the land and properties leased for own use. The Group obtained land use rights in the PRC with lease period of no more than 50 years when granted. The other properties leases typically run for an initial period of lease terms of 2 to 5 years. The additions to right-of-use assets primarily related to capitalised lease payable under new tenancy agreements. None of the leases include variable lease payments.

As at 30 June 2025, leasehold land for own use with carrying amount of RMB29,459,000 were pledged as collaterals for certain bank loan (see Note 21).

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Depreciation charge of right-of-use assets of properties and land . . .	5,425	6,210	6,446	3,030	3,791
Interest on lease liabilities (Note 7(a))	434	593	499	287	328
Expenses relating to short-term leases (Note 7(c))	1,325	1,354	1,238	598	507

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 20(d) and Note 25 respectively.

14 INTANGIBLE ASSETS

	Software	Patents	Total
	RMB '000	RMB '000	RMB '000
Cost:			
At 1 January 2022	—	40,104	40,104
Additions	178	9,434	9,612
At 31 December 2022 and 1 January 2023	178	49,538	49,716
Additions	328	—	328
At 31 December 2023 and 1 January 2024	506	49,538	50,044
Additions	—	—	—
At 31 December 2024 and 1 January 2025	506	49,538	50,044
Disposals	(97)	—	(97)
At 30 June 2025	409	49,538	49,947
Accumulated amortisation:			
At 1 January 2022	—	(2,257)	(2,257)
Charge for the year	(19)	(5,739)	(5,758)
At 31 December 2022 and 1 January 2023	(19)	(7,996)	(8,015)
Charge for the year	(92)	(6,213)	(6,305)
At 31 December 2023 and 1 January 2024	(111)	(14,209)	(14,320)
Charge for the year	(146)	(6,128)	(6,274)
At 31 December 2024 and 1 January 2025	(257)	(20,337)	(20,594)
Charge for the period	(68)	(3,064)	(3,132)
Written back on disposals	59	—	59
At 30 June 2025	(266)	(23,401)	(23,667)
Net book value:			
At 31 December 2022	159	41,542	41,701
At 31 December 2023	395	35,329	35,724
At 31 December 2024	249	29,201	29,450
At 30 June 2025	143	26,137	26,280

The patents capitalised by the Group represented primarily the consideration paid for those patents acquired from third parties.

15 INVESTMENTS IN SUBSIDIARIES

	As at 31 December	As at 30 June
	2024	2025
	RMB '000	RMB '000
Investment in subsidiaries	356,869	371,186

Investment in subsidiaries represented the total equity in the separate financial statements of BeBeBus Technology at the date of the Reorganisation and the deemed investment arising from equity-settled share based payments in respect of the share options granted by the Company to qualifying participants of the specified subsidiaries under the Company's equity-settled shares option scheme as disclosed in Note 28.

16 INTERESTS IN AN ASSOCIATE

The following list contains the particulars of the associate, which is an unlisted corporate entity whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportions of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
BeBeBus Korea Co., Ltd. ("BeBeBus Korea")	Limited liability company	The South Korea	KRW710,000,000	20%	–	20%	Provision of product sales in overseas regions

BeBeBus Korea is a sales company registered in South Korea on 12 May 2025. The associate is accounted for using the equity method in the consolidated financial statements.

17 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Raw materials	10,053	4,405	9,203	6,141
Work in progress	6,263	2,856	2,725	2,684
Finished goods	36,517	53,849	86,685	53,384
	52,833	61,110	98,613	62,209

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Carrying amount of inventories sold	265,110	424,336	618,896	288,736	366,670
Write-down of inventories	311	428	925	830	656
	265,421	424,764	619,821	289,566	367,326

18 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables, net of loss allowance	12,890	26,656	31,369	71,464
Amounts due from related parties (Note 32(d))	7,842	5,442	175	273
Prepayment for purchase of raw material and merchandise	10,907	3,858	2,668	1,901
Prepayment for advertising and promotion expenses	1,290	4,791	12,948	7,387
Prepayment for listing expenses	—	180	2,834	3,369
VAT recoverable	301	1,947	3,159	6,116
Deposits	5,991	2,679	5,120	4,757
Others	582	3,876	5,846	5,315
	<u>39,803</u>	<u>49,429</u>	<u>64,119</u>	<u>100,582</u>

All of the trade and other receivables of the Group are expected to be recovered or recognised as expenses within one year.

Ageing analysis of trade receivables

As of the end of each reporting period, the ageing analysis of net trade receivables, based on the date of revenue recognition date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Within 90 days	12,890	26,656	31,369	71,464

Further details of the Group's credit policy are set out in Note 30(a).

19 FINANCIAL ASSETS MEASURED AT FVTPL

As at 31 December 2022 and 2023 and 2024 and 30 June 2025, financial assets measured at FVTPL held by the Group were wealth management products issued by certain financial institutions in the PRC. The expected returns of these wealth management products are not guaranteed.

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Cash at bank and on hand	49,715	125,537	226,815	213,944
Less: Restricted bank deposits (i)	—	(6,851)	(9,695)	(12,792)
Cash and cash equivalents in the consolidated statements of financial position and cash flow statements	49,715	118,686	217,120	201,152

(i) Restricted bank deposits mainly represent deposits placed at certain banks secured for issuance of notes payables and certain bank loans (see Note 21).

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
(Loss)/profit before taxation		(12,430)	60,702	116,706	55,681	87,271
Adjustments for:						
Depreciation of owned property, plant and equipment	7(c)	7,912	9,896	9,507	5,267	4,210
Depreciation of right-of-use assets	7(c)	5,425	6,210	6,446	3,030	3,791
Amortisation of intangible assets	7(c)	5,758	6,305	6,274	3,137	3,132
Net loss/(gain) on disposal of property, plant and equipment	6	555	998	—	—	—
Net realised and unrealised gain on financial assets measured at FVTPL	6	(1,820)	(1,073)	(2,856)	(674)	(1,357)
Interest on redeemable preferred shares	7(a)	25,585	25,585	25,385	12,723	12,588
Interests on bank loans and lease liabilities	7(a)	1,637	1,915	3,287	1,501	1,040
Net foreign exchange (gain)/loss	6	(16)	9	1,743	1,899	169
Equity-settled share-based payment expenses	7(b)	5,418	5,418	9,814	902	15,406
Share of loss of associate	16	—	—	—	—	20
Interest income		(519)	(1,165)	(3,209)	(1,294)	(951)
Operating profit before changes in working capital		37,505	114,800	173,097	82,172	125,319
(Increase)/decrease in inventories		(22,750)	(8,277)	(37,503)	(9,361)	36,404
Decrease/(increase) in restricted bank deposits		1,123	(6,851)	(2,844)	(3,497)	1,903
Decrease/(increase) in trade and other receivables		15,483	(9,446)	(12,036)	(4,265)	(35,928)
Increase in trade and other payables		2,608	16,268	68,404	61,971	32,515
(Decrease)/increase in provisions		(76)	1,704	1,985	862	686
Increase in contract liabilities		1,902	7,303	2,578	5,010	4,452
Cash generated from operations		<u>35,795</u>	<u>115,501</u>	<u>193,681</u>	<u>132,892</u>	<u>165,351</u>

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financial activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans	Redeemable preferred shares	Lease liabilities	Total
	RMB '000 (Note 21)	RMB '000 (Note 27)	RMB '000 (Note 25)	RMB '000
At 1 January 2022	—	274,555	12,411	286,966
Changes from financing cash flows:				
Proceeds from bank loans	59,850	—	—	59,850
Capital element of lease rentals paid . . .	—	—	(5,883)	(5,883)
Interest element of lease rentals paid . . .	—	—	(434)	(434)
Interest of bank loans paid	(1,203)	—	—	(1,203)
Total changes from financing cash flows	58,647	—	(6,317)	52,330
Other changes:				
Interest charges (Note 7(a))	1,203	25,585	434	27,222
Increase in lease liabilities from entering into new leases during the year	—	—	1,753	1,753
Total other changes	1,203	25,585	2,187	28,975
At 31 December 2022 and 1 January 2023	59,850	300,140	8,281	368,271
Changes from financing cash flows:				
Proceeds from bank loans	29,452	—	—	29,452
Repayments of bank loans	(59,850)	—	—	(59,850)
Capital element of lease rentals paid . . .	—	—	(6,042)	(6,042)
Interest element of lease rentals paid . . .	—	—	(593)	(593)
Interest of bank loans paid	(1,322)	—	—	(1,322)
Total changes from financing cash flows	(31,720)	—	(6,635)	(38,355)
Other changes:				
Interest charges (Note 7(a))	1,322	25,585	593	27,500
Increase in lease liabilities from entering into new leases during the year	—	—	12,268	12,268
Total other changes	1,322	25,585	12,861	39,768
At 31 December 2023 and 1 January 2024	29,452	325,725	14,507	369,684
Changes from financing cash flows:				
Proceeds from bank loans	169,591	—	—	169,591
Repayments of bank loans	(159,043)	—	—	(159,043)
Capital element of lease rentals paid . . .	—	—	(8,732)	(8,732)
Interest element of lease rentals paid . . .	—	—	(499)	(499)
Interest of bank loans paid	(2,788)	—	—	(2,788)
Total changes from financing cash flows	7,760	—	(9,231)	(1,471)

	Bank loans	Redeemable preferred shares	Lease liabilities	Total
	RMB '000 (Note 21)	RMB '000 (Note 27)	RMB '000 (Note 25)	RMB '000
Other changes:				
Interest charges (Note 7(a))	2,788	25,385	499	28,672
Re-designation of redeemable preferred shares to ordinary shares	—	(2,682)	—	(2,682)
Increase in lease liabilities from entering into new leases during the year	—	—	9,092	9,092
Total other changes	2,788	22,703	9,591	35,082
At 31 December 2024 and 1 January 2025	40,000	348,428	14,867	403,295

Changes from financing cash flows:				
Proceeds from bank loans	24,840	—	—	24,840
Capital element of lease rentals paid	—	—	(3,277)	(3,277)
Interest element of lease rentals paid	—	—	(328)	(328)
Interest of bank loans paid	(712)	—	—	(712)
Total changes from financing cash flows	24,128	—	(3,605)	20,523
Other changes:				
Interest charges (Note 7(a))	712	12,588	328	13,628
Total other changes	712	12,588	328	13,628
At 30 June 2025	64,840	361,016	11,590	437,446

(d) **Total cash outflow for leases**

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Within operating cash flows	1,325	1,354	1,238	598	507
Within financing cash flows	6,317	6,635	9,231	5,935	3,605
	<u>7,642</u>	<u>7,989</u>	<u>10,469</u>	<u>6,533</u>	<u>4,112</u>

21 BANK LOANS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Secured	—	4,200	—	24,840
Unsecured	59,850	25,252	40,000	40,000
	<u>59,850</u>	<u>29,452</u>	<u>40,000</u>	<u>64,840</u>

As at 31 December 2022, the Group had unsecured bank loans of RMB29,850,000, bearing interest at 4.7% per annum, which was guaranteed by the controlling shareholder of the Company. In addition, the Group had another unsecured and unguaranteed bank loan of RMB30,000,000, bearing interest at 3.4% per annum.

As at 31 December 2023, the Group had a secured bank loan of RMB4,200,000, bearing interest at 3.15% per annum. This loan was secured by the Group's properties with carrying amount of RMB12,684,000 as at 31 December 2023. In addition, the Group had unsecured bank loans of RMB25,252,000, bearing interest at 3.6% per annum, of which RMB5,252,000 was guaranteed by certain subsidiary of the Group.

As at 31 December 2024 and 30 June 2025, the Group had an unsecured bank loan of RMB40,000,000 bearing interest at 3.1%, per annum, which was guaranteed by certain subsidiary of the Group and will be repaid within one year upon drawn down.

As at 30 June 2025, the Group had a secured bank loan of RMB4,840,000, bearing interest at 3.10% per annum. The loan was secured by the Group's time deposits with carrying amount of RMB5,000,000 as at 30 June 2025. In addition, the Group had another bank loan of RMB20,000,000 bearing a variable interest rate with reference to the LPR per annum, which was secured by the leasehold land owned by the subsidiary of the Group and guaranteed by the other subsidiary of the Group, and would be repaid upon the schedule agreed with the bank.

The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Within 1 year or on demand	59,850	29,452	40,000	44,840
After 1 year but within 2 years	—	—	—	530
After 2 years but within 5 years	—	—	—	10,070
After 5 years	—	—	—	9,400
	—	—	—	20,000
Total	59,850	29,452	40,000	64,840

22 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade payables	55,084	59,397	82,638	128,533
Notes payable	—	13,700	42,447	38,959
Accrued salaries and employee benefits	6,516	11,643	16,960	10,673
Payables for property, plant and equipment	9,434	—	—	449
Payables for listing expenses	—	—	8,263	871
Other payables and accrued charges	11,624	14,223	17,059	20,397
	82,658	98,963	167,367	199,882

All trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of each reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Within 90 days	51,039	59,174	82,315	128,057
91 to 180 days	4,045	223	323	476
	55,084	59,397	82,638	128,533

23 CONTRACT LIABILITIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Prepaid card (i)	–	3,556	3,882	5,257
Advance receipts from customers for sales (ii)	1,592	3,903	5,115	7,107
Customer loyalty program points liability (iii)	372	1,808	2,848	3,933
	1,964	9,267	11,845	16,297

- (i) Redemption of prepaid cards for sales of goods through e-commerce channel is recognised as when the related goods are accepted by customers.
- (ii) The amounts of consideration received in advance as prepayments by distributors in the offline business are short-term. And the respective revenue is expected to be recognised when the goods are delivered and accepted by the distributors.
- (iii) The Group operates a customer loyalty program for sales to customers where points can be earned by customers and to be used to reduce the cost of future purchases. The contract liability in respect of unredeemed customer loyalty points will be recognised as revenue when the points are redeemed by those customers or expire, which is expected to occur before the end of the following year based on the expiry terms of the loyalty points.

All of the contract liabilities are expected to be recognised as income within one year.

Movements in contract liabilities

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
At the beginning of the year/period	62	1,964	9,267	11,845
Net increase in contract liabilities during the year/period	1,964	9,267	11,845	16,297
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(62)	(1,964)	(9,267)	(11,845)
Balance at the end of the year/period	1,964	9,267	11,845	16,297

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Income tax payable in the consolidated statements of financial position represent:

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Balance at the beginning of the year/period	5,838	9,019	26,462	31,896
Provision for current income tax for the year/period (Note 8(a))	9,433	36,477	58,705	39,620
Income tax paid	(6,252)	(19,034)	(53,271)	(48,345)
Balance at the end of the year/period	9,019	26,462	31,896	23,171

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the Track Record Period are as follows:

	Financial assets measured at FVTPL (Note)	Deductible losses	Right-of- use assets	Lease liabilities	Unrealised profits arising from intercompany transactions and others	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Deferred tax assets/(liabilities) arising from:						
At 1 January 2022	21,134	307	(1,738)	1,862	9	21,574
(Charged)/credited to profit or loss						
(Note 8(a))	(273)	(1)	593	(620)	935	634
At 31 December 2022 and 1 January 2023 .	20,861	306	(1,145)	1,242	944	22,208
(Charged)/credited to profit or loss						
(Note 8(a))	(268)	1,010	(1,583)	1,557	2,035	2,751
Effect on deferred tax balances resulting						
from a change in tax rate	(182)	–	(763)	828	365	248
At 31 December 2023 and 1 January 2024 .	20,411	1,316	(3,491)	3,627	3,344	25,207
(Charged)/credited to profit or loss						
(Note 8(a))	(714)	(1,316)	(110)	90	2,565	515
At 31 December 2024 and 1 January 2025 .	19,697	–	(3,601)	3,717	5,909	25,722
(Charged)/credited to profit or loss						
(Note 8(a))	(334)	–	879	(819)	1,130	856
At 30 June 2025	19,363	–	(2,722)	2,898	7,039	26,578

Note: Deferred tax assets arising from the financial assets measured at FVTPL represented deferred tax over the temporary differences for fair value changes of the wealth management products invested by the Group.

(c) Reconciliation to consolidated statements of financial position

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Total deferred tax assets	23,353	28,698	29,323	29,300
Total deferred tax liabilities	(1,145)	(3,491)	(3,601)	(2,722)
Net deferred tax assets recognised in the consolidated statement of financial position	22,208	25,207	25,722	26,578



25 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were payable as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Within 1 year or on demand	6,241	6,589	6,570	6,481
After 1 year but within 2 years	2,040	2,208	5,271	3,423
After 2 years but within 5 years	–	5,710	3,026	1,686
	<u>2,040</u>	<u>7,918</u>	<u>8,297</u>	<u>5,109</u>
Total	<u>8,281</u>	<u>14,507</u>	<u>14,867</u>	<u>11,590</u>

26 PROVISIONS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Warranty	2,555	4,259	6,244	6,930

Set out below is the movement for the warranty provision during the Track Record Period.

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
At the beginning of the year/period	2,630	2,555	4,259	6,244
Additions	819	2,225	3,591	2,095
Utilised	<u>(894)</u>	<u>(521)</u>	<u>(1,606)</u>	<u>(1,409)</u>
Balance at the end of the year/period	<u>2,555</u>	<u>4,259</u>	<u>6,244</u>	<u>6,930</u>

The Group provides warranties to its customers on certain of its products, under which faulty products are repaired or replaced. The amount of provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

27 REDEEMABLE PREFERRED SHARES

The movement of the carrying amount of redeemable preferred shares is as follows.

	Redeemable preferred shares
	RMB '000
At 1 January 2022	274,555
Interest expenses charged	25,585
At 31 December 2022 and 1 January 2023	300,140
Interest expenses charged	25,585
At 31 December 2023 and 1 January 2024	325,725
Re-designation of redeemable preferred shares to ordinary shares	(2,682)
Interest expenses charged	25,385
At 31 December 2024 and 1 January 2025	348,428
Interest expenses charged	12,588
At 30 June 2025	361,016

In November 2020, January and August 2021, BeBeBus Technology completed the Series A, Series A+ and Series B financing from certain third party investors through capital subscription of BeBeBus Technology's registered capital of RMB333,300, RMB302,260 and RMB273,644, respectively, with total consideration received amounting to RMB206,299,000. In connection with the Series A+ and Series B financing, Mr. Wang Wei, together with certain equity shareholders controlled by him, transferred their own equity interest in BeBeBus Technology with total registered capital of RMB390,606 to the new investors with total consideration amounting to RMB51,320,000. Pursuant to the investment agreements with the investors above, BeBeBus Technology granted redemption rights to the investors whereby the total consideration paid by the investors are redeemable in cash by these investors when certain conditions are met. Accordingly, the total consideration paid by the new investors were classified as financial liabilities.

On 9 January 2024, as part of the Reorganisation, the Company reached a new agreement with these investors. From January 2024 to April 2024, the Company allotted and issued a total of 6,222,000 Series A preferred shares, 11,511,800 Series A+ preferred shares and 7,818,400 Series B preferred shares with certain preferential rights respectively, to replace the original shares issued by BeBeBus Technology. Besides, the previously issued and allotted 444,000 ordinary shares to one of investors on 2 August 2023 was re-designated into Series A preferred shares in January 2024. The key preferential rights attributable to the investors are set out below.

In June 2024, one of the investors transferred 444,000 preferred shares with carrying amount of RMB2,682,000 to Mr. Wang Wei. The 444,000 preferred shares were then fully cancelled and re-designated to ordinary shares pursuant to the shareholders' resolution on 26 September 2024.

Redemption rights

The investors shall have the right to request the Company to redeem all or part of the issued and outstanding shares upon the occurrence of certain contingent events including but not limited to the failure of a qualified IPO before 30 June 2026 or shares sale by a specified date and any breaches of the agreements by the founders. The redemption price is determined by the 100% of the issue price with a 10% per annum return calculated from the issue date, plus any accrued but unpaid dividends upon maturity redemption event. As such, the balance of redeemable preferred shares was reclassified from non-current liability to current liability as at 30 June 2025.

The redemption rights granted to the investors shall be suspended upon first submission of an IPO application and will be automatically restored if such application is withdrawn or rejected.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or in the event of any Deemed Liquidation Event, all assets and funds of the Company should be used to settle the liquidation expenses, staff costs, social funds and statutory compensation, outstanding taxation expenses and the debts of Company first. And then the remaining legally available for distribution shall be distributed at the issue price of the preferred shares in the following order: (1) Series B preferred shares; (2) Series A and A+ preferred shares. After the amounts of preferred shares have been paid in full, the remaining assets and funds of the Company available for distribution shall be ratably distributed among all ordinary shareholders and preferred shareholders on an as-converted basis.

A Deemed Liquidation Event includes (i) a sale or transfer of all or a significant portion of assets or business of the Group, or (ii) a change in control of the Company upon a merger, acquisition, reorganisation or consolidation of the Group.

The liquidation preference rights granted to the investors will be automatically terminated upon the completion of a qualified IPO.

28 EQUITY-SETTLED SHARE-BASED PAYMENT

On 9 January 2021, BeBeBus Technology granted share options (the “2021 Options”) as equity-based awards to qualified employees with the purpose of motivating and rewarding certain employees. The exercise price is nil and the options were valid and effective for 10 years from the grant date of options. The 2021 Options shall vest upon the completion of a qualified IPO.

In anticipation of the Listing and as part of the Reorganisation, in September 2024, the Company adopted a Pre-IPO Share Option Scheme (the “Pre-IPO ESOP”) and granted 2,989,240 share options to entirely replace the previous 2021 Options. As compared with those for the replaced share options, other than the change of issuer of shares from BeBeBus Technology to the Company, there are no other changes in the terms of these new options. This change constituted a modification of the 2021 Options without material change to the total fair value of the options as at the modification date.

In addition, the Company granted additional 2,835,680 options under the Pre-IPO ESOP to other qualified employees on 26 September 2024. The additional share options issued under the Pre-IPO plan requires the employees to remain service for a 48 months period from the date of grant, and to meet certain performance conditions, along with a qualified IPO of the Company. The additional options granted under the Pre-IPO ESOP have exercise price of US\$1.23 per share (equivalent to RMB8.64 per share) and are valid and effective for 10 years from the approval.

The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
– In 2021, which were replaced with the Pre-IPO ESOP options in 2024	2,989,240	Vest on a qualified IPO	10 years
– In 2024 and 2025 under the Pre-IPO ESOP	2,835,680	48 months from the date of grant and a qualified IPO	10 years
Total share options granted	<u>5,824,920</u>		

During the six months ended 30 June 2025, a total of 50,832 options were forfeited as two employees resigned and left the Group and the Company then granted these options to a newly qualified employee, which has been approved by the board of directors on 4 June 2025. There is no exercisable options at the end of each reporting period as Company has not completed a qualified IPO.

During the years ended 31 December 2023 and 2024, 2,989,240 and 1,586,398 ordinary shares were issued and allotted to WEILING HOLDING INC (“WEILING”) respectively. WEILING is wholly owned by Futu Trustee Limited indirectly, the trustee of the Pre-IPO ESOP Trust (“Trustee”). Such shares will be distributed to the qualified employees upon the exercise of the options granted under the Pre-IPO ESOP. The Trustee shall not exercise the voting rights in respect of any shares held upon trust by WEILING.

Fair value of share options

The fair value of share options was estimated using the Binomial Option Pricing Model. The determination of estimated fair value of the 2021 Options and new options issued in the Pre-IPO ESOP on the grant date is affected by the fair value of the Company’s ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of the Company over the expected term of the options, actual and projected employee share option exercise behaviors, a risk-free interest rate and expected dividends, if any. The grant date fair value of the share options was determined with the assistance of an independent third-party valuation firm. The fair value of the ordinary shares was principally developed through the application of the discounted cash flow (DCF) model. Based on fair value of the underlying ordinary shares, the Group has used Binomial Optional Pricing Model to determine the fair value of the share option as at grant date.

Key assumptions of the share options issued to the qualified employees in 2021 Options which was subsequently replaced in 2024 are set as below.

As at 9 January 2021 (the grant date)	
Risk-free interest rates	3.14% Expected
volatility	58.34% Dividend yield . . .
.	0% Exercise price
.	—

Key assumptions of the share options issued to the other qualified employees in Pre-IPO ESOP in 2024 are set as below.

As at 26 September 2024 (the grant date)	
Risk-free interest rates	1.62% Expected
volatility	52.97% Dividend yield . . .
.	0% Exercise price
.	US\$1.23

Key assumptions of the share options issued to the other qualified employee in Pre-IPO ESOP in 2025 are set out below.

As at 4 June 2025 (the grant date)	
Risk-free interest rates	1.52% Expected
volatility	55.68% Dividend yield . . .
.	0% Exercise price
.	US\$1.23

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital and share premium

	Number of ordinary shares	Share capital		Share premium
		US\$ '000	RMB '000	RMB '000
Ordinary shares, issued and allotted:				
At 1 January 2022, 31 December 2022 and 1 January 2023	—	—	—	—
Issue of ordinary shares upon the incorporation of the Company . . .	50,630,160	5	36	—
At 31 December 2023 and 1 January 2024	50,630,160	5	36	—
Issue of ordinary shares	3,588,118	—*	3	—
Re-designation of ordinary shares to redeemable preferred shares	(444,000)	(—*)	(—*)	—
Re-designation of redeemable preference shares to ordinary shares	444,000	—*	—*	2,682
At 31 December 2024 and 30 June 2025	54,218,278	5	39	2,682

* The amount is under US\$1,000/RMB1,000.

On 2 August 2023, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorised share capital of US\$50,000 divided into 500,000,000 shares with a par value of US\$0.0001 each. On 2 August 2023, a total of 50,630,160 ordinary shares were issued and allotted to the shareholders at the incorporation date.

On 9 January 2024 and 22 April 2024, 1,228,840 and 772,880 ordinary shares were issued and allotted to two investors respectively, and previously issued 444,000 ordinary shares were re-designated into Series A preferred shares. On 26 September 2024, 1,586,398 ordinary shares were issued and allotted to WEILING.

As at 31 December 2023 and 2024 and 30 June 2025, included in the total number of ordinary shares in issue of the Company, 2,989,240, 4,575,638 and 4,575,638 ordinary shares were held by WEILING respectively for the Pre-IPO ESOP as set out in Note 28.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Note	Share capital	Share premium	Share-based payment reserve	Other reserve	Accumulated loss	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
At 2 August 2023 (date of incorporation) . . .	-	-	-	-	-	-
Issue of ordinary shares 29(a)	36	-	-	(2)	-	34
Balance at 31 December 2023 and 1 January 2024	36	-	-	(2)	-	34
Loss for the year	-	-	-	-	(26,031)	(26,031)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(26,031)	(26,031)
Issue of ordinary shares 29(a)	3	-	-	(1)	-	2
Equity-settled share-based transactions 28	-	-	25,949	-	-	25,949
Re-designation of redeemable preferred shares to ordinary shares 27	-	2,682	-	-	-	2,682
Effect arising Reorganisation	-	-	-	(368)	-	(368)
Balance at 31 December 2024 and 1 January 2025	39	2,682	25,949	(371)	(26,031)	2,268
Loss for the period	-	-	-	-	(11,935)	(11,935)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(11,935)	(11,935)
Equity-settled share-based transactions	-	-	15,406	-	-	15,406
Balance at 30 June 2025	39	2,682	41,355	(371)	(37,966)	5,739

(c) Dividends

No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group during the Track Record Period.

(d) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve represents the portion of the grant date fair value of share options granted to a director and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments reserve in Note 3(q)(ii).

(ii) Other reserve

The other reserve represents the deemed distribution arising from (i) the fair value of the additional preferential rights granted for nil consideration upon the recognition of redeemable preferred shares; and (ii) tax expenses arising from the Reorganisation paid by the Group for the shareholders. The details of redeemable preferred shares is disclosed in Note 27.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 3(u).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers to have low credit risk.

Trade receivables

In respect of trade receivables, the Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from debtors.

The Group's exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. As at 31 December 2022, 2023 and 2024 and 30 June 2025, 71%, 67%, 78% and 71% of total receivables were due from the Group's largest customer and 100%, 99%, 98% and 98% of the total trade receivables were due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022, 2023 and 2024:

As at 31 December 2022			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 90 days.	0.50%	12,955	65
As at 31 December 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 90 days.	0.50%	26,790	134
As at 31 December 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 90 days.	0.50%	31,527	158
As at 30 June 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 90 days.	0.50%	71,823	359

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Balance at the beginning of the year/period.	61	65	134	158
Loss allowance recognised	4	69	24	201
Balance at the end of the year/period.	65	134	158	359

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes prepayments, deposits, value-added-tax recoverable, and amounts due from related parties.

The Group has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

In management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of equity and debt financing to fund its operations and business development.

The Group considered historical cash requirements, working capital and capital expenditures plans, estimated cash flows provided by operations, existing cash on hand as well as other key factors, including utilization of credit facilities granted by financial institutions. Management believes the assumptions used in the cash forecast are reasonable.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group and can be required to pay.

As at 31 December 2022					
Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Bank loans	61,024	—	—	61,024	59,850
Lease liabilities	6,485	2,090	—	8,575	8,281
Redeemable preferred shares	—	—	386,401	386,401	300,140
Trade and other payables .	82,658	—	—	82,658	82,658
	150,167	2,090	386,401	538,658	450,929

As at 31 December 2023					
Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Bank loans	30,232	—	—	30,232	29,452
Lease liabilities	7,083	2,538	6,004	15,625	14,507
Redeemable preferred shares	—	—	386,401	386,401	325,725
Trade and other payables .	98,963	—	—	98,963	98,963
	136,278	2,538	392,405	531,221	468,647

As at 31 December 2024

	Contractual undiscounted cash outflow					Carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total		
	RMB '000	RMB '000	RMB '000	RMB '000		
Bank loans	40,685	—	—	40,685	40,000	
Lease liabilities	7,185	5,550	3,114	15,849	14,867	
Redeemable preferred shares	—	386,401	—	386,401	348,428	
Trade and other payables .	167,367	—	—	167,367	167,367	
	215,237	391,951	3,114	610,302	570,662	

As at 30 June 2025

	Contractual undiscounted cash outflow					Carrying amount
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Bank loans	45,036	565	11,756	12,068	69,425	64,840
Lease liabilities	6,927	3,581	1,713	—	12,221	11,590
Redeemable preferred shares	386,401	—	—	—	386,401	361,016
Trade and other payables	199,882	—	—	—	199,882	199,882
	<u>638,246</u>	<u>4,146</u>	<u>13,469</u>	<u>12,068</u>	<u>667,929</u>	<u>637,328</u>

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	As at 31 December						As at 30 June	
	2022		2023		2024		2025	
	Effective interest rate	RMB '000	Effective interest rate	RMB '000	Effective interest rate	RMB '000	Effective interest rate	RMB '000
Fixed rate borrowings:								
– Bank loans . . .	3.40% – 4.70%	59,850	3.15% – 3.60%	29,452	3.10%	40,000	3.10%	44,840
– Lease liabilities . . .	4.90%	8,281	4.90%	14,507	4.90% – 5.88%	14,867	4.90% – 5.88%	11,590
– Redeemable preferred shares	10.00%	300,140	10.00%	325,725	10.00%	348,428	10.00%	361,016
		<u>368,271</u>		<u>369,684</u>		<u>403,295</u>		<u>417,446</u>
Variable rate borrowings:								
– Bank loans . . .	—	—	—	—	—	—	3.30%	20,000

It is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax by approximately RMB1,243,000, RMB1,137,000, RMB1,165,000 and RMB619,000 for the years ended 31 December 2022, 2023 and 2024 and six months ended 30 June 2025.

(d) Currency risk

The Group's businesses are principally conducted in RMB and most of the Group's monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider the Group's exposure to foreign currency risk is not significant.

(e) Fair value measurement

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

The following table presents the Group's financial assets that are measured at fair value at the end of each reporting dates:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Financial assets measured at FVTPL				
Level 3 – Wealth management products	73,593	36,637	31,039	152,285

During the Track Record Period, there were no transfers between Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	As at 31 December			As at 30 June
			2022	2023	2024	2025
Wealth management products	Net asset value	Expected rate of return	1.8% to 2.8%	2.2% to 2.8%	1.0% to 2.9%	0.7% to 2.5%

The fair values of wealth management products have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, if expected rate of return higher/lower by 0.5%, fair value of financial assets at FVTPL would have been approximately RMB128,000, RMB131,000, RMB11,000 and RMB70,000 higher/lower respectively.

The movements during the Track Record Period in the balance of the Level 3 fair value measurements are as follows:

	Financial assets
	<i>RMB'000</i>
At 1 January 2022	22,279
Addition for purchase	188,100
Decrease from disposal	(138,606)
Changes in fair value recognised in profit or loss during the year	1,820
At 31 December 2022 and 1 January 2023	73,593
Addition for purchase	313,400
Decrease from disposal	(351,429)
Changes in fair value recognised in profit or loss during the year	1,073
At 31 December 2023 and 1 January 2024	36,637
Addition for purchase	831,300
Decrease from disposal	(839,754)
Changes in fair value recognised in profit or loss during the year	2,856
At 31 December 2024 and 1 January 2025	31,039
Addition for purchase	738,900
Decrease from disposal	(619,011)
Changes in fair value recognised in profit or loss during the period	1,357
At 30 June 2025	152,285

(ii) *Fair value of financial assets and liabilities carried at other than fair value*

The carrying amounts of all financial assets and liabilities measured at amortised cost are not materially different from their fair values as at the end of each reporting period.

31 COMMITMENTS

Capital commitments outstanding as at 31 December 2022, 2023 and 2024 and 30 June 2025 not provided for in the Historical Financial Information were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for	10,000	27,590	155,450	129,752

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Salaries, allowances, and benefits in kind	4,381	4,527	8,042	3,571	3,722
Discretionary bonus	535	3,800	3,829	250	883
Contribution to defined contribution retirement plan	152	172	212	96	87
Equity-settled share-based payment expenses	2,987	2,987	7,266	24	13,492
	8,055	11,486	19,349	3,941	18,184

(b) Name and relationship with related parties

The following individuals/companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name of party (i)	Relationship
Mr. Wang Wei	Ultimate controlling shareholder of the Company
Aimu Jia Information Consulting (Shanghai) Co., Ltd. 艾母加信息諮詢(上海)有限公司	Associate of ultimate controlling shareholder
Aimujia Catering Management (Shanghai) Co., Ltd. 艾母加餐飲管理(上海)有限公司	Associate of ultimate controlling shareholder

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(c) Material related party transactions

Particulars of material transactions between the Group and the above related parties during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Interest-free advances made to Mr. Wang Wei	18,700	10,489	1,434	190	—
Interest-free advances repaid by Mr. Wang Wei	10,858	12,949	6,815	2,154	—
Purchase of motor vehicles from Mr. Wang Wei	—	1,080	—	—	—

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000 (Unaudited)	RMB '000
Payment for the service received					
– Aimu Jia Information Consulting (Shanghai) Co., Ltd.	–	200	–	–	–
– Aimujia Catering Management (Shanghai) Co., Ltd.	–	700	925	200	502
	–	900	925	200	502

(d) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	At 31 December			At 30 June	
	2022	2023	2024	2025	
	RMB '000	RMB '000	RMB '000	RMB '000	
Non-trade amounts due from:					
Mr. Wang Wei	7,842	5,342	–	–	
Aimujia Catering Management (Shanghai) Co., Ltd.	–	100	175	273	
	7,842	5,442	175	273	

The non-trade amounts due from the related party are expected to be settled prior to the Listing of the Company.

(e) Bank loans guaranteed by related parties

Guarantee provided by the controlling shareholder of the Company relating to bank loan as at 31 December 2022 was disclosed in Note 21. The guarantee has been released as the loan was fully repaid in 2023.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the HKICPA has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to HKFRS 9 and HKFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and Disclosure in Financial Statement</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined



The Group is in the process of making an assessment of what the impact of developments are expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on consolidated financial statements of the Group.

34 SUBSEQUENT EVENT

There were no material subsequent events after 30 June 2025 up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 June 2025.