You should read the following discussion and analysis in conjunction with our consolidated financial information included in the Accountants' Report set out in Appendix I to this document, together with the accompanying notes. Our historical financial information and the consolidated financial statements of our Group have been prepared in accordance with the IFRSs, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results could differ materially from those anticipated in the forward-looking statements due to various factors, including those discussed in the sections headed "Forward-Looking Statements," "Risk Factors" and elsewhere in this document. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are a leading AI infrastructure software provider in China. Through deep integration of AI, big data, and cloud technologies, we enable enterprises to efficiently build AI infrastructure software that drives intelligent transformation and business model innovation across industries. In today's environment, marked by exponential data growth, mounting risks of technological bottlenecks, and urgent demand for enterprise-level digital and intelligent upgrades, building secure, high-performance, domestically developed AI and data infrastructure software has become a strategic imperative at the national, industrial, and enterprise levels. Our Company was founded to meet this demand and to establish a secure, self-reliant data infrastructure supporting technological innovation.

We are one of the earliest companies in China to focus on the development of AI and big data infrastructure software, and we have established significant first-mover advantages and deep technical capabilities. We provide enterprise-grade AI infrastructure software and services that cover the full data lifecycle, from integration, storage, and governance to modeling, analytics, mining, and circulation. Through years of in-house R&D, we have built a new-generation AI infrastructure software matrix comprising our big data and cloud foundation platforms (TDH and TDC), distributed databases (ArgoDB and KunDB), data development and governance tools (TDS), AI platforms for LLM and machine learning operations (LLMOps and MLOps), and a knowledge platform (TKH). Together, these products deliver end-to-end solutions from data to knowledge and from model to application, helping enterprises across industries accelerate intelligent transformation and rebuild their competitive advantages.

As of December 31, 2025, our products and solutions had been deployed across more than ten industries, including finance, government, energy, healthcare, transportation, and manufacturing, serving over 1,800 customers, including around 110 companies listed in the Fortune China 500. From 2023 to 2025, revenue from repeat purchases by existing customers accounted for an average of over 70% of our total revenue, reflecting the loyalty and stickiness of our customer base.

During the Track Record Period, we generated revenue primarily from (i) the offering of our AI and big data infrastructure software and related services; and (ii) the provision of solution business to customers across various sectors and industries. In 2023, 2024 and 2025, we recorded revenue of RMB490.5 million, RMB370.8 million and RMB447.1 million, respectively. In the same periods, we incurred loss for the years of RMB289.2 million, RMB344.3 million and RMB245.2 million.

BASIS OF PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each period during the Track Record Period.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our historical financial information are disclosed in Note 5 of the Accountant's Report in Appendix I to this Document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe that our operational results and financial conditions are impacted by several company-exclusive factors, including the following:

Our Ability to Grow Customer Base and Deepen Customer Relationships

Our ability to deepen our relationships with existing customers and foster our customer base serves as the foundation for our operational performance and future growth. A steady customer base expansion entails an elevation in our reputation and brand recognition, thereby attracting prospective companies from various industries. In 2023, 2024 and 2025, we served 457, 364 and 363 customers, respectively, in connection with our software products, services and solutions. As of December 31, 2025, we have served an aggregate of over 1,800 customers accumulatively.

Our ability to deepen our relationships with existing customers is a primary force of recurring revenue and long-term financial performance. A large amount of our customers continue to purchase software licenses and engage us for ongoing technical services after their initial deployment. From 2023 to 2025, revenue from repeat purchases by existing customers accounted for an average of over 70% of our total revenue, reflecting our strong customer retention and sustained growth momentum. This stickiness is supported by the reliability and performance of our products, as well as the quality of our implementation and customer support. High retention improves revenue visibility and operating efficiency by reducing acquisition costs and increasing the lifetime value of each customer. In parallel, we are also focused on expanding our customer base by targeting large-scale and fast-growing industries spanning finance, government, healthcare, energy, and manufacturing. Our ability to attract new customers is underpinned by our innovative product offerings, brand reputation, and targeted marketing strategies. A growing base of satisfied customers further drives referrals and enhances our market credibility. Overall, both customer retention and new customer acquisition play a critical role in driving our revenue growth and will continue to materially affect our results of operations.

Our Product Mix and Value Creation for Customers

We are committed to developing and delivering innovative software platforms and services that address the full spectrum of our users' digital transformation needs. Leveraging our in-house R&D capabilities, we have built a product portfolio spanning infrastructure software, services, and scenario-specific solutions. Our infrastructure software business, which generally carries a higher gross profit margin, has consistently contributed a majority of our revenue during the Track Record Period. The composition of our product portfolio has a direct impact on our gross profit and overall profitability. A higher proportion of standardized, modular, or AI-native software in our sales mix can help improve gross margin, while also enhancing customer scalability and product stickiness.

Our Research and Development Capabilities

We operate in a sector defined by rapid technological innovations with evolving demands for advanced products, services and solutions. Our research and development capabilities serve as the backbone of the success and attractiveness of our products, services and solutions in this highly competitive market. Our ability to expand and cement our market position, implement our growth strategies and achieve long-term profitability significantly depends on the achievements of our research and development projects.

We have invested heavily in our research and development efforts, including recruiting key research and development personnel and engaging in varied research and development projects and activities. During the Track Record Period, we invested RMB244.9 million, RMB262.4 million and RMB250.6 million in research and development, of which RMB21.8 million, RMB35.1 million and RMB46.5 million were capitalized. The staff costs accounted for the largest proportion of our research and development expenses.

Our research and development capabilities may be subject to the changes in several factors, including, among others, our decision and vision to precisely and timely capture the trend of technology advancements, our ability to retain and recruit talents with related expertise and the effectiveness and progress of our product upgrades. In addition, the commercial reception of our products, services and solutions will vary from market reception, which will affect our return on our research and development investments. All of these factors will affect our financial performance and results of operations.

Our Ability to Manage Costs and Improve Operational Efficiency

Our ability to effectively manage costs and operating expenses is a key driver of our path to profitability. During the Track Record Period, our overall gross profit margin remained relatively stable. Operating expenses, which primarily comprise selling expenses, administrative expenses, and research and development expenses, fluctuated during the Track Record Period as we expanded our business and diversified our product offerings. Our cost of sales and operating expenses may be influenced by a variety of factors that could impact our future profitability.

A significant portion of our investment was directed toward developing modularized products to meet various customers' needs, thereby accelerating digital transformation and AI adoption. We also spent substantial sales and marketing expenditures to strategically expand our customer base in a highly competitive market environment. These initiatives, while supporting our long-term growth, have contributed to short-term cost pressures.

Going forward, our operating expenses may continue to vary with changes in employee headcounts, compensation levels, and business activity requirements. Our ability to exercise disciplined control over selling, administrative, and research and development expenses, while ensuring adequate investment in high-potential growth areas, will directly affect our operating results and profitability. We plan to continuously evaluate and monitor the effectiveness and efficiency of our business activities and marketing initiatives, with the aim of leveraging greater economies of scale to improve operating efficiency and margin performance.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Our management continuously evaluates these estimates, assumptions and judgments based on historical experience and other factors that are deemed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our material accounting policies, judgments and estimates are set forth in further details in Notes 4 and 5 to the Accountants' Report included in Appendix I in this document. We prepare our consolidated financial information in accordance with IFRSs, which requires us to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Material Accounting Policies

Revenue Recognition

AI and Big Data Infrastructure Software Business

Our AI and big data infrastructure software business mainly comprise sale of self-developed AI and big data infrastructure software license and technical services to ensure the successful deployment, integration, and sustained performance of our software.

Revenue from sale of software license is recognized at a point in time. For the sale of software license that do not require installation and deployment, revenue is recognized when the software license is delivered to the customer. For the sale of software license that require installation and deployment, revenue is recognized upon the receipt of customer acceptance after the installation and deployment. The advances received are recognized as contract liabilities until the control of software license has been transferred to the customer.

We provide certain technical service to meet the customers' specific needs with our employees, and we are primarily responsible for ensuring the quality and stability of the available staffing resources. Revenue is recognized overtime measured by unit rate per employee and actual service duration. Contract assets are recognized over the period in which the services are performed representing our right to consideration for the services performed to date because the rights are conditioned on our future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Revenue from maintenance service included in technical service is considered to be a distinct service as it is regularly supplied by us to customers on a stand-alone basis. Revenue relating to the maintenance services is recognized ratably over the service contract period. Advance consideration is recognized as a contract liability and is released over the period of services.

For other technical services, revenue is recognized upon completion of the services contracts. The advances received are recognized as contract liabilities until the completion of the services contracts.

Solution Business

Our solution business comprises a suite of modular, scenario-based offerings designed to accelerate digital transformation and AI adoption across key industries such as finance, government, healthcare, energy and manufacturing.

We provide certain solution business to meet the customers' specific needs with our employees, and we are primarily responsible for ensuring the quality and stability of the available staffing resources. Revenue is recognized overtime measured by unit rate per employee and actual service duration. Contract assets are recognized over the period in which the services are performed representing our right to consideration for the services performed to date because the rights are conditioned on our future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

For other solution business, revenue is recognized upon completion of the services contracts. The advances received are recognized as contract liabilities until the completion of the services contracts.

Other Business

Our other business primarily consists of the optimization and sale of third-party hardware and software products in connection with our AI and big data infrastructure software business. Revenue is recognized when control of the goods has been transferred, being when the goods have been delivered to the customers. The advances received are recognized as contract liabilities until the control of goods has been transferred to the customer.

Financial Assets

Classification and Subsequent Measurement of Financial Assets

Financial assets that meet the following conditions are subsequently measured at amortised cost: (i) the financial asset is held within a business model whose objective is to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"): (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income: Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL: Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Intangible Assets

Internally-generated Intangible Assets — Research and Development Expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) the ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Critical Accounting Judgements and Estimates

Provision of ECL for Trade Receivables and Contract Assets

Trade receivables with credit-impaired are assessed for ECL individually.

In addition, we use practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration our historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

DESCRIPTION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

The table sets forth our selected consolidated statements of profit or loss for the years indicated derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I this Document:

	For the year ended December 31,		
	2023	2024	2025
	(RMB'000, except for percentages)		
Revenue	490,533	370,755	447,069
Cost of sales	(233,799)	(192,026)	(211,059)
Gross profit	256,734	178,729	236,010
Other income	34,213	28,120	36,455
Other gains and losses, net	26,336	14,880	7,947
Selling expenses	(235,123)	(203,961)	(159,788)
Administrative expenses	(128,675)	(118,589)	(114,213)
[**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Research and development expenses	(223,065)	(227,328)	(204,061)

	For the year ended December 31,		
	2023	2024	2025
	(RMB'000, except for percentages)		
Impairment losses under expected credit loss ("ECL") model, net of reversal	(16,783)	(13,192)	(43,668)
Finance costs	(2,805)	(2,940)	(2,224)
Share of results of associates	–	–	(944)
Loss before tax	(289,168)	(344,281)	(245,156)
Income tax expense	–	–	(14)
Loss for the year	**(289,168)**	**(344,281)**	**(245,170)**
Loss attributable to:			
Owners of the Company	(288,243)	(343,462)	(245,170)
Non-controlling interests	(925)	(819)	–
	(289,168)	(344,281)	(245,170)

Revenue

During the Track Record Period, we generated revenue primarily from (i) AI and big data infrastructure software business; (ii) the provision of solution business; and (iii) other business. For details, see "Business — Our Business Lines and Products."

Revenue by Business Lines

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

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
AI and Big data infrastructure software business						
Infrastructure software	132,424	27.0	57,864	15.6	54,009	12.1
Comprehensive software and services	184,266	37.5	145,222	39.2	211,548	47.3
Technical services	73,351	15.0	81,094	21.9	96,465	21.6
Sub-total	390,041	79.5	284,180	76.7	362,022	81.0
Solution business	79,091	16.1	72,759	19.6	69,559	15.6
Other business	21,401	4.4	13,816	3.7	15,488	3.4
Total	**490,533**	**100.0**	**370,755**	**100.0**	**447,069**	**100.0**

AI and Big Data Infrastructure Software Business

Our revenue from the sales of infrastructure software decreased by 56.3% from RMB132.4 million in 2023 to RMB57.9 million in 2024 primarily due to the prolonged settlement cycles and acceptance procedures of the customers. Our revenue from the sales of infrastructure software decreased further by 6.7% to RMB54.0 million in 2025 primarily because more of our key customers opted for our comprehensive software and services to meet their integrated needs, resulting in lower revenue from standalone infrastructure software.

Our revenue from comprehensive software and services decreased from RMB184.3 million in 2023 to RMB145.2 million in 2024 primarily attributable to the decrease in the sales volume and the timing of contracts signed with customers. Our revenue from comprehensive software and services increased significantly from RMB145.2 million in 2024 to RMB211.5 million in 2025, primarily driven by increased market adoption amid the ongoing expansion of AI, which resulted in a higher number of new customers and orders.

During the Track Record Period, our revenue from technical services increased by 10.6% from RMB73.4 million in 2023 to RMB81.1 million in 2024 and further increased by 19.0% to RMB96.5 million in 2025. This steady growth was primarily driven by the increasing sales volume of our software, as a growing number of customers who purchased our software sought complementary technical services to support their integrated solutions.

Solution Business

In 2023, 2024 and 2025, our revenue from solution business amounted to RMB79.1 million, RMB72.8 million and RMB69.6 million, respectively, accounting for 16.1%, 19.6% and 15.6%, respectively, of our total revenue for each of the corresponding year. Our revenue from the solution business decreased by 8.0% from RMB79.1 million in 2023 to RMB72.8 million in 2024, primarily due to delays in project bidding, inspection and revenue recognition processes. Our revenue from the solution business decreased slightly from RMB72.8 million in 2024 to RMB69.6 million in 2025 primarily due to the fact that we prioritized the resources to focus on developing our core AI and big data infrastructure software business.

Other Business

In 2023, 2024 and 2025, we derived other revenue of RMB21.4 million, RMB13.8 million and RMB15.5 million, respectively, accounting for 4.4%, 3.7% and 3.4%, respectively, of our total revenue for each of the corresponding year. Revenue from our other business decreased from RMB21.4 million in 2023 to RMB13.8 million in 2024, primarily due to a decrease in the sales volume of ancillary hardware and software. Our revenue derived from other business remained relatively stable at RMB15.5 million in 2025. Given our primary focus is placed on our AI and big data infrastructure software business, we only recorded an insignificant proportion of revenue in connection with our other business during the Track Record Period.

Revenue by Downstream Industry Verticals

The following table sets forth the revenue breakdown by downstream industry verticals during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Finance	157,794	32.2	150,001	40.5	178,084	39.8
Government	155,678	31.7	108,685	29.3	123,193	27.6
Telecommunications	26,654	5.4	32,162	8.7	11,609	2.6
Energy	40,731	8.3	26,912	7.3	67,342	15.1
Manufacturing	12,418	2.5	9,457	2.5	7,243	1.6
Transportation	27,281	5.6	6,848	1.8	12,621	2.8
Healthcare	30,600	6.3	5,452	1.5	12,611	2.8
Others	39,377	8.0	31,238	8.4	34,366	7.7
Total	**490,533**	**100.0**	**370,755**	**100.0**	**447,069**	**100.0**

Our revenue generated from the government sector decreased from RMB155.7 million in 2023 to RMB108.7 million in 2024 primarily due to the prolonged bidding, inspection and revenue recognition processes among government customers in the respective year. Our revenue derived from the government sector increased from RMB108.7 million in 2024 to RMB123.2 million in 2025 primarily due to the increased demand from government driven by the ongoing digital transformation of government services.

Our revenue generated from the telecommunications sector remained at a high level of RMB26.7 million in 2023 and RMB32.2 million in 2024, primarily attributable to our revenue derived from a leading domestic telecommunications company. Such revenue subsequently decreased to RMB11.6 million in 2025 as the aforementioned project was fully completed, and we did not enter into new contracts with this customer in 2025.

Our revenue generated from the energy sector decreased from RMB40.7 million in 2023 to RMB26.9 million in 2024, mainly attributable to the prolonged revenue recognition process among energy customers in the respective year. Our revenue derived from the energy sector grew significantly from RMB26.9 million in 2024 to RMB67.3 million in 2025, primarily attributable to a major software contract obtained from a leading Chinese energy enterprise.

Revenue by Customer Types

The following table sets forth the revenue breakdown by customer types during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Direct customers	241,938	49.3	188,711	50.9	287,276	64.3
ISV	52,977	10.8	29,752	8.0	32,332	7.2
SI	166,117	33.9	129,046	34.8	116,450	26.0
Distributors	29,501	6.0	23,246	6.3	11,011	2.5
Total	**490,533**	**100.0**	**370,755**	**100.0**	**447,069**	**100.0**

Revenue by Geographic Location

The following table sets forth the revenue breakdown by geographic location during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
China						
Eastern China(1)	227,425	46.4	153,393	41.4	149,801	33.5
Northern China(2)	98,613	20.1	87,539	23.6	164,922	36.9
Southern China(3)	56,748	11.6	44,847	12.1	39,476	8.8
Central China(4)	24,235	4.9	33,887	9.1	21,421	4.8
Southwestern China(5)	24,196	4.9	21,489	5.8	13,539	3.0
Northwestern China(6)	47,042	9.6	21,392	5.8	50,525	11.3
Northeastern China(7)	10,479	2.1	5,173	1.4	7,087	1.6
Subtotal	488,738	99.6	367,720	99.2	446,771	99.9
Overseas(8)	1,795	0.4	3,035	0.8	298	0.1
Total	**490,533**	**100.0**	**370,755**	**100.0**	**447,069**	**100.0**

Notes:

1. Eastern China comprises of Shanghai Municipality and the Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, and Shandong Provinces.

2. Northern China comprises of the Beijing and Tianjin Municipalities and the Hebei, Shanxi, and Inner Mongolia Autonomous Region.

3. Southern China comprises of the Guangdong, Guangxi Zhuang Autonomous Region, and Hainan Provinces.

4. Central China comprises of the Henan, Hubei, and Hunan Provinces.

5. Southwestern China comprises of the Chongqing Municipality and the Sichuan, Guizhou, Yunnan, and Tibet Autonomous Region.

6. Northwestern China comprises of the Shaanxi, Gansu, and Qinghai Provinces and the Ningxia Hui Autonomous Region and Xinjiang Uygur Autonomous Region.

7. Northeastern China comprises of the Liaoning, Jilin, and Heilongjiang Provinces.

8. Overseas countries include Singapore, Iraq and Canada.

Our revenue by geographic location was primarily a reflection of our diversified business lines and the concentration of our major customers during a specific period. These variations were mainly driven by product mix and the timing of project milestones achieved, rather than localized market conditions during the Track Record Period.

Our revenue generate from northern China slightly decreased from RMB98.6 million in 2023 to RMB87.5 million in 2024 primarily due to the prolonged bidding inspection and revenue recognition processes among government customers in northern China in light of the macroeconomic conditions. Our revenue generate from northern China increased significantly from RMB87.5 million in 2024 to RMB164.9 million in 2025, primarily attributable to a major software contract obtained from a leading Chinese energy enterprise in northern China.

Our revenue generated from northwestern China decreased from RMB47.0 million in 2023 to RMB21.4 million in 2024, primarily due to the completion of a major project with a local data bureau in 2023, which did not contribute to our revenue in 2024. Revenue subsequently rebounded to RMB50.5 million in 2025, primarily attributable to the commencement of a major digital project commissioned by the Xi'an municipal government.

Our revenue derived from overseas markets was immaterial during the Track Record Period, amounting to RMB1.8 million, RMB3.0 million and RMB0.3 million in 2023, 2024 and 2025, respectively. Such fluctuations were primarily driven by changes in the number and scale of overseas customer engagements.

Revenue by Sales Model

Our revenue was derived from both bidding and commercial negotiations in terms of sales model. The table below sets forth the revenue breakdown by sales model during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Bidding	292,921	59.7	246,357	66.4	337,084	75.4
Commercial Negotiation	197,612	40.3	124,398	33.6	109,985	24.6
Total	**490,533**	**100.0**	**370,755**	**100.0**	**447,069**	**100.0**

The table below sets forth the number of bids submitted and bidding success rate during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of bids submitted	491	565	561
Number of projects awarded	289	332	349
Bidding success rate *(%)*[(1)]	58.9	58.8	62.2

Note:

* Bidding success rate represents the number of projects awarded during a year divided by the total number of bids submitted during the same year.

Cost of Sales

Cost of Sales by Nature

During the Track Record Period, our cost of sales primarily consisted of (i) staff costs; (ii) procurement costs; and (iii) others, which primarily including other miscellaneous expenses. In 2023, 2024 and 2025, our cost of sales were RMB233.8 million, RMB192.0 million and RMB211.1 million, respectively, representing 47.7%, 51.8% and 47.2% of our revenue for the same years.

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

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Staff costs	136,256	58.3	117,859	61.4	120,716	57.2
Procurement of services[(1)], software, and hardware costs	83,269	35.6	62,757	32.7	70,824	33.6
Others	14,274	6.1	11,410	5.9	19,519	9.2
Total	**233,799**	**100.0**	**192,026**	**100.0**	**211,059**	**100.0**

Note: (1) Primarily relating to outsourced staff for ancillary services not involving core technologies.

Cost of Sales by Business Line

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

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
AI and big data infrastructure software business						
Infrastructure software	11,976	5.1	5,649	2.9	6,482	3.1
Comprehensive software and services	89,614	38.3	76,592	39.9	97,989	46.4
Technical services	39,605	16.9	34,758	18.1	34,111	16.2
Sub-total	141,195	60.3	116,999	60.9	138,582	65.7
Solution business	78,453	33.6	66,150	34.5	59,993	28.4
Other business	14,151	6.1	8,877	4.6	12,484	5.9
Total	**233,799**	**100.0**	**192,026**	**100.0**	**211,059**	**100.0**

Our cost of sales for AI and big data infrastructure software business, solution business, and other business fluctuates generally in correspondence to the fluctuations in the revenue during the Track Record Period.

Gross Profit and Gross Margin

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

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB'000, except for percentages)					
AI and big data infrastructure software business						
Infrastructure software	120,448	91.0%	52,215	90.2%	47,527	88.0%
Comprehensive software and services	94,652	51.4%	68,630	47.3%	113,559	53.7%
Technical services	33,746	46.0%	46,336	57.1%	62,354	64.6%
Sub-total	248,846	63.8%	167,181	58.8%	223,440	61.7%
Solution business	638	0.80%	6,609	9.1%	9,566	13.8%
Other business	7,250	33.90%	4,939	35.7%	3,004	19.4%
Total	**256,734**	**52.3%**	**178,729**	**48.2%**	**236,010**	**52.8%**

Our gross profit decreased by 30.4% from RMB256.7 million in 2023 to RMB178.7 million in 2024, reflecting the overall decline in revenue and product mix shift in 2024. In 2025, our gross profit increased by 32.0% from RMB178.7 million to RMB236.0 million in 2025, in line with the revenue growth in 2025.

Our overall gross profit margin decreased from 52.3% in 2023 to 48.2% in 2024, mainly as a result of a decrease in the relative revenue contribution from these higher-margin business lines. In 2025, our overall gross profit margin increased to 52.8%, as compared to 48.2% in 2024, primarily due to an increase in the gross profit margin of our comprehensive software and services. Our solution business generally carries a significantly lower gross profit margin compared to our infrastructure software business, as the solution business is primarily established to serve major customers and inherently incurs high staff cost.

Gross Profit and Gross Margin by Customer Types

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

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB'000, except for percentages)					
Direct customers	110,965	45.9%	77,878	41.3%	134,656	46.9%
ISV	35,604	67.2%	18,696	62.8%	24,426	75.5%
SI	87,747	52.8%	65,247	50.6%	68,555	58.9%
Distributors	22,418	76.0%	16,908	72.7%	8,373	76.0%
Total	**256,734**	**52.3%**	**178,729**	**48.2%**	**236,010**	**52.8%**

The gross profit and gross profit margin varied cross customer types, primarily due to the mix of products and services procured by different customers. During the Track Record Period, the fluctuations in gross profit and gross profit margin for each customer category were broadly consistent with our overall trend, which showed an initial contraction from 2023 to 2024 followed by a recovery in 2025.

Gross Profit and Gross Margin by Geographic Location

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

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit/(Loss)	Gross Margin
	(RMB'000, except for percentages)					
China						
Eastern China	103,576	45.5%	73,208	47.7%	73,579	49.1%
Northern China	57,116	57.9%	42,241	48.3%	84,955	51.5%
Southern China	28,872	50.9%	19,962	44.5%	23,832	60.4%
Central China	14,095	58.2%	21,647	63.9%	11,419	53.3%
Southwestern China	14,233	58.8%	6,270	29.2%	9,248	68.3%
Northwestern China	28,973	61.6%	12,066	56.4%	28,695	56.8%
Northeastern China	8,594	82.0%	3,251	62.8%	4,290	60.5%
Subtotal	255,459	52.3%	178,645	48.6%	236,018	52.8%
Overseas	1,275	71.0%	84	2.8%	(8)	(2.7)%
Total	**256,734**	**52.3%**	**178,729**	**48.2%**	**236,010**	**52.8%**

In line with our revenue by geographic locations, the movement in regional gross profit and gross profit margin was primarily a function of the specific mix of products and services delivered in each area, which remained generally consistent with our overall gross profit trend. Accordingly, most regions followed a similar U-shaped trajectory, characterized by a temporary decline from 2023 to 2024 and a rebound in 2025.

We recorded a gross loss of RMB8.0 thousand from overseas operations in 2025, primarily due to increases in market prices for certain hardware components, which constituted a significant portion of our cost of sales and could not be fully passed on under existing contract terms. This temporary and non-recurring mismatch between procurement costs and contract pricing does not reflect our underlying operational performance.

Other Income

During the Track Record Period, our other income primarily consisted of (i) government grants and subsidies, mainly representing subsidies granted by the PRC authorities to support our research and development activities and electronic equipment acquisition, as well as other policy-oriented incentives for our business operations; (ii) tax refunds, primarily representing software value-added tax (VAT) refunds in relation to the sale of self-developed software products; and (iii) bank interest income, primarily representing the income on our term deposits and bank balances. The following table sets forth a breakdown of our other income for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Other income						
Government grants and subsidies	20,451	59.8	14,641	52.1	13,170	36.1
Tax refunds	6,843	20.0	8,369	29.8	17,334	47.6

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Bank interest income	6,919	20.2	5,110	18.1	5,951	16.3
Total other income	**34,213**	**100.0**	**28,120**	**100.0**	**36,455**	**100.0**

Other Gains and Losses, Net

During the Track Record Period, our other gains and losses primarily consisted of (i) the fair value gains on our financial assets measured at FVTPL, mainly representing the investment income generated from structured deposits and investment in a money market fund. We purchased structured deposits issued by commercial banks in Chinese Mainland and invested in a money market fund during the Track Record Period. For details of these investments, see "— Discussion of Selected Items from Consolidated Statements of Financial Position — Financial Assets at FVTPL;" (ii) net foreign exchange gains/(losses), representing the gains/(losses) from the fluctuations in exchange rates; (iii) gains on early termination of leases, representing the gains from the early termination of lease or change of lease due to the adjustment of office space during the Track Record Period; and (iv) others. The following table sets forth a breakdown of our other gains and losses by nature for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Gain on changes in fair value of financial assets at FVTPL	25,751	97.8	13,730	92.3	9,117	114.7
Loss on changes in fair value of financial liabilities at FVTPL	–	–	–	–	(44)	(0.6)
Net foreign exchange gains (losses)	217	0.8	(634)	(4.3)	(1,703)	(21.4)
Gain on early termination of leases	144	0.5	1,072	7.2	71	0.9
(Loss) gain on disposal of property and equipment	(38)	(0.1)	2	0.0	(32)	(0.4)
Others	262	1.0	710	4.8	538	6.8
Total	**26,336**	**100.0**	**14,880**	**100.0**	**7,947**	**100.0**

Note: Indicates less than 0.1

Selling Expenses

During the Track Record Period, our selling expenses primarily consisted of (i) staff costs, including the salaries, bonuses and other employees' benefits for our sales and marketing staff; (ii) travel expenses; (iii) marketing and promotion expenses; (iv) share-based payment; and (v) others. The following table sets forth a breakdown of our selling expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Staff cost	184,506	78.5	164,792	80.8	134,525	84.2
Travel expenses	15,320	6.5	13,521	6.6	9,596	6.0
Marketing and promotion expenses	22,182	9.4	20,176	9.9	11,463	7.2
Share-based payment	5,566	2.4	(765)	(0.4)	–	–
Others	7,549	3.2	6,237	3.1	4,204	2.6
Total	**235,123**	**100.0**	**203,961**	**100.0**	**159,788**	**100.0**

In 2023, 2024 and 2025, our selling expenses accounted for 47.9%, 55.0%, and 35.7% of our revenue, respectively.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, representing salaries, bonuses and other employees' benefits for our management and supporting staff; (ii) rental and property expenses; (iii) share-based payment; (iv) professional service fees; representing service fees paid to third-party service providers in connection with ordinary business; (v) office expenses; (vi) depreciation and amortization; (vii) taxes; and (viii) others. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Staff costs	70,683	54.9	73,782	62.2	70,437	61.7
Rental and property expenses	22,155	17.2	19,139	16.1	17,284	15.1
Share-based payment	2,917	2.3	(41)	–*	–	0.0
Professional service fees	8,286	6.4	7,297	6.2	5,952	5.2
Office expenses	8,355	6.5	7,626	6.4	6,963	6.1
Depreciation and amortization	2,061	1.6	2,033	1.7	1,583	1.4
Taxes and surcharges	2,653	2.1	3,309	2.8	3,693	3.2
Others	11,565	9.0	5,444	4.6	8,301	7.3
Total	**128,675**	**100.0**	**118,589**	**100.0**	**114,213**	**100.0**

Note: * Less than 0.1%.

In 2023, 2024 and 2025, our administrative expenses accounted for 26.2%, 32.0%, and 25.5% of our revenue, respectively. Staff costs as well as rental and property expenses were the major components of our administrative expenses, representing in aggregate 72.1%, 78.3% and 76.8% of our administrative expenses, respectively, during the same years.

Research and Development Expenses

During the Track Record Period, our research and development costs primarily consisted of (i) staff costs including the salaries, bonuses and other employees' benefits for our R&D staff; (ii) depreciation and amortization; (iii) procurement expenses; (iv) rental and property expenses; (v) share-based payment; and (vi) others. The following table sets forth a breakdown of our research and development costs for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB'000, except for percentages)					
Staff costs	186,194	83.5	171,003	75.2	147,215	72.1
Depreciation and amortization	8,468	3.8	24,637	10.8	25,136	12.3
Procurement expenses	10,285	4.6	20,892	9.2	22,387	11.0
Rental and property expenses	6,464	2.9	5,452	2.4	5,292	2.6
Share-based payment	6,113	2.7	(251)	(0.1)	–	–
Others	5,541	2.5	5,595	2.5	4,031	2.0
Total	**223,065**	**100.0**	**227,328**	**100.0**	**204,061**	**100.0**

In 2023, 2024 and 2025, our research and development costs accounted for 45.5%, 61.3% and 45.6% of our revenue, respectively.

Impairment Losses on financial assets

During the Track Record Period, our impairment losses on financial assets mainly stems from the allowance for ECLs on trade receivables in the ordinary course of business. We use a provision matrix to calculate ECLs for trade and bills receivables. See "— Material Accounting Policies and Critical Accounting Judgments and Estimates — Impairment of financial assets and contract assets subject to impairment assessment under IFRS 9" for further details.

We recorded impairment losses on financial assets of RMB16.8 million, RMB13.2 million and RMB43.7 million in 2023, 2024 and 2025, respectively mainly reflecting the fluctuations in balance of our trade receivables as well as the ECL rates, and the individual assessment on impairment by the management. For details, see "— Discussion of Key Balance Sheet Items — Trade and Bills Receivables."

Income Tax Expenses

We did not record any income tax expenses in 2023 and 2024 primarily due to we recorded loss before tax in the corresponding years. We recorded income tax expenses of RMB14.0 thousand in 2025. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are domiciled and operate. Our principal applicable tax rates are set forth as follows:

In Chinese Mainland, our taxable income is generally subject to a statutory income tax rate of 25%, except for our Company and certain PRC subsidiaries that enjoy preferential tax rates. During the Track Record Period, our Company and certain PRC subsidiaries qualified as High and New Technology Enterprises ("HNTE") and were entitled to a reduced Enterprise Income Tax ("EIT") rate of 15% for a three-year term, subject to renewal every three years. In addition, certain small and low-profit PRC subsidiaries qualified for a 20% preferential tax rate. Such preferential tax treatments may change in the future.

Our subsidiary in Singapore is subject to an income tax rate of 17%, but no provision was made during the Track Record Period as there were no taxable profits. No provision was made for income tax in Canada or Hong Kong as there was no assessable profits in these jurisdictions during the Track Record Period. As of the Latest Practicable Date, we had no disputes with any tax authority and had not been subject to any tax investigation, enquiry, penalty or surcharge.

YEAR-ON-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 20.6% from RMB370.8 million in 2024 to RMB447.1 million in 2025, primarily attributable to the steady growth in revenue contribution from the comprehensive software and services in 2025.

AI and big data infrastructure software. Revenue from our AI and big data infrastructure software business increased from RMB284.2 million in 2024 to RMB362.0 million in 2025, primarily driven by increased market demand for AI infrastructure, which enabled us to secure additional high-value contracts and expand our customer base among large-scale enterprise clients.

Solution business. Revenue from our solution business decreased from RMB72.8 million in 2024 to RMB69.6 million in 2025 primarily due to the fact that we prioritized the resources to focus on developing our core AI and big data infrastructure software business, resulting in a slight decrease in revenue derived from solution business.

Other business. Revenue from our other business remained relatively stable at RMB13.8 million in 2024 and RMB15.5 million in 2025.

Cost of Sales

Our cost of sales increased by 9.9% from RMB192.0 million in 2024 to RMB211.1 million in 2025, primarily driven by the increase in cost of sales relating to our AI and big data infrastructure software business and other business in 2025.

AI and big data infrastructure software. Our cost of sales for AI and big data infrastructure software business increased from RMB117.0 million in 2024 to RMB138.6 million in 2025 primarily attributable to the increase of procurement of services in line with our business growth.

Solution business. Our cost of sales for solution business gradually decreased by 9.3% from RMB66.2 million in 2024 to RMB60.0 million in 2025 in line with the decrease of revenue derived from solution business.

Other business. Our cost of sales for other business increased significantly from RMB8.9 million in 2024 to RMB12.5 million in 2025, primarily attributable to a shift in our product mix toward hardware-related revenue, which was typically characterized by higher procurement costs and lower gross profit margins.

Gross Profit/(Loss) and Gross Margin

As a result of the foregoing, our gross profit increased by 32.0% from RMB178.7 million in 2024 to RMB236.0 million in 2025. Our gross profit margin increased from 48.2% in 2024 to 52.8% in 2025, primarily due to an increase in the gross profit margin of our AI and big data infrastructure software.

AI and big data infrastructure software. Our gross profit from our AI and big data infrastructure software business increased from RMB167.2 million in 2024 to RMB223.4 million in 2025, primarily due to the revenue growth in this segment driven by the accelerating market adoption of AI technologies. The gross profit margin increased from 58.8% in 2024 to 61.7% in 2025, primarily attributable to an optimized product mix featuring a greater proportion of high-margin software products, as well as continued optimization of our products and enhanced delivery efficiency.

Solution business. Our gross profit from solution business increased from RMB6.6 million in 2024 to RMB9.6 million in 2025. The respective gross profit margin increased significantly from 9.1% in 2024 to 13.8% in 2025. The improvement in the gross profit and gross profit margin in 2025 was primarily due to enhanced pricing power driven by our strengthened market position, as well as improved delivery efficiency, which optimized our staff costs.

Other business. Our gross profit from our other business decreased significantly by 39.2% from RMB4.9 million in 2024 to RMB3.0 million in 2025. The respective gross profit margin decreased significantly from 35.7% in 2024 to 19.4% in 2025. The decline in gross profit margin in our other business margin was primarily attributable to a higher revenue contribution from hardware products, which typically carry a lower gross gross profit margin than other products. However, as this segment accounted for an immaterial portion of our total revenue, the fluctuation did not have a material impact on our overall gross profit margin.

Other Income

Our other income increased by 29.6% from RMB28.1 million in 2024 to RMB36.5 million in 2025, primarily due to an increase of RMB9.0 million in value-added tax refunds.

Other Gains and Losses, Net

Our other gains decreased by 46.6% from RMB14.9 million in 2024 to RMB7.9 million in 2025, primarily due (i) to a decrease of RMB4.7 million in fair value of financial assets measured at FVTPL following a decrease in average balance of our structured deposits; and (ii) an increase in net foreign exchange losses of RMB1.1 million driven by the appreciation of the RMB against our certain foreign currencies in 2025.

Selling Expenses

Our selling expenses decreased by 21.7% from RMB204.0 million in 2024 to RMB159.8 million in 2025, primarily attributable to (i) a decrease of RMB30.3 million in staff costs, representing our continued efforts in optimizing personnel structure; (ii) a decrease of RMB8.7 million in marketing and promotion expenses; and (iii) a decrease of RMB3.9 million in travel expenses, which in aggregate, showcasing our continued efforts in optimizing operational efficiency in 2025.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB118.6 million and RMB114.2 million in 2024 and 2025, respectively.

Research and Development Expenses

Our research and development expenses decreased by 10.2% from RMB227.3 million in 2024 to RMB204.1 million in 2025, primarily driven by (i) the decrease of RMB23.8 million in staff costs as a result of the decreased headcounts of research and development staff.

Impairment Losses on financial assets

Our impairment losses on financial assets, increased from RMB13.2 million in 2024 to RMB43.7 million in 2025, primarily due to an increase in provision for impairment losses on trade receivables. This fluctuation included an increase of RMB19.7 million on a collective basis due to the overall aging of trade receivables, and an increase of RMB16.3 million on an individual basis following an assessment of the collection likelihood of long-aged balances.

Share of Results of Associates

We recorded share of losses of associates of RMB0.9 million in 2025, reflecting our share of losses from investments in our associate companies.

Income Tax Expense

Due to the loss before tax we recorded, no provision for income tax expenses has been made since we have no assessable profits in 2024. Notwithstanding our consolidated loss, certain of our subsidiaries generated taxable income, resulting in income tax expenses of RMB14.0 thousand in 2025.

Loss for the year

As a result of the above, we recorded loss for the year of RMB344.3 million in 2024, compared to the loss for the year of RMB245.2 million in 2025.

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

Revenue

Our revenue decreased by 24.4% from RMB490.5 million in 2023 to RMB370.8 million in 2024 primarily due to decreases in revenue across all of our business segments, including AI and big data infrastructure software business, solution business, and other business.

AI and big data infrastructure software. Revenue from our AI and big data infrastructure software business decreased by 27.1% from RMB390.0 million in 2023 to RMB284.2 million in 2024 primarily due to prolonged bidding, inspection and revenue recognition processes, particularly among government and healthcare clients.

Solution business. Revenue from our solution business decreased by 8.0% from RMB79.1 million in 2023 to RMB72.8 million in 2024, primarily due to delays in project bidding, inspection and revenue recognition processes.

Other business. Revenue from our other business decreased from RMB21.4 million in 2023 to RMB13.8 million in 2024, primarily due to a decrease in the volume of ancillary optimization and sale of third-party hardware and software products sold to our customers.

Our revenue decline in 2024 was primarily driven by delays in project bidding, delivery, inspection and acceptance for certain large enterprise and government projects. These delays were largely caused by a more cautious procurement environment among government or state-owned customers, as many faced slower economic conditions and tightened fiscal budgets during the year. As a result, customers extended internal approval procedures, postponed project kick-off and slowed acceptance progress, which affected the timing of revenue recognition despite stable underlying demand for our AI and big data infrastructure software. Consistent with these market conditions, our revenue recognition pace across several key verticals, particularly the government, healthcare and transportation sectors, was slower than in previous years, reflecting broad-based deferrals in customer procurement rather than any reduction in contract value or delivery capability.

According to Frost & Sullivan, these trends were sector-wide, with government and healthcare spending generally softening while other verticals, such as finance and telecommunications, continued to grow. Our performance in 2024 reflected this sector mix. Unlike certain peers with higher exposure to fast-growing verticals, our customer base includes a meaningful proportion of clients in segments affected by fiscal tightening. Importantly, these impacts were temporary and linked to short-term budgetary and administrative cycles. Procurement and project acceptance schedules have begun to normalize since the second half of 2025, indicating that the 2024 decline was not structural, which is evidenced by our latest financial information for the six months ended June 30, 2025. With stabilizing macro conditions and our continued expansion into industry sectors with stronger spending outlooks, we expect the temporary disruptions experienced in 2024 to continue to ease over time.

Cost of Sales

Our cost of sales decreased by 17.9% from RMB233.8 million in 2023 to RMB192.0 million in 2024 generally in line with the downward trend in our revenue in the corresponding periods.

AI and big data infrastructure software. Our cost of sales for AI and big data infrastructure software business decreased by 17.1% from RMB141.2 million in 2023 to RMB117.0 million in 2024, primarily due to the delayed project bidding, inspection and revenue recognition processes.

Solution business. Our cost of sales for the solution business decreased by 15.7% from RMB78.5 million in 2023 to RMB66.2 million in 2024, due to our efforts to enhance efficiency in staff cost management.

Other business. Our cost of sales for other business decreased by 37.3% from RMB14.2 million in 2023 to RMB8.9 million in 2024, primarily driven by a decrease in procurement costs, which was in line with the decrease in revenue of other business.

Gross Profit/(Loss) and Gross Margin

As a result of the foregoing, our gross profit decreased by 30.4% from RMB256.7 million in 2023 to RMB178.7 million in 2024 and our gross profit margin decreased from 52.3% in 2023 to 48.2% in 2024, primarily due to the decrease of revenue contribution from the infrastructure software and comprehensive software and services, which have higher gross profit margins than the solution business.

AI and big data infrastructure software. Our gross profit from our AI and big data infrastructure software business decreased by 32.8% from RMB248.8 million in 2023 to RMB167.2 million in 2024. The respective gross profit margin decreased from 63.8% in 2023 to 58.8% in 2024. Both decreases were primarily due to a significant decline in the gross profit of high-margin standardized infrastructure software products. The overall delay in the project acceptance, particularly among government and healthcare customers, also contributed to the reduced infrastructure software delivery and recognition of high-margin license revenue during the periods.

Solution business. Our gross profit from our solution business increased significantly from RMB0.6 million in 2023 to RMB6.6 million 2024. The respective gross profit margin increased substantially from 0.8% in 2023 to 9.1% in 2024. Both increases were mainly due to our efforts to enhance efficiency in staff cost management.

Other business. Our gross profit from our other business decreased by 31.9% from RMB7.3 million in 2023 to RMB4.9 million 2024, primarily due to a decline in ancillary optimization and sale of third-party hardware and software products. Our gross profit margin remained relatively stable from 33.9% in 2023 to 35.7% in 2024.

Other Income

Our other income decreased by 17.8% from RMB34.2 million in 2023 to RM28.1 million in 2024, primarily due to the decrease of RMB5.8 million in government grants, because a majority of the government subsidies in 2023 were non-recurring.

Other Gains and Losses

Our other gains decreased by 43.5% from RMB26.3 million in 2023 to RMB14.9 million in 2024, primarily due to a decrease of RMB12.0 million in fair value of financial assets at FVTPL primarily due to a decrease in balance of our structured deposits and investment in a money market fund.

Selling Expenses

Our selling expenses decreased by 13.3% from RMB235.1 million in 2023 to RMB204.0 million in 2024, primarily due to (i) a decrease of RMB19.7 million in staff costs, reflecting the optimized operational structure that enhances organizational efficiency and tampers operational costs, and (ii) a decrease of RMB6.3 million in share-based payment.

Administrative Expenses

Our administrative expenses decreased by 7.8% from RMB128.7 million in 2023 to RMB118.6 million in 2024, primarily contributed by (i) a decrease of RMB3.0 million in our share-based payment primarily reflecting the changes in the estimated equity incentives at both company and individual levels; and (ii) a decrease of RMB3.0 million in rental and property expenses as a result of our stringent cost control measures in 2024.

Research and Development Costs

Our research and development costs remained relatively stable at RMB223.1 million in 2023 and RMB227.3 million in 2024.

Impairment Losses under ECL Model, Net of Reversal

Our impairment losses under ECL mode, net of reversal, decreased from RMB16.8 million in 2023 to RMB13.2 million in 2024, reflecting the normal fluctuations in our trade and bills receivables in the corresponding periods.

Income Tax Expenses

Due to the loss before tax we recorded, no provision for income tax expenses has been made since we have no assessable profits in the corresponding periods.

Loss for the Year

As a result of the foregoing, our operating loss increased by 19.1% from RMB289.2 million in 2023 to RMB344.3 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which are extracted from the Accountants' Report included in Appendix I to this document:

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB'000)		
				(unaudited)
Non-current assets				
Property and equipment	100,062	136,186	102,307	99,319
Right-of-use assets	37,060	33,282	16,987	15,603
Other intangible assets	21,866	52,802	88,387	90,005
Interests in an associate	–	450	4,296	4,469
Term deposits	15,011	15,439	70,587	100,708
Financial assets at FVTPL	12,000	20,000	22,340	20,589
Prepayments and other receivables	47,834	–	–	–
	233,833	**258,159**	**304,904**	**330,693**
Current assets				
Trade and bills receivables	377,432	337,362	265,435	248,812
Prepayments and other receivables	15,765	24,603	40,219	45,894
Contract assets	35,737	39,462	48,107	47,252
Inventories	1,566	1,651	4,779	3,795
Contract costs	48,686	49,955	47,016	58,109
Financial assets at FVTPL	595,175	71,652	71,588	101,844
Bills receivables at fair value through other comprehensive income ("FVTOCI")	–	–	11,684	11,684
Term deposits	131,916	70,148	30,357	30,302
Restricted bank deposits	6	6	8	8
Cash and cash equivalents	352,748	543,261	353,951	252,366
Total current assets	**1,559,031**	**1,138,100**	**873,144**	**800,066**
Current liabilities				
Trade, bills and other payables	185,663	142,276	177,235	166,062
Contract liabilities	38,450	62,574	57,270	65,465
Borrowings	55,546	40,027	30,036	10,329
Financial liabilities at FVTPL	–	–	44	–
Lease liabilities	14,899	17,206	15,295	14,218
Provisions	24,150	17,572	23,983	23,705
Total current liabilities	**318,708**	**279,655**	**303,863**	**279,779**
Net current assets	**1,240,323**	**858,445**	**569,281**	**520,287**
Non-current liabilities				
Lease liabilities	24,058	16,716	1,261	1,055
Deferred income	10,264	5,447	10,412	10,352
	34,322	**22,163**	**11,673**	**11,407**

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB'000)		*(unaudited)*
Net assets	**1,439,834**	**1,094,441**	**862,512**	**839,573**

Our net current assets decreased from RMB1,240.3 million as of December 31, 2023 to RMB858.4 million as of December 31, 2024, primarily due to a decrease in financial assets measured at FVTPL from RMB595.2 million as of December 31, 2023 to RMB71.7 million as of December 31, 2024 as a result of our utilization of cash and financial assets in operating activities, partially offset by an increase in cash and cash equivalents from RMB352.7 million as of December 31, 2023 to RMB543.3 million as of December 31, 2024.

Our net current assets decreased from RMB858.4 million as of December 31, 2024 to RMB569.3 million as of December 31, 2025, primarily driven by (i) a decrease in cash and cash equivalents from RMB543.3 million as of December 31, 2024 to RMB354.0 million as of December 31, 2025 as a result of spendings on R&D expense, purchasing on PPE and intangible assets during the ordinary course of our business, (ii) a decrease in trade and bills receivables from RMB337.4 million as of December 31, 2024 to RMB265.4 million as of December 31, 2025 as a result of our enhanced collection efforts, and (iii) an increase in trade, bills and other payables from RMB142.3 million as of December 31, 2024 to RMB177.2 million as of December 31, 2025 in line with our business growth, coupled with increased accrued performance bonuses for employee incentives, partially offset by an increase in prepayment and other receivables from RMB24.6 million as of December 31, 2024 to RMB40.2 million as of December 31, 2025 due to our business expansion.

Our net current assets decreased from RMB569.3 million as of December 31, 2025 to RMB520.3 million as of January 31, 2026, primarily due to (i) a decrease in cash and cash equivalents from RMB354.0 million as of December 31, 2025 to RMB252.4 million as of January 31, 2026 driven by purchases of financial assets at FVTPL, repayments of borrowings and our utilization of cash in operating activities; and (ii) a decrease in trade and bills receivables from RMB265.4 million as of December 31, 2025 to RMB248.8 million as of January 31, 2026, partially offset by (i) an increase in Financial assets at FVTPL from RMB71.6 million as of December 31, 2025 to RMB101.8 million as of January 31, 2026; and (ii) a decrease in borrowings from RMB30.0 million as of December 31, 2025 to RMB10.3 million as of January 31, 2026 as a result of the repayment of certain bank borrowings during January 2026.

Property and Equipment

Our property and equipment consist primarily of electronic equipment, leasehold improvements, office equipment, vehicles and construction in progress. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Electronic equipment	90,583	128,537	98,266
Leasehold improvements	5,363	7,519	3,941
Office equipment	198	89	59
Vehicles	260	41	41
Construction in progress	3,658	–	–
Total	**100,062**	**136,186**	**102,307**

Our property and equipment increased significantly by 36.1% from RMB100.1 million as of December 31, 2023 to RMB136.2 million as of December 31, 2024, which was mainly due to (i) the increase in procuring new electronic equipment in line with our business expansion in relation to AI infrastructure, and (ii) the increase in improving and renovating our newly rented office spaces. Our property and equipment then decreased by 24.9% from RMB136.2 million as of December 31, 2024 to RMB102.3 million as of December 31, 2025, primarily due to the depreciation of our electronic equipment.

Intangible Assets

Our intangible assets primarily consist of development costs, intellectual properties and office software.

Our intangible assets saw a significant increase from RMB21.9 million as of December 31, 2023, to RMB52.8 million as of December 31, 2024, and further increased to RMB88.4 million in 2025, primarily due to the capitalization of expenses in relation to our research and development activities in the respective periods. For details, see Note 19 and 19A in the Accountant's Report in Appendix I.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL primarily consist of (i) structured deposits with reputable PRC banks investment in a money market fund managed by a reputable financial institution measured at FVTPL with variable interest rates; and (ii) unlisted fund investments in the PRC. The following table sets forth the details of our financial assets at FVTPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Structured deposits	575,000	61,500	50,083
Money market fund	20,175	10,152	21,505
Unlisted fund investment	12,000	20,000	22,340
Total	**607,175**	**91,652**	**93,928**
Analyzed as:			
Current	595,175	71,652	71,588
Non-current	12,000	20,000	22,340
Total	**607,175**	**91,652**	**93,928**

Our financial assets at FVTPL decreased from RMB607.2 million as of December 31, 2023, to RMB91.7 million as of December 31, 2024, mainly due to the decreases in the balance of our structured deposits and investment in a money market fund, as we utilized the funds for our business operations. Our financial assets at FVTPL increased to RMB93.9 million as of December 31, 2025, mainly due to the increase in the balance of our unlisted fund investments given we recorded fair value gains in 2025.

We have implemented a series of internal control policies and protocols in connection with the investment in structured deposit and money market funds historically to ensure the purpose of the investment is to preserve capital and liquidity until cash is used to fund our primary business and operation. The internal control polices and protocol are set as the following: (i) our Board of Directors reviews and approves the annual cap of our investments in structured deposit and money market funds; (ii) our senior management team is authorized to make investment decisions based on their financial expertise; (iii) our financial department are responsible for the analysis and research of investments in structured deposit and money market funds, as well as the long-term management of such investments; (iv) our independent non-executive Directors will also monitor the status of our investments and are competent to report any issues they discovered to our Board; and (v) investments in structured deposit and money market funds could be made when we have surplus cash that is not required for our short-term working capital purposes and in no event beyond the amount authorized.

To control our risk exposure, we have in the past sought, and may continue in the future to seek for other low-risk financial products with short maturity term. In addition, we primarily invest in financial products offered by reputable commercial banks. Once the investment has been made, we will closely monitor its performance and fair value on a regular basis. We will continue to apply the same approach and keep our risk exposure low while utilizing our temporary unused cash. Our investments in these assets will be subject to compliance with Chapter 14 of the Listing Rules after [**REDACTED**].

Prepayments and Other receivables

During the Track Record Period, our prepayments and other receivables primarily consist of (i) deposits; (ii) loans to a third party; (iii) prepayments; (iv) value-added tax recoverable; and (v) others. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Deposits	10,813	20,604	20,659
Loans to a third party	2,000	2,000	2,000
Others	264	226	205
Less: allowance for credit losses	(4,704)	(5,389)	(6,082)
Value-Added Tax ("VAT") recoverable	47	47	–
Deferred issue costs	–	–	18,642
Prepayments	55,179	7,115	4,795
Total	**63,599**	**24,603**	**40,219**
Analyzed as:			
Current	15,765	24,603	40,219
Non-current	47,834	–	–
	63,599	24,603	40,219

Our prepayments and other receivables decreased by 61.3% from RMB63.6 million as of December 31, 2023 to RMB24.6 million as of December 31, 2024, mainly driven by a significant decrease of RMB48.1 million in prepayments mainly because the procurement of electronic equipment from an independent third party has been accepted in 2024.

Our prepayments and other receivables increased by 63.5% from RMB24.6 million as of December 31, 2024 to RMB40.2 million as of December 31, 2025 primarily due to a significant increase of RMB18.6 million in deferred issue costs driven by the [**REDACTED**] expense related to the [**REDACTED**].

Trade and Bills Receivables

During the Track Record Period, our trade and bills receivables consist primarily of outstanding amounts due from customers for the purchase of our products, services and solutions. The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Trade receivables from third parties	411,310	381,072	344,614
Bills receivables from third parties	1,207	3,255	3,828
Trade receivables from a related party	1,278	30	30
Subtotal	413,795	384,357	348,472
Less: allowance for credit losses	(36,363)	(46,995)	(83,037)
Total	**377,432**	**337,362**	**265,435**

As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB377.4 million, RMB337.4 million, and RMB265.4 million, respectively. Our trade and bills receivables decreased by 10.6% from December 31, 2023 to December 31, 2024, and further decreased by 21.3% as of December 31, 2025, mainly driven by the gradual recollection of our trade receivables from third parties as a result of our enhanced collection efforts, as well as increased impairment provisions in 2025 reflecting heightened credit risk and reduced recoverability of certain trade receivables.

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

	For the year ended December 31,		
	2023	2024	2025
Trade receivables turnover days[(1)]	229	350	243

Note: (1) Trade receivables turnover days for the year equal the average of the beginning and ending trade receivables for the year divided by revenue for that year and multiplied by 365.

Our trade receivables turnover days increased from 229 days in 2023 to 350 days in 2024, mainly due to a decease in our revenue in 2024. Our trade receivables turnover days decreased to 243 days for 2025, reflecting our intensified efforts in receivables management, enhanced collection procedures, and stricter credit controls to ensure timely cash recovery.

The following table sets forth the aging analysis of our trade receivables net of allowance for credit losses presented based on dates of rendering of services or delivery of goods as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 1 year	313,327	173,434	159,430
Over 1 year	62,898	160,673	102,177
Total	**376,225**	**334,107**	**261,607**

Our trading terms with customers are mainly on credit, generally ranging from 30 to 365 days for major customers, depending on project size, customer type and payment history. The relatively long trade receivables turnover days during the Track Record Period were primarily due to the nature of our customer base, mainly government and large enterprise clients, which typically follow milestone-based procurement, inspection and acceptance processes. These procedures often extend across quarters, and, together with the industry pattern of revenue being concentrated in the fourth quarter, result in timing differences between billing, acceptance and payment.

Receivables aged over one year mainly relate to long-cycle government projects, where internal approval and acceptance workflows naturally take longer to complete. Although some contracts include prepayments or milestone payments, differences between the delivery, acceptance and settlement stages may still create temporary cashflow mismatches. Meanwhile, our trade payable turnover days appear short because a significant portion of our cost of sales consists of monthly payroll expenses rather than trade payables, and therefore are not directly comparable to customer settlement cycles.

In addition, the variations of the average loss rates adopted by us in assessing the impairment of trade receivables of different age bands were primarily driven by the differences in the settlement speed and migration rate of receivables within different age bands.

Trade receivables of us with longer aging had a faster subsequent settlement result in a relatively lower migration rate. However, receivables within one year have a slower settlement speed, leading to a relatively higher migration rate. As a result of the above, there witnessed (i) an increase in the expected credit loss rate of less than one year and (ii) decreases in the expected credit loss rates of one to two years and two to three years, respectively.

We have taken a series of measures to improve cash conversion and strengthen working capital management. Since 2025, collection performance has been incorporated into the KPIs of our pre-sales, sales and delivery teams, and we monitor payment progress on a weekly basis. We issue invoices promptly upon project delivery to minimize billing delays and coordinate follow ups on overdue balances through our sales, finance and legal teams. We have also aligned supplier payment arrangements with customer collection schedules to help ensure that cash inflows generally precede related outflows. These measures have contributed to gradual improvements in receivable turnover and are expected to further enhance our cashflow stability. For further details, see "Financial Information — Liquidity and Capital Resources — Working Capital Sufficiency."

We recorded credit loss allowance of RMB36.4 million, RMB47.0 million, and RMB83.0 million as of December 31, 2023, 2024 and 2025, accounting for approximately 8.8%, 12.2% and 23.8% of our trade and bills receivables at the same dates, respectively, primarily reflecting the growth in our revenue in the corresponding periods. As of January 31, 2026, RMB23.9 million, or approximately 6.9% of our trade and bills receivables as of December 31, 2025, had been subsequently settled.

We do not anticipate to have any material recoverability issue with outstanding trade and bills receivables given (i) we assess our customers' credit quality carefully, taking into account their business background and qualifications, years of establishment, general risks associated with their businesses, financial position, revenue scale, past transaction records and other factors; (ii) our trade and bills receivables are mainly owed by selected group of customers with good credit profiles and no history of material defaults on their payment obligations in the past; (iii) we have not experienced any material recoverability issues for our trade receivables throughout the Track Record Period; (iv) we have established a credit rating system for our customers, which are dynamically adjusted based on their operating condition; (v) we have been closely and regularly monitoring our customers' credit profiles, business operations and financial conditions, considering project development status and significant changes (such as corporate restructuring, major lawsuits, substantial shifts in market demand, or large fluctuations in product prices), and taking appropriate proactive follow-up actions; and (vi) we also closely monitor the recoverability status of trade receivables, and enhance our collection efforts, including but not limited to sending demand letters, as appropriate.

Additionally, we believe adequate credit loss allowances have been made to appropriately reflect the recoverability issues identified, as (i) we made credit loss allowances primarily based on the results of our comprehensive impairment assessment as performed on each reporting date (which takes into account the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables); and (ii) we made credit loss allowances individually once any recoverability issues with particular customers were identified.

Contract Assets

Our contract assets represent our rights to receive consideration for obligations performed under some of our sales contracts. These considerations are not yet payable by the customers as they are subject to certain conditions under the relevant contracts. Our contract assets increased from RMB35.7 million in 2023 to RMB39.5 million as of December 31, 2024 and increased to RMB48.1 million as of December 31, 2025, primarily due to the prolonged settlement cycle and acceptance schedule among our customers in the middle of the year.

As of January 31, 2026, RMB2.0 million, or approximately 3.2% of our contract assets as of December 31, 2025 had been subsequently settled.

Inventories

Our inventories consist primarily of hardware equipment. We recorded inventories of RMB1.6 million, RMB1.7 million and RMB4.8 million as of December 31, 2023, 2024 and 2025, respectively. Our inventories remained at a low level during the Track Record Period.

As of January 31, 2026, RMB1.3 million, or approximately 25.8% of our inventories as of December 31, 2025 had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB352.7 million, RMB543.3 million and RMB354.0 million as of December 31, 2023, 2024 and 2025, respectively. For details, see "— Liquidity and Capital Resources — Cash Flow."

Bills receivables at fair value through other comprehensive income ("FVTOCI")

Our bills receivables at FVTOCI consist primarily of certain bills which were held for the practice of discounting or endorsing to suppliers, amounting to nil, nil and RMB11.7 million as of December 31, 2023, 2024 and 2025, respectively. The increase was primarily due to our overall revenue growth and an increasing preference for bill-based settlements among our customers.

Trade, bills and other Payables

Our trade, bills and other payables consisted primarily of (i) trade payables to third-party suppliers for settlement for their services or products provided; (ii) payroll payables in relation to staff salaries and bonuses; (iii) other tax payables; (iv) bills payables and (v) other payables. We are typically given a credit period ranging from 30 to 270 days by our suppliers. The following table sets forth the details of our trade and other payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Trade payables	94,160	93,979	98,158
Payroll payable	60,676	16,618	36,953
Other tax payables	25,479	25,630	25,850
Other payables	5,348	6,049	5,988
Bills payables	–	–	5,098
Accrued issue costs	–	–	5,188
	185,663	142,276	177,235
Trade, bills and other payables to third parties	183,837	142,276	177,235
Trade payables to a related party	1,826	–	–
Total	185,663	142,276	177,235

As of December 31, 2023 and 2024 and 2025, we had trade, bills and other payables of RMB185.7 million, RMB142.3 million and RMB177.2 million, respectively.

Our trade, bills and other payables decreased by 23.4% from December 31, 2023 to December 31, 2024, primarily due to a significant decrease of RMB44.1 million in payroll payables, because we accrued less bonus to employees in 2024 as compared to 2023.

Our trade and other payables further increased by 24.6% from RMB142.3 million as of December 31, 2024 to RMB177.2 million as of December 31, 2025, primarily due to (i) an increase of RMB4.2 million in trade payables in line with our revenue growth; (ii) an increase of RMB20.3 million in payroll payable, reflecting the increased performance-based bonuses to our employees following our robust business growth.

The majority of our trade payables are expected to be settled within one year or repayable on demand. The following table sets forth an aging analysis of our trade payables, based on invoice date, as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB'000)	
Within 1 year	78,446	63,220	54,008
Over 1 year	15,714	30,759	44,150
Total	**94,160**	**93,979**	**98,158**

The following table sets forth our trade payables turnover days for the periods indicated:

	For the year ended December 31,		
	2023	2024	2025
Trade payables turnover days	113	179	166

Note: (1) Trade payables turnover days for the year equal the average of the beginning and end trade payables for the year divided by cost of sales for that year and multiplied by 365.

Our trade payables turnover days increased from 113 days in 2023, to 179 days in 2024, mainly due to a decease in our cost of sales in 2024. Our trade payables turnover days decreased to 166 days in 2025 reflecting a higher proportion of service providers in 2025 who required shorter settlement periods, resulting in a decrease in our overall trade payables turnover days.

As of January 31, 2026, approximately RMB7.1 million, or 7.2%, of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent short-term advances received from customers for the sale of products, services and solutions. We had contract liabilities of RMB38.5 million, RMB62.6 million and RMB57.3 million as of December 31, 2023, 2024 and 2025, respectively. The substantial increase in contract liabilities during the Track Record Period was mainly due to our general business expansion and increased orders from customers.

As of January 31, 2026, RMB1.9 million, or approximately 3.3% of our contract liabilities as of December 31, 2025 had been subsequently settled.

Provisions

We recorded provisions of RMB24.2 million, RMB17.6 million and RMB24.0 million as of December 31, 2023 and 2024 and 2025, respectively.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB24.1 million, RMB16.7 million, and RMB1.3 million, respectively, as of December 31, 2023, 2024 and 2025. We recorded current lease liabilities of RMB14.9 million, RMB17.2 million and RMB15.3 million, respectively, as of December 31, 2023, 2024 and 2025, respectively. The fluctuations reflect adjustments in our leasing arrangements over time, including termination or renewal of certain leases, addition of new leased properties, or changes in lease terms.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank borrowings and proceeds from the A share listing. In the foreseeable future, we expect working capital to continue to be our principal requirement of liquidity and we may use a portion of the [**REDACTED**] from the [**REDACTED**] to finance some of our capital expenditures.

Cash Flows

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

	For the year ended December 31,		
	2023	2024	2025
		(RMB'000)	
Operating cash flow before movements in working capital	(235,968)	(291,161)	(157,084)
Net cash used in operating activities	(365,432)	(326,593)	(109,650)
Net cash from (used in) investing activities	434,233	555,456	(53,707)
Net cash from (used in) financing activities	31,621	(37,716)	(24,207)
Net increase/(decrease) in cash and cash equivalents	100,422	191,147	(187,564)
Cash and cash equivalents at beginning of the year	252,109	352,748	543,261
Effect of foreign exchange rate changes	217	(634)	(1,746)
Cash and cash equivalents at the end of the year	**352,748**	**543,261**	**353,951**

Net Cash Used in Operating Activities

In 2025, our net cash used in operating activities was RMB109.7 million while our loss before tax was RMB245.2 million. The difference between our loss before tax and our net cash used on operating activities was primarily the results of adding back non-cash items of (i) depreciation of property, plant and equipment of RMB29.8 million, and (ii) depreciation of right-of-use assets of RMB14.9 million, (iii) impairment losses under ECL model of RMB43.7 million, and (iv) increase in trade, bills and other receivables of RMB29.2 million. Such adjustments were partially offset by an increase in contract assets of RMB15.6 million.

In 2024, our net cash used in operating activities was RMB326.6 million while our loss before tax of RMB344.3 million. The difference between our loss before tax and our net cash used on operating activities was primarily the result of adding back non-cash items including (i) depreciation of property, plant and equipment of RMB29.9 million, (ii) trade and bills receivables of RMB29.4 million, and (iii) contract liabilities of RMB24.1 million. Such adjustments were partially offset by trade and other payables of RMB66.8 million.

In 2023, our net cash used in operating activities was RMB365.4 million while our loss before tax was RMB289.2 million. The difference between our loss before tax and our net cash used on operating activities was primarily the result of adding back non-cash items including (i) trade and other payables of RMB33.7 million, (ii) depreciation of right-of-use assets of RMB21.7 million, and (iii) share-based payment of RMB20.3 million. Such adjustments were partially offset by trade and bills receivables of RMB149.7 million.

Net Cash Flows (Used in)/Generated from Investing Activities

In 2025, net cash used in investing activities was RMB53.7 million, primarily attributable to (i) purchases of financial assets measured at FVTPL of RMB3,086.1 million, and (ii) placement of term deposits of RMB94.7 million, partially offset by (i) proceeds from disposal of financial assets measured at FVTPL of RMB3,088.5 million, (ii) withdrawal of term deposits of RMB80.8 million, and (iii) purchase of intangible assets of RMB40.0 million.

In 2024, net cash generated from investing activities was RMB555.5 million, primarily attributable to (i) proceeds from disposal of financial assets measured at FVTPL of RMB3,727.3 million, (ii) withdrawal of term deposits of RMB164.0 million, and (iii) interest received of RMB18.1 million, partially offset by (i) purchases of financial assets measured at FVTPL of RMB3,211.5 million, (ii) placement of term deposits of RMB104.0 million, and (iii) purchase of property and equipment of RMB37.7 million.

In 2023, net cash generated from investing activities was RMB434.2 million, primarily attributable to (i) proceeds from disposal of financial assets measured at FVTPL of RMB6,389.6 million, (ii) withdrawal of term deposits of RMB100.4 million, and (iii) interest received of RMB27.0 million, partially offset by (i) purchases of financial assets measured at FVTPL of RMB5,734.5 million, (ii) placement of term deposits of RMB215.0 million, and (iii) purchase of property and equipment of RMB133.3 million.

Net Cash Flows (Used in)/Generated from Financing Activities

For 2025, net cash used in financing activities was RMB24.2 million, primarily attributable (i) repayments of borrowings of RMB50.0 million, and (ii) repayments of lease liabilities of RMB12.8 million, and (iii) payment of issued costs of RMB13.6 million, partially offset by (i) new bank loans raised of RM40.0 million, and (ii) proceeds from issue of new shares of RMB13.2 million.

In 2024, our net cash used in financing activities was RMB37.7 million, primarily attributable to (i) repayments of borrowings of RMB55.5 million, and (ii) repayments of lease liabilities of RMB20.8 million, partially offset by proceeds from borrowings of RMB40.0 million.

In 2023, our net cash generated from financing activities was RMB31.6 million, primarily attributable to new bank loans raised of RMB85.5 million, partially offset by (i) repayments of borrowings of RMB30.0 million, and (ii) repayments of lease liabilities of RMB22.7 million.

Cash Operating Costs

The following table provides information regarding our cash operating costs, in accrual basis for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Workforce employment[(1)]	561,424	534,834	496,327
R&D costs[(2)]	23,146	33,397	35,808
Marketing and promotion expenses	22,182	20,176	11,463
Direct service costs, including materials[(3)]	76,670	58,531	71,279
Non-income taxes and other charges	20,286	26,816	35,551
Total	**703,708**	**673,754**	**650,428**

Notes:

(1) Workforce employment represent the sum of employee benefit expenses under R&D expenses, general and administrative expenses, contract fulfilment costs, selling expenses and development costs (excluding share-based compensation which is non-cash in nature).

(2) R&D costs represent R&D expenses (excluding employee benefit expenses and non-cash items under R&D expenses) and capitalized development costs (excluding employee benefit expenses and non-cash items).

(3) Direct service costs, including materials represent contract fulfilment costs (excluding employee benefit expenses and non-cash items).

Working Capital Sufficiency

Our Directors are of the opinion that, taking into account the estimated net [**REDACTED**] from the [**REDACTED**] and other financial resources available to us, including cash flow from operating activities, cash and cash equivalents, term deposits, financial assets at fair value through profit or loss ("FVTPL") and bank borrowings, we have sufficient working capital to cover our costs, including research and development expenses, selling expenses, general and administrative expenses and other operating costs, for the next 12 months from the date of this document.

As of December 31, 2025, we had RMB354.0 million in cash and cash equivalents and RMB93.9 million in financial assets at FVTPL. As of January 31, 2026, we had unutilized banking facilities of RMB113.1 million, and we may seek further banking facilities depending on our financing needs. In addition, we expect to receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], based on the maximum [**REDACTED**] of HK$[**REDACTED**] per Share.

During the Track Record Period, we have implemented a series of stringent cash management measures to improve our net operating cash outflow position. These include coordinated cash collection practices, such as incorporating collection performance into the KPIs of our pre sales, sales and delivery teams, monitoring payment progress on a weekly basis, issuing invoices promptly upon project delivery, and undertaking structured follow ups on overdue balances. These measures have contributed to gradual improvements in receivable turnover and operating cashflow. As a concrete example, since the first quarter of 2025, aligning KPIs across functions and implementing weekly monitoring have allowed us to accelerate billing and shorten the time between delivery and collection for certain large enterprise projects, thereby reducing timing gaps arising from milestone-based acceptance procedures. In parallel, we have aligned supplier payment terms with customer collection schedules to help ensure that cash inflows generally precede related outflows, which improves liquidity visibility.

We expect our commercialization efforts to continue to be supported by revenue growth under our existing business model, while maintaining cost control and realizing operating efficiencies. In particular, we expect to benefit from the scalability of our technology platform, which supports product delivery across business lines and reduces marginal costs as business volume expands. For further details of our working capital optimization measures and their expected impact, see "Business — Path to Profitability — Optimization of Working Capital."

We define our cash burn rate as the average monthly aggregate amount of (i) net cash used in operating activities, (ii) capital expenditures and (iii) lease payments. Our historical monthly average cash burn rate was RMB43.5 million, RMB32.2 million and RMB14.2 million in 2023, 2024 and 2025, respectively. We had cash and cash equivalents, current portion of term deposits, current portion of financial assets at FVTPL and unutilised banking facilities of RMB558.1 million in aggregate as of December 31, 2025. Noting the reduction in operating cash outflow for the year ended 2025 compared to the year ended 2024, we have assumed that our future average cash burn rate will be similar to that for the year ended December 31, 2025.

Based on this assumption, we estimate that our available cash resources, including [**REDACTED**]% of the estimated net [**REDACTED**] from the [**REDACTED**], will be sufficient to support our operations for approximately [**REDACTED**] months from December 31, 2025. We estimate that our available cash resources would support approximately [**REDACTED**] months of operations if such [**REDACTED**]% portion of the estimated net [**REDACTED**] were excluded, and approximately [**REDACTED**] months if [**REDACTED**]% of the estimated net [**REDACTED**] were included. Our Directors and senior management will continue to closely monitor cash burn, working capital and business development needs to ensure that we maintain an adequate liquidity position.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our operations, upgrade our facilities and enhance our operational efficiency. Our capital expenditures during the Track Record Period relate primarily to the purchases of electronic equipment, office equipment, vehicles, leasehold improvements, as well as intangible assets and investment in an associate. In 2023, 2024 and 2025, we recorded capital expenditures of RMB133.3 million, RMB38.5 million and RMB47.4 million, respectively.

During the Track Record Period, we funded our capital expenditures primarily with cash generated from operating activities, bank borrowings and equity financing. We intend to fund our planned capital expenditures through a combination of cash generated from operations, bank borrowings and financing and net [**REDACTED**] from the [**REDACTED**]. For details, see "Future Plans and Use of [**REDACTED**]." Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in the PRC, the availability of financing on terms acceptable to us and changes in the regulatory environment in the PRC. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

INDEBTEDNESS

During the Track Record Period, our indebtedness consisted mainly of interest-bearing bank borrowings and lease liabilities. As of January 31, 2026, being the latest practicable date for the purpose of the indebtedness statement, except as disclosed in this document, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness position since January 31, 2026 and up to the Latest Practicable Date.

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

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB'000)		
Current				
Interest-bearing bank borrowings	55,546	40,027	30,036	10,329
Lease liabilities	14,899	17,206	15,295	14,218
Non-current				
Lease liabilities	24,058	16,716	1,261	1,055
Total	94,503	73,949	46,592	25,602

Borrowings

Our bank borrowings were RMB55.5 million, RMB40.0 million, RMB30.0 million and RMB10.3 million as of December 31, 2023, 2024 and 2025 and January 31, 2026, respectively. Substantially all of our bank loans are dominated in RMB and are adjusted in accordance with our operational needs. Certain of our bank loans were secured by intellectual properties owned by us. For details, see Note 30 in the Accountant's Report in Appendix I.

The following table sets forth our interest-bearing borrowings as of the dates indicated:

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB'000)		
Unsecured variable-rate bank borrowings	18,015	40,027	–	–
Unsecured fixed-rate bank borrowings	–	–	10,026	10,329
Secured variable-rate bank borrowings	37,531	–	20,010	–
Total	55,546	40,027	30,036	10,329

As of January 31, 2026, we had banking facilities of RMB129.0 million, of which RMB113.1 million had remained unutilized.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2025, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 39 of the Accountants' Report in Appendix I in this document. All of the amounts due to/from the related parties are trade in nature.

Our Directors are of the view that each of the related party transactions set out in Note 39 of the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our results of operations or make our historical results not reflective of our future performance.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure consisted primarily of R&D expenses adjusted by adding back intangible assets related to R&D software acquired from third parties and capitalized and deducting amortization expenses for capitalized intangible assets included in R&D expenditure. The table below sets forth our annual and total R&D expenditure for the years indicated:

	For the year ended/As of December 31,		
	2023	2024	2025
		(RMB'000)	
R&D expenses	223,065	227,328	204,061
Adjustments			
Add: Development costs capitalized	21,752	35,146	46,472
Annual R&D expenditure	244,817	262,474	250,533
Total R&D expenditure			**757,824**(1)

Note: (1) Total R&D expenditure for the three financial years prior to [**REDACTED**].

The following table sets forth our annual and total operating expenditure for the years indicated:

	For the year ended/As of December 31,		
	2023	2024	2025
		(RMB'000)	
R&D expenses	223,065	227,328	204,061
Selling expenses	235,123	203,961	159,788
Administrative expenses	128,675	118,589	114,213
Adjustments:			
Add: Development costs capitalized	21,752	35,146	46,472
Annual total operating expenditure	608,615	585,024	524,534
Total operating expenditure			**1,718,173**[(1)]

Note: (1) Total operating expenditure for the three financial years prior to [**REDACTED**].

The following table sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years indicated:

	For the year ended/As of December 31,		
	2023	2024	2025
Annual R&D expenditure ratio[(1)]	40.2%	44.9%	47.8%
Total R&D expenditure ratio			44.1%[(2)]

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to [**REDACTED**] by total operating expenditure for the three financial years prior to [**REDACTED**].

KEY FINANCIAL RATIOS

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

	As of December 31,		
	2023	2024	2025
Current ratio[(1)]	4.9	4.1	2.9

Note: (1) Current ratio equals total current assets divided by total current liabilities of the same date.

Our current ratio decreased from 4.9 as of December 31, 2023 to 4.1 as of December 31, 2024, mainly due to a decrease in our current assets as a result of a decrease in financial assets at FVTPL, partially offset by a decrease in our current liabilities. Our current ratio further decreased to 2.9 as of December 31, 2025, mainly due to (i) a significant decrease in our current assets primarily driven by a decrease in cash and cash equivalents of RMB189.3 million as a result of spendings on R&D expense, purchasing on PPE and intangible assets during the ordinary course of our business, (ii) a decrease in trade and bills receivables from RMB337.4 million as of December 31, 2024 to RMB265.4 million as of December 31, 2025 as a result of our enhanced collection efforts, and (iii) a slight increase in our current liabilities.

FINANCIAL RISK MANAGEMENT

Our major financial instruments include trade and bills receivables, other receivables, cash and cash equivalents, term deposits, restricted bank deposits, financial assets at FVTPL, trade and other payables, lease liabilities and borrowings. The risks associated with the financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details of our financial risk management, see Note 39 to the Accountants' Report included in Appendix I.

Market Risk

Currency Risk

Certain financial assets and liabilities are denominated in foreign currencies of respective group entities which are exposed to foreign currency risk. We monitor foreign exchange exposure and enter into the forward exchange contracts to mitigate the foreign exchange risk. The sensitivity analysis is performed by our management. For details, see Note 41 to the Accountants' Report included in Appendix I.

Interest Rate Risk

We are primarily exposed to fair value interest rate risk in relation to term deposits and lease liabilities and cash flow interest rate risk in relation to variable-rate bank borrowings and cash and cash equivalents. We currently do not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise. The sensitivity analysis is performed by our management. For details, see Note 39 to the Accountants' Report included in Appendix I.

Other Price Risk

We are also exposed to equity price risk through its investments in unlisted fund measured at FVTPL. In the opinion of the management, the exposure of equity price risk through its investments in unlisted fund measured at FVTPL is insignificant and thus no sensitivity analysis is prepared.

Credit Risk

Credit risk refers to the risk that a customer or counterparties will default on their contractual obligations resulting in financial losses to us. We consider all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

Our credit risk exposures are primarily attributable to trade and bills receivables, other receivables, contract assets, term deposits, restricted bank deposits and cash and cash equivalents. We do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that our credit risk is significantly reduced.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit rating, we do not have any other significant concentration of credit risk.

For more details on the credit risk and impairment assessment, see Note 39 to the Accountants' Report included in Appendix I.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. For more details on our remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms, see Note 39 to the Accountants' Report included in Appendix I.

DIVIDENDS

Under our Articles of Association, we may distribute profits in the form of cash and/or share dividends, subject to applicable laws, our profitability, cash flow position and future business development needs. We will generally distribute cash dividends once a year, provided that our accumulated undistributed profits and distributable profits for the year are positive and our cash flow can support normal operations and sustainable growth. In principle, the total cash dividends distributed in the most recent three years will not be less than 30% of the average annual distributable profit for such period. The proportion of cash dividends will be determined with reference to our development stage and capital expenditure plans, and will not be less than 80% if we are in a mature stage without major capital expenditure plans, 40% if we are in a mature stage with major capital expenditure plans, and 20% if we are in a growth stage with major capital expenditure plans.

The declaration of dividends is subject to the discretion of our Board and the approval of our shareholders. Our Board may recommend a payment of dividends in the future after taking into account a number of factors, including our earnings, capital requirements, overall financial conditions, contractual and applicable legal restrictions and other factors which they may deem relevant at such time. Any declaration and payment of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, including the approval of our shareholders. According to the PRC Company Law, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above. We may stop allocating the net profit when the aggregate balance of the statutory common reserve fund has reached more than 50% of our registered capital. During the Track Record Period, we did not declare or pay any dividends, as we did not have sufficient distributable reserves. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that it is required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. Our Company may not be in a position to declare and pay dividends until the accumulated losses have been offset and the required reserve fund has been established, in accordance with the PRC laws and regulations. There is no guarantee that dividends of such amount or any amount will be declared or distributed each year or in any given year.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

[**REDACTED**] expenses consist of professional fees, [**REDACTED**], and other fees incurred in connection with the [**REDACTED**]. As of December 31, 2025, we incurred RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**] expenses, in which amount of RMB[**REDACTED**] (HK$[**REDACTED**]) were recognized in the profit or loss and amount of RMB[**REDACTED**] (HK$[**REDACTED**]) will be deducted from equity upon [**REDACTED**].

We expect to incur additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) (based on the high-point of the maximum [**REDACTED**] and assuming the [**REDACTED**] is not exercised). We estimate the additional [**REDACTED**] expenses to consist of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**], including [**REDACTED**] and [**REDACTED**] and RMB[**REDACTED**] (HK$[**REDACTED**]) in [**REDACTED**] fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) and other fees and expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]). Among the [**REDACTED**] expenses to be incurred, approximately RMB[**REDACTED**] (HK$[**REDACTED**]) will be directly attributable to the issue of our Share, which will be deducted from equity upon the completion of the [**REDACTED**], and the remaining RMB[**REDACTED**] (HK$[**REDACTED**]) will be expensed in our consolidated statements of comprehensive income. Our Directors do not expect such expenses to materially impact our results of operations in 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information." to this document for further details of our unaudited [**REDACTED**] statement of adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial, operational or trading position since December 31, 2025 (being the date on which our latest consolidated financial information was prepared), and there has been no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules upon the [**REDACTED**] of the H Shares on the Hong Kong Stock Exchange.