*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards ("**IFRS**").*

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 our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this document.

OVERVIEW

We are a high-tech enterprise specializing in the research, development, production and sale of printed circuit boards ("**PCBs**") headquartered in Kunshan, Jiangsu Province. Since our establishment, we have focused on developing comprehensive capabilities across engineering design, process technology and manufacturing execution, enabling us to offer a broad product portfolio covering single-layer, double-layer and multilayer PCBs, with an increasing focus on higher-value-added and special-process PCB products, including thick-copper and metal-based boards, ceramic PCBs, high-frequency and high-speed boards, ultra-thin rigid structures, half-hole boards and other advanced PCB solutions. Supported by our accumulated process know-how and flexible production capabilities, this product portfolio enables us to meet diverse performance, reliability and customization requirements across our targeted application sectors. Our PCBs are widely used in automotive electronics, consumer electronics, industrial control and smart-home household appliances, demonstrating both the breadth of our downstream markets and the versatility of our production platform,

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with IFRS, which comprises all standards and interpretations approved by the International Accounting Standards Board. We applied IFRS and revised IFRS consistently throughout the Track Record Period. Our historical financial information has been prepared under the historical cost basis except for certain assets and liabilities as set out in Note 2.1 to the Accountants' Report in Appendix I to this document. Our historical financial statements are presented in Renminbi, and all values are rounded to the nearest thousand except otherwise indicated.

In the application of our accounting policies, we are required to make judgments, estimates and assumptions. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods. Judgments made by our management in the application of IFRS that have significant effect on the financial statements and major sources of estimation uncertainty are stated in Note 3 to the Accountants' Report in Appendix I to this document.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Demand Trends in Downstream Application Industries

One of the most significant factors affecting our results of operations during the Track Record Period has been changes in demand across the downstream industries we serve. Our PCB products are primarily used in automotive electronics, consumer electronics, industrial control and household appliances, and demand from these application sectors directly influences our sales volume, product mix and pricing dynamics.

During the Track Record Period, demand from automotive electronics and consumer electronics was a key driver of our business performance. Growth in automotive electronics was supported by increasing vehicle electrification and higher electronic content per vehicle, while demand from consumer electronics was influenced by product upgrade cycles, new application launches and changes in end-market consumption patterns. In comparison, demand from industrial-control applications showed relatively stable development, driven by automation and equipment-upgrading needs, whereas demand from household appliances exhibited more cyclical fluctuations reflecting changes in consumer spending and inventory adjustments by downstream manufacturers.

In addition to our four primary application sectors, we have also seen emerging demand from medical-device, optical communication, artificial intelligence and robotics applications equipment applications, which we have identified as areas of increasing focus. These applications typically require PCB products with higher reliability, stable long-term performance and strict process control. While revenue contribution from these areas remains at an early stage during the Track Record Period, changes in demand from these sectors have begun to influence our product development priorities and capacity allocation, particularly for higher-value-added PCB products.

Overall, variations and structural changes in downstream industry demand affected our sales volumes, revenue composition and capacity utilization during the Track Record Period. Our ability to respond to these demand trends, by adjusting production planning, optimizing product structure and maintaining close customer relationships across both established and emerging application sectors, played an important role in shaping our financial performance.

Our Ability to Meet Customer Demand Through Production Capacity and Manufacturing Execution

Our ability to meet customer demand through adequate production capacity and effective manufacturing execution also affects our results of operations. As demand from our downstream application industries evolved, our financial performance was influenced by how efficiently we could allocate capacity, maintain stable production and deliver products that met customers' technical, quality and delivery requirements.

Our manufacturing operations are anchored by two core production bases located in Kunshan and Dongtai, which together form a coordinated manufacturing system aligned with different PCB product structures. The Kunshan facility focuses on the stable and large-scale production of traditional single-layer PCBs, supporting mature product categories with consistent demand and providing reliable baseline capacity. The Dongtai facility concentrates on the production of higher-value-added PCB products, including double-layer and multilayer PCBs, which typically involve higher technical complexity and longer production cycles. This product-structure based allocation of manufacturing resources allowed us to respond to changes in customer demand while maintaining stable quality and delivery performance.

During the Track Record Period, demand for higher-value-added PCB products increased, particularly in automotive electronics, consumer electronics and emerging computing-related applications. To support this shift, the Dongtai facility played an increasingly important role in our production system, and capacity utilization at Dongtai had a more direct impact on our sales volume and revenue composition. Our focus on prioritizing capacity for higher-value-added PCB products also resulted in selective allocation of production resources away from lower-value products, which affected overall sales volume but contributed to improved revenue mix and profitability.

In addition, our results of operations were influenced by our capacity expansion and preparation initiatives. We have been advancing the planned expansion of the Dongtai facility to further enhance production capacity and process capability for higher-value-added PCB products. These expansion activities involved capital expenditure, equipment installation and process ramp-up, which affected depreciation expenses and operating costs during the Track Record Period. At the same time, we have undertaken preparatory work for the establishment of a production facility in Thailand as part of our longer-term capacity planning and overseas expansion strategy. While the Thailand facility did not contribute revenue during the Track Record Period, related preparatory activities influenced our operating expenses and reflected our efforts to build a more resilient and diversified manufacturing footprint.

Overall, our ability to manage production capacity, allocate manufacturing resources between Kunshan and Dongtai, and execute capacity expansion and preparation initiatives played a significant role in determining our revenue growth, cost structure and profitability during the Track Record Period.

Changes in Product Mix and Sales

Changes in our product mix, in particular the increasing contribution from higher-value-added PCB products, affects our results of operations. As demand from downstream industries evolved and customers increasingly required PCB products with higher technical complexity and reliability, we progressively adjusted our product structure to prioritize PCB products with greater value contribution, such as multilayer PCBs, HDI boards and other special-process PCB products.

Higher-value-added PCB products generally carry higher average selling prices and higher gross profit margins. As a result, changes in the proportion of these products in our overall sales mix had a direct impact on our revenue composition and profitability. During the Track Record Period, revenue generated from multilayer PCBs increased at a greater pace among our products. In certain periods, this product mix adjustment also resulted in a reduction in sales volume for lower-value products, as production resources were selectively allocated toward higher-value-added PCB products.

The shift in product mix also affected our cost structure and operating expenses. The production of higher-value-added PCB products typically involves more complex manufacturing processes, longer production cycles and higher technical requirements, which may result in higher unit production costs and increased research and development expenses. However, these increases were partially offset by improved pricing, higher value contribution per unit and efficiency gains achieved as these products entered more stable mass production.

Overall, the ongoing optimization of our product mix toward higher-value-added PCB products played an important role in shaping our revenue growth, gross profit margin and overall profitability during the Track Record Period. Our ability to continue managing this product mix adjustment in line with market demand and manufacturing capability will remain a key factor influencing our future results of operations.

Fluctuations in Raw Material Costs and Pricing Dynamics

The fluctuations in the prices of raw materials, particularly copper-clad laminates, copper balls, and other key PCB manufacturing inputs also affect our results of operations. Raw materials constitute a significant portion of our cost of sales, and changes in their prices directly influence our production costs and gross profit margins.

During the Track Record Period, prices of certain raw materials experienced volatility due to factors such as changes in global commodity prices, supply-demand imbalances and macroeconomic conditions. In periods of rising raw material prices, our cost of sales increased, which exerted pressure on gross profit margins if such cost increases could not be fully passed on to customers in a timely manner. Conversely, in periods of relatively stable or declining raw material prices, our cost structure benefited from improved cost predictability and margin stability.

Our ability to manage the impact of raw material price fluctuations was influenced by several factors, including our procurement strategy, supplier relationships and pricing arrangements with customers. We maintain long-term cooperative relationships with major suppliers of copper-clad laminates and other key materials, which help support stable supply and provide a degree of cost visibility. In addition, for certain products and customers, pricing arrangements allow for partial cost pass-through, although the timing and extent of such adjustments may vary depending on customer contracts, market conditions and competitive dynamics.

The effect of raw material cost fluctuations on our results of operations also interacted with changes in our product mix. Higher-value-added PCB products generally have higher value contribution per unit, which may provide greater flexibility in absorbing raw material cost increases compared with lower-value products. As a result, the impact of raw material price movements on our profitability during the Track Record Period depended not only on cost trends but also on the composition of our product sales.

Overall, fluctuations in raw material costs and the effectiveness of our pricing and procurement strategies were important factors influencing our cost of sales and gross profit margin during the Track Record Period.

Impact of Foreign Exchange Fluctuations

We conduct a portion of our business in currencies other than Renminbi ("**RMB**"), primarily due to export sales to overseas customers and the procurement of certain raw materials and equipment denominated in foreign currencies. As a result, movements in exchange rates, particularly between RMB and major foreign currencies, affected our revenue, cost of sales and operating results.

During the Track Record Period, fluctuations in foreign exchange rates influenced the RMB equivalent of our foreign-currency-denominated revenue. In periods when the RMB depreciated against foreign currencies, the RMB value of our export sales generally increased, which had a positive impact on reported revenue. Conversely, when the RMB appreciated, the RMB value of such revenue declined, which could exert downward pressure on revenue growth. The timing and magnitude of these effects depended on the proportion of our sales settled in foreign currencies and prevailing exchange-rate movements during the relevant periods.

Foreign exchange movements also affected our cost structure. Certain raw materials, production equipment and other inputs are priced in foreign currencies, and fluctuations in exchange rates impacted the RMB cost of such purchases. In periods of RMB depreciation, the cost of foreign-currency-denominated inputs increased, which could partially offset the positive impact of higher RMB-denominated export revenue. In addition, foreign exchange gains or losses arising from the settlement of foreign-currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies affected our other income or expenses during the Track Record Period.

We did not engage in speculative foreign exchange transactions during the Track Record Period, and our foreign exchange exposure was primarily managed through natural hedging, such as matching foreign-currency revenue with foreign-currency costs where possible. However, due to differences in timing and currency composition of receipts and payments, we were still exposed to fluctuations in exchange rates, which contributed to variability in our financial results.

Overall, foreign exchange fluctuations were an important external factor influencing our reported revenue, costs and profitability during the Track Record Period, and their impact varied depending on exchange-rate trends and the composition of our foreign-currency-denominated transactions.

RESULT OF OPERATIONS

The following table sets forth our selected consolidated statements of profit or loss for the periods indicated:

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Revenue	**984,056**	**100.0**	**1,042,754**	**100.0**	**1,179,885**	**100.0**
Cost of sales	(749,945)	(76.2)	(816,672)	(78.3)	(947,908)	(80.3)
Gross profit	**234,111**	**23.8**	**226,082**	**21.7**	**231,977**	**19.7**
Other income	10,874	1.1	12,133	1.2	20,987	1.8
Other gains/(losses), net	2,948	0.3	3,344	0.3	(6,155)	(0.5)
Selling and marketing expenses	(14,400)	(1.5)	(15,193)	(1.5)	(17,313)	(1.5)
Research and development expenses	(42,619)	(4.3)	(39,799)	(3.8)	(42,683)	(3.6)
Administrative expenses	(35,537)	(3.6)	(39,846)	(3.8)	(42,527)	(3.6)
Impairment losses on financial assets, net	(1,970)	(0.2)	267	0.0	(602)	(0.1)
Finance costs	(13,171)	(1.3)	(8,896)	(0.9)	(4,644)	(0.4)
Profit before income tax	**140,236**	**14.3**	**138,092**	**13.2**	**139,040**	**11.8**
Income tax expenses	(22,182)	(2.3)	(14,781)	(1.4)	(14,326)	(1.2)
Profits for the year attributable to owners of the Company	**118,054**	**12.0**	**123,311**	**11.8**	**124,714**	**10.6**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

The following table sets forth our revenue.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Sales revenue	971,096	98.7	1,031,579	98.9	1,169,077	99.1
Revenue from other sources	12,960	1.3	11,175	1.1	10,808	0.9
Total revenue	**984,056**	**100.0**	**1,042,754**	**100.0**	**1,179,885**	**100.0**

During the Track Record Period, we mainly generated sales revenue from the sales of single-layer PCBs, double-layer PCBs, multilayer PCBs and others, which primarily consist of scrap metal sales generated as by-products of PCB manufacturing, as well as revenue from other sources, which was mainly derived from rental income from investment properties.

Sales revenue by product category

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Single-layer PCBs	263,130	27.1	254,717	24.7	216,728	18.5
Double-layer PCBs	295,177	30.4	284,882	27.6	352,160	30.1
Multilayer PCBs	362,687	37.3	431,047	41.8	512,098	43.8
Others	50,102	5.2	60,933	5.9	88,091	7.6
Total sales revenue	**971,096**	**100.0**	**1,031,579**	**100.0**	**1,169,077**	**100.0**

During the Track Record Period, multilayer PCBs were our largest revenue contributor, accounting for 37.3%, 41.8% and 43.8% of revenue from sales for the years ended 31 December 2023, 2024 and 2025, respectively. The increasing contribution of multilayer PCBs primarily reflected growing demand from application sectors requiring higher circuit density, enhanced reliability and more complex designs, particularly in automotive electronics and consumer electronics. In 2025, revenue from multilayer PCBs increased significantly to RMB512.1 million, driven by increased sales volume and continued optimisation of our product mix toward higher-value-added products.

Revenue by geographical location

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Domestic	944,411	97.3	965,482	93.6	1,053,216	90.1
Overseas	26,685	2.7	66,097	6.4	115,861	9.9
Total revenue from PCB sales	**971,096**	**100.0**	**1,031,579**	**100.0**	**1,169,077**	**100.0**

During the Track Record Period, the majority of our revenue was derived from domestic sales, accounting for 97.3%, 93.6% and 90.1% of total revenue for the years ended 31 December 2023, 2024 and 2025, respectively. Domestic revenue primarily reflected our established customer base and long-term relationships with manufacturers serving automotive electronics, consumer electronics, industrial control and smart-home household appliance applications in the Chinese Mainland. The decline in the proportion of domestic revenue in 2025 was mainly attributable to the continued growth of overseas sales rather than a decrease in domestic business.

Revenue from overseas customers increased from RMB26.7 million in 2023 to RMB66.1 million in 2024 and further increased to RMB115.9 million in 2025, representing 2.7%, 6.4% and 9.9% of total revenue, respectively. The continued increase in overseas revenue reflected the expansion of cooperation with export-oriented customers, the gradual growth of demand from overseas markets, and our efforts to develop overseas customer relationships, particularly in Southeast Asia and other emerging markets.

Revenue from other sources

In addition to revenue generated from PCB sales, we also derived a portion of revenue from other sources, which mainly comprised gross rental income from investment property operating leases. For the years ended 31 December 2023, 2024 and 2025, rental income amounted to RMB13.0 million, RMB11.2 million and RMB10.8 million, respectively. Such rental income was incidental to the principal PCB manufacturing operations and did not constitute a core business activity. During the Track Record Period, rental income represented a small proportion of the total revenue and did not have a material impact on our overall results of operations.

Sales volume

	Year Ended December 31,					
	2023		2024		2025	
	Sales volume	Average Sales Price	Sales volume	Average Sales Price	Sales volume	Average Sales Price
	(thousand sq. m.)	*RMB/ Sq. M.*	*(thousand sq. m.)*	*RMB/ Sq. M.*	*(thousand sq. m.)*	*RMB/ Sq. M.*
Single-layer PCBs	1,441	183	1,449	176	1,216	178
Double-layer PCBs	556	531	577	493	728	484
Multilayer PCBs	387	937	489	881	618	829

Cost of Sales

During the Track Record Period, our cost of sales mainly comprised principal operating costs, other operating costs and inventory impairment losses. Total cost of sales amounted to RMB749.9 million, RMB816.7 million and RMB947.9 million for the years ended 31 December 2023, 2024 and 2025, respectively. The following table sets forth our cost of sales.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Principal operating costs	744,196	99.2	811,440	99.4	942,686	99.4
– Direct materials	439,210	58.6	475,824	58.3	519,523	54.8
– Direct labor	99,764	13.3	114,419	14.0	128,042	13.5
– Ancillary manufacturing costs	155,853	20.8	160,906	19.7	207,900	21.9
– Others	49,369	6.5	60,291	7.4	87,221	9.2
Other operating costs	5,749	0.8	5,232	0.6	5,222	0.6
Total cost of sales	**749,945**	**100.0**	**816,672**	**100.0**	**947,908**	**100.0**

During the Track Record Period, our cost of sales mainly comprised principal operating costs and other operating costs. Principal operating costs represented the largest component of our cost of sales, accounting for 99.2%, 99.4% and 99.4% of total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively.

Principal operating costs primarily consisted of direct materials, direct labor, manufacturing costs and others. Among principal operating costs, direct materials constituted the largest cost component, accounting for 58.6%, 58.3% and 54.8% of total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Direct materials mainly included copper-clad laminates, copper foil, copper balls, chemical materials and other production materials, as well as provisions for inventory impairment. Direct labor accounted for 13.3%, 14.0% and 13.5% of total cost of sales for the respective periods and mainly consisted of wages, bonuses and related employee benefits for production personnel. Ancillary manufacturing cost, which includes manufacturing overhead (including depreciation of production equipment and facilities, utilities, maintenance expenses and other factory-related costs), logistics costs and outsourcing costs, accounted for 20.8%, 19.7% and 21.9% of total cost of sales for the years ended December 31, 2023, 2024 and 2025, respectively. Others, which mainly comprised scrap-related costs, accounted for 6.5%, 7.4% and 9.2% of total cost of sales for the respective periods.

For the years ended December 31, 2023, 2024 and 2025, other operating costs accounted for 0.8%, 0.6% and 0.6% of total cost of sales, respectively, and mainly consisted of depreciation of investment properties.

Gross Profit and Gross Profit Margin

The following table sets forth the gross profit and gross profit margin by product type:

	Year Ended December 31,					
	2023		2024		2025	
	Gross Profit (RMB)	*Margin (%)*	*Gross Profit (RMB)*	*Margin (%)*	*Gross Profit (RMB)*	*Margin (%)*
	(in RMB thousands, except for percentages)					
Single-layer PCBs	57,959	22.0	54,075	21.2	47,509	21.9
Double-layer PCBs	57,483	19.5	42,163	14.8	49,157	14.0
Multilayer PCBs	110,725	30.5	123,259	28.6	128,855	25.2
Other revenue	733	1.5	643	1.1	869	1.0
Revenue from other sources	7,211	55.6	5,942	53.2	5,587	51.7
Total/Overall	**234,111**	**23.8**	**226,082**	**21.7**	**231,977**	**19.7**

Other Income

During the Track Record Period, other income was primarily attributable to government grants and interest income. Government grants mainly consisted of incentives provided by local government authorities in the PRC, including various forms of financial subsidies and preferential tax treatments, to support manufacturing activities, technological development and contribution to local economic development.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Government grants	8,047	74.0	9,352	77.1	16,017	76.3
Interest income	2,827	26.0	2,781	22.9	4,970	23.7
Total	**10,874**	**100.0**	**12,133**	**100.0**	**20,987**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses mainly comprised employee compensation, business development expenses, travel expenses and other selling-related expenses for customer communication. These expenses were incurred to support customer development, maintain long-term customer relationships and facilitate business communication with customers across different application sectors.

	Year Ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Employee compensation	7,173	49.8	7,632	50.2	8,384	48.4
Business development expenses	5,954	41.3	6,141	40.4	6,454	37.3
Travel expenses	886	6.2	912	6.0	1,539	8.9
Other selling-related expenses	387	2.7	508	3.4	936	5.4
Total	**14,400**	**100.0**	**15,193**	**100.0**	**17,313**	**100.0**

Administrative Expenses

Our administrative expenses mainly comprised employee compensation, depreciation and amortization, professional and intermediary service fees, business entertainment expenses, transportation expenses, office expenses, taxes and surcharges, and other administrative expenses. These expenses were incurred in connection with our general management, finance, human resources, information technology, compliance and other administrative functions.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Employee compensation	12,621	35.5	13,874	34.8	15,945	37.5
Depreciation and amortization	3,570	10.0	3,208	8.1	2,739	6.4
Professional and intermediary service fees	5,293	14.9	5,696	14.3	6,002	14.1
Business entertainment expenses	1,772	5.0	2,631	6.6	2,414	5.7
Transportation expenses	2,308	6.5	2,055	5.2	1,495	3.5
Office expenses	1,944	5.5	1,723	4.3	1,576	3.7
Taxes and surcharges	5,483	15.4	7,980	20.0	9,366	22.0
Other administrative expenses	2,546	7.2	2,679	6.7	2,990	7.1
Total	**35,537**	**100.0**	**39,846**	**100.0**	**42,527**	**100.0**

Research and Development Expenses

Our research and development ("**R&D**") expenses mainly comprised employee-related costs, materials consumption, depreciation of R&D-related equipment, and other R&D-related expenses. R&D expenses were incurred in connection with product development, process optimization, material testing and the enhancement of manufacturing capabilities for different PCB product categories.

	Year ended December 31,					
	2023		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*
	(in RMB thousands, except for percentages)					
Employee-related costs	18,060	42.4	18,999	47.7	20,010	46.9
Materials consumption	21,398	50.2	17,268	43.4	19,190	45.0
Depreciation	3,157	7.4	3,153	7.9	3,262	7.6
Other R&D-related expenses	4	0.0	379	1.0	221	0.5
Total	**42,619**	**100.0**	**39,799**	**100.0**	**42,683**	**100.0**

Impairment Losses on Financial Assets

Impairment losses on financial assets mainly represented expected credit loss ("**ECL**") provisions recognized on trade receivables and other receivables, assessed in accordance with IFRS 9 Financial Instruments. For the year ended 31 December 2023, we recorded net impairment losses on financial assets of approximately RMB2.0 million, which mainly arose from additional ECL provisions recognized on trade receivables in accordance with IFRS 9. For the year ended 31 December 2024, we recorded a net reversal of impairment losses of approximately RMB0.3 million, reflecting improved collection performance and recoveries on previously impaired receivables. For the year ended 31 December 2025, we recorded net impairment losses of approximately RMB0.6 million, primarily attributable to additional ECL provisions recognised in line with the increased trade receivables balance and the application of the forward-looking ECL assessment under IFRS 9.

Other Gains and (Losses), Net

Other gains and losses mainly comprised gains or losses on disposal of property, plant and equipment, foreign exchange differences, fair value gains on financial assets at FVTPL, gain on disposal of financial assets at FVTPL, trade receivables discount allowed, foreign exchange difference and other miscellaneous items.

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in RMB thousands)	
Gain/(loss) on disposal of property, plant and equipment, net	4	(1,681)	(1,357)
Fair value gains on financial assets at FVTPL	–	–	301
Gain on disposal of financial assets at FVTPL	–	–	501
Trade receivables discount allowed	–	–	(1,812)
Foreign exchange difference, net	2,292	4,737	(2,509)
Others	652	288	(1,279)
Total	**2,948**	**3,344**	**(6,155)**

Finance Costs

Finance costs mainly comprised interest expenses on borrowings incurred in connection with our financing activities.

	Year ended December 31,		
	2023	2024	2025
	RMB	*RMB*	*RMB*
		(in RMB thousands)	
Interest expense on borrowings	13,171	8,896	4,644
Total	**13,171**	**8,896**	**4,644**

Income Tax Expenses

Our income tax expenses comprised current tax and deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which we are domiciled and operate.

Entities established in the PRC were subject to the PRC corporate income tax rate of 25% during the Track Record Period. Certain of our PRC subsidiaries were recognized as "High and New Technology Enterprises" during the Track Record Period and were therefore eligible for a preferential corporate income tax rate of 15% for the relevant periods. In addition, we and certain of our PRC subsidiaries were entitled to an additional tax-deductible allowance for qualifying research and development expenses incurred during the Track Record Period.

For the years ended 31 December 2023, 2024 and 2025, income tax expenses amounted to RMB22.2 million, RMB14.8 million and RMB14.3 million, respectively. Income tax expense in 2025 remained broadly stable compared with 2024, primarily reflecting relatively stable profit before tax, continued application of preferential tax rates and R&D super-deductions, as well as the impact of deferred tax adjustments.

Profit for the Year

For the years ended 31 December 2023, 2024 and 2025, profit for the year amounted to RMB118.1 million, RMB123.3 million and RMB124.7 million, respectively.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased from RMB1,042.8 million for the year ended December 31, 2024 to RMB1,179.9 million for the year ended December 31, 2025, representing a 13.2% increase. The increase in revenue was primarily attributable to growth in multilayer PCB sales and double-layer PCB sales, partially offset by a decline in revenue from single-layer PCBs.

Revenue from single-layer PCBs decreased from RMB254.7 million in 2024 to RMB216.7 million in 2025, representing a 14.9% decrease, mainly due to softened demand from certain consumer-electronics and smart-home household appliance applications. Sales volume of single-layer PCBs decreased from approximately 1,449,000 sq.m. in 2024 to 1,216,000 sq.m. in 2025, representing a 16.1% decrease.

Revenue from double-layer PCBs increased from RMB284.9 million in 2024 to RMB352.2 million in 2025, representing a 23.6% increase, primarily attributable to higher sales volume in automotive-electronics applications. Sales volume of double-layer PCBs increased from approximately 577,000 sq.m. in 2024 to 728,000 sq.m. in 2025, representing a 26.2% increase.

Revenue from multilayer PCBs increased from RMB431.0 million in 2024 to RMB512.1 million in 2025, representing an 18.8% increase, mainly driven by higher sales volume in automotive-electronics and consumer electronics applications, reflecting continued demand for higher-performance and higher-value-added PCB products.

Sales volume of multilayer PCBs increased from approximately 489,000 sq.m. in 2024 to 618,000 sq.m. in 2025, representing a 26.4% increase.

Revenue from other products increased from RMB60.9 million in 2024 to RMB88.1 million in 2025, representing a 44.6% increase, primarily due to higher scrap sales generated from increased production activities and price of scrap sales during the year.

Cost of Sales

Our cost of sales increased from RMB816.7 million in 2024 to RMB947.9 million in 2025, representing a 16.1% increase, which exceeded the rate of revenue growth during the same period. Principal operating costs increased from RMB811.4 million in 2024 to RMB942.7 million in 2025, representing a 16.2% increase. The increase was primarily driven by higher sales volumes of double-layer and multilayer PCBs in response to stronger downstream demand and the increase in cost of materials.

Other operating costs remained relatively stable during the period and mainly consisted of depreciation of investment properties.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB 226.1 million in 2024 to RMB 232.0 million in 2025, representing a 2.6% increase. However, our overall gross profit margin declined from 21.7% to 19.7%, primarily because the growth in cost of sales outpaced revenue growth during the year.

Gross profit margin for single-layer PCBs remained relatively stable in 2025 compared with 2024. Gross profit margin for double-layer PCBs decreased further, primarily due to decrease in average sales price as result of market price adjustments. Gross profit margin for multilayer PCBs declined in 2025 compared with 2024, primarily due to decrease in average sales price as result of market price adjustments and higher raw material costs.

The decline in overall gross margin was primarily attributable to pricing adjustments and increased cost pressures, including higher raw material costs, which outweighed the positive impact of product mix optimisation.

Other Income

Other income increased from RMB 12.1 million in 2024 to RMB 21.0 million in 2025, representing a 73.0% increase, primarily attributable to higher government grants received during the year, as well as an increase in interest income.

Selling and marketing expenses

Selling and marketing expenses increased from RMB15.2 million in 2024 to RMB17.3 million in 2025, representing a 14.0% increase, primarily due to higher employee compensation and increased travel expenses, reflecting expanded sales activities and intensified overseas market development efforts.

Administrative expenses

Administrative expenses increased from RMB39.8 million in 2024 to RMB42.5 million in 2025, representing a 6.7% increase, primarily due to higher employee compensation and increased taxes and surcharges during the year.

Research and development expenses

Research and development expenses increased from RMB39.8 million in 2024 to RMB42.7 million in 2025, representing a 7.3% increase, primarily attributable to higher employee-related costs and increased materials consumption, reflecting continued investment in HDI and other higher-value-added PCB technologies.

Other gains and losses, net

Other gains and losses changed from a net gain of RMB3.3 million in 2024 to a net loss of RMB6.2 million in 2025. The change was primarily attributable to net foreign exchange losses recognised in 2025, as well as losses from trade receivables discount allowed. These were partially offset by fair value gains on financial assets at FVTPL and gains on disposal of financial assets at FVTPL.

Finance Costs

Finance costs decreased from RMB8.9 million in 2024 to RMB4.6 million in 2025, representing a 47.8% decrease, primarily due to a reduction in outstanding borrowings and lower interest rates during the year.

Income Tax Expenses and Profit for the Year

Income tax expenses decreased from RMB14.8 million in 2024 to RMB14.3 million in 2025, representing a 3.1% decrease, mainly reflecting relatively stable taxable profits and the continued application of preferential tax treatments and R&D super-deductions. As a result of the foregoing, profit for the year increased from RMB123.3 million in 2024 to RMB124.7 million in 2025, representing a 1.1% increase.

Overall, the changes in our results of operations for the year ended 31 December 2025 compared with 2024 reflected continued growth in higher-value-added PCB products, particularly multilayer PCBs, alongside increased cost pressures and pricing adjustments. While revenue increased, gross margin declined due to higher cost structures and pricing dynamics. Nevertheless, disciplined expense control and reduced finance costs supported relatively stable net profit performance in 2025 compared with 2024.

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

Revenue

Our revenue increased from RMB984.1 million for the year ended 31 December 2023 to RMB1,042.8 million for the year ended 31 December 2024, representing 6.0% increase. The increase in revenue was primarily attributable to growth in multilayer PCB sales, partially offset by declines in revenue from single-layer and double-layer PCBs.

Revenue from single-layer PCBs decreased from RMB263.1 million in 2023 to RMB254.7 million in 2024, representing a 3.2% decrease, mainly due to lower average selling prices following copper-clad laminate price reductions and changes in downstream demand and product mix, under which certain higher-value consumer-electronics applications declined while lower-priced smart-home household appliance applications increased. The decrease in revenue for single-layer PCBs is partially offset by the increase in sales volume from approximately 1,441,000 sq.m. in 2023 to 1,449,000 sq.m. in 2024, representing a 0.6% increase.

Revenue from double-layer PCBs decreased from RMB295.2 million in 2023 to RMB284.9 million in 2024, representing a 3.5% decrease, primarily due to pricing pressure arising from raw material cost adjustments. The decrease in revenue for double-layer PCBs is partially offset by the increase in sales volume from approximately 556,000 sq.m. in 2023 to 577,000 sq.m. in 2024, representing a 3.8% increase.

Revenue from multilayer PCBs increased from RMB362.7 million in 2023 to RMB431.0 million in 2024, representing an 18.9% increase, mainly driven by higher sales volume in automotive-electronics and consumer-electronics applications, reflecting continued demand for higher-performance and higher-value-added PCB products.

Revenue from other products increased from RMB50.1 million in 2023 to RMB60.9 million in 2024, representing a 21.6% increase, primarily due to higher scrap sales generated from increased production activities during the year.

Cost of Sales

Our cost of sales increased from RMB749.9 million in 2023 to RMB816.7 million in 2024, representing an increase of RMB66.8 million, or 8.90%, which was higher than the rate of revenue growth during the same period. The increase in cost of sales was mainly attributable to increases in principal operating costs, which rose from RMB744.2 million in 2023 to RMB811.4 million in 2024.

The increase in principal operating costs was primarily driven by higher sales volumes of multilayer PCBs, which generally involve more complex production processes and higher material consumption. In addition, other production-related costs, mainly comprising of cost related to scrap metal, increased in line with higher production and sales volumes during the year.

Other operating costs remained relatively stable during the period and mainly consisted of depreciation of investment properties.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased from RMB234.1 million in 2023 to RMB226.1 million in 2024, representing a 3.4% decrease, while our overall gross profit margin declined from 23.8% to 21.7%.

Gross profit margin for single-layer PCBs declined in 2024 compared with 2023 mainly due to lower average selling prices. Gross profit margin for double-layer PCBs declined more noticeably, primarily due to intensified price competition in the market and the decrease in sales price. Gross profit margin for multilayer PCBs also declined moderately, reflecting decrease in sales price due to market price adjustments, although the impact was partially mitigated by higher sales volume and improved manufacturing efficiency.

Other Income

Other income increased from RMB10.9 million in 2023 to RMB12.1 million in 2024, representing a 11.6% increase, primarily due to higher government grants received during the year.

Selling and marketing expenses

Selling and marketing expenses increased from RMB14.4 million in 2023 to RMB15.2 million in 2024, representing a 5.5% increase, primarily due to increases in employee compensation and other selling-related expenses associated with expanded customer engagement and market development activities.

Administrative expenses

Administrative expenses increased from RMB35.5 million in 2023 to RMB39.9 million in 2024, mainly due to increases in employee compensation and taxes and surcharges, and partially offset by a decrease in depreciation and amortization in 2024.

Research and development expenses

Research and development expenses decreased from RMB42.6 million in 2023 to RMB39.8 million in 2024. The decrease was primarily attributable to a reduction in materials consumption, which declined from RMB21.4 million in 2023 to RMB17.3 million in 2024. This decrease was partially offset by an increase in employee-related costs due to higher remuneration for R&D personnel.

Other gains and losses, net

Other gains increased from RMB3.0 million in 2023 to RMB3.3 million in 2024, primarily due to an increase in net foreign exchange gains, which rose from RMB2.3 million in 2023 to RMB4.7 million in 2024, partially offset by a loss on disposal of property, plant and equipment of RMB1.7 million in 2024 compared with a gain of RMB4,000 in 2023.

Finance Costs

Finance costs decreased from RMB13.2 million in 2023 to RMB8.9 million in 2024, primarily due to a reduction in interest expense on borrowings reflecting lower average borrowings and reduced borrowing costs during the year.

Income Tax Expenses and Profit for the Year

Income tax expenses decreased from RMB22.2 million in 2023 to RMB14.8 million in 2024, primarily due to a change in the business model of our subsidiary Kunshan Guangqian in 2023 from a manufacturing entity to a trading entity. In 2023, certain deferred tax assets previously recognised were reversed as at the end of year, which resulted in higher income tax expenses in 2023 compared to our tax expenses in 2024. As a result, profit for the year increased from RMB118.1 million in 2023 to RMB123.3 million in 2024.

Overall, the changes in our results of operations for the year ended 31 December 2024 compared with 2023 reflected the combined effects of downstream industry demand, product mix adjustments toward higher-value-added PCB products, and disciplined cost management. Revenue growth was driven primarily by increased sales volume of multilayer PCBs, while gross profit and margin were affected by changes in pricing, raw material costs and product mix. Operating expenses increased in absolute terms as we continued to support business expansion and customer engagement, but remained generally well controlled relative to revenue. Taken together, these factors resulted in a moderate increase in profit for the year in 2024 compared with 2023.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at December 31		
	2023	2024	2025
		(in RMB thousands)	
NON-CURRENT ASSETS			
Property, plant and equipment	426,506	396,254	497,668
Right-of-use assets	17,486	17,036	16,644
Intangible assets	1,006	406	30
Investment properties	69,789	65,717	61,353
Prepayments, other receivables and other assets	17,593	13,253	22,014
Goodwill	6,731	6,731	6,731
Deferred tax assets	8,812	8,700	8,390
Total non-current assets	**547,923**	**508,097**	**612,830**
CURRENT ASSETS			
Inventories	154,956	173,792	273,659
Trade and bills receivables	460,996	455,935	471,728
Prepayments, other receivables and other assets	6,968	7,339	23,158
Financial assets at FVTOCI	24,404	406	5,094
Financial assets at FVTPL	–	–	172,066
Cash and bank balances	48,667	405,893	165,781
Restricted cash	135,036	125,454	125,966
Prepaid Tax	1,054	1,428	930
Total current assets	**832,081**	**1,170,247**	**1,238,382**
CURRENT LIABILITIES			
Trade and bills payables	458,743	381,546	526,388
Contract liabilities	881	199	1,276
Other payables and accruals	48,250	40,471	101,005
Borrowings	298,665	209,972	129,079
Income tax payable	4,411	3,119	2,721
Total current liabilities	**810,950**	**635,307**	**760,469**
Net current assets	**21,131**	**534,940**	**477,913**
Total assets less current liabilities	**569,054**	**1,043,037**	**1,090,743**
NON-CURRENT LIABILITIES			
Deferred income	17,223	15,983	14,663
Total non-current liabilities	**17,223**	**15,983**	**14,663**
Net assets	**551,831**	**1,027,054**	**1,076,080**

	As at December 31		
	2023	2024	2025
	(in RMB thousands)		
EQUITY			
Share capital	116,395	152,045	152,045
Reserves	435,436	875,009	924,035
Equity attributable to owners of the Company	**551,831**	**1,027,054**	**1,076,080**
Total equity	**551,831**	**1,027,054**	**1,076,080**

Net Current Assets/ (Liabilities)

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

	As at December 31			As at January 31,
	2023	2024	2025	2026
	(in RMB thousands)			(unaudited)
Current assets				
Inventories	154,956	173,792	273,659	309,400
Trade and bills receivables	460,996	455,935	471,728	487,544
Prepayments, other receivables and other assets	6,968	7,339	23,158	28,011
Financial assets at FVTOCI	24,404	406	5,094	19
Financial assets at FVTPL	–	–	172,066	140,268
Cash and bank balances	48,667	405,893	165,781	218,828
Restricted cash	135,036	125,454	125,966	134,565
Prepaid Tax	1,054	1,428	930	1,864
Total current assets	**832,081**	**1,170,247**	**1,238,382**	**1,320,499**
Current liabilities				
Trade and bills payables	458,743	381,546	526,388	593,275
Contract liabilities	881	199	1,276	1,478
Other payables and accruals	48,250	40,471	101,005	63,931
Borrowings	298,665	209,972	129,079	179,141
Income tax payable	4,411	3,119	2,721	756
Total current liabilities	**810,950**	**635,307**	**760,469**	**838,581**
Net current assets/ (liabilities)	**21,131**	**534,940**	**477,913**	**481,918**

Period ended January 31, 2026 compared with December 31, 2025

As at January 31, 2026 compared with December 31, 2025, our net current assets decreased from RMB477.9 million to RMB481.9 million. This slight increase was primarily attributable to an increase in current assets, which outpaced the rise in current liabilities. Current assets increased from RMB1,238.4 million to RMB1,320.5 million, while current liabilities increased from RMB760.5 million to RMB838.6 million.

On the asset side, the increase in current assets was mainly driven by higher inventories and cash and bank balances. Inventories increased from RMB273.7 million to RMB309.4 million, reflecting continued inventory build-up to support production activities. Cash and bank balances also increased from RMB165.8 million to RMB218.8 million, indicating improved liquidity. This was partially offset by a decrease in financial assets at FVTPL.

On the liability side, current liabilities increased mainly due to higher trade and bills payables, which rose from RMB526.4 million to RMB593.3 million, reflecting ongoing procurement and operational activities. Borrowings also increased compared with the previous period.

As a result of the foregoing, we maintained a stable liquidity position as at January 31, 2026, with a slight increase in net current assets compared with December 31, 2025.

Year ended December 31, 2025 compared with December 31, 2024

Our net current assets decreased slightly from RMB534.9 million as at December 31, 2024 to RMB477.9 million as at December 31, 2025. This change was primarily attributable to increases in both current assets and current liabilities during the year, with current liabilities increasing at a faster pace. Current assets increased from RMB1,170.2 million to RMB1,238.4 million, while current liabilities increased from RMB635.3 million to RMB760.5 million.

On the asset side, the increase in current assets was mainly driven by higher inventories. Inventories increased from RMB173.8 million as at December 31, 2024 to RMB273.7 million as at December 31, 2025, primarily reflecting increased raw material procurement and inventory build-up to support production activities and manage raw material price fluctuations. Financial assets at FVTPL amounted to RMB172.1 million as at December 31, 2025, mainly representing investments in structured deposits and certificates of deposit which corresponds to a decrease in cash.

On the liability side, current liabilities increased mainly due to higher trade and bills payables and other payables and accruals. Trade and bills payables increased from RMB381.5 million as at December 31, 2024 to RMB526.4 million as at December 31, 2025, primarily reflecting increased procurement activities and higher outstanding payables related to production and expansion activities. Other payables and accruals also increased during the year, mainly due to higher payables for equipment purchases and capital expenditures.

As a result of the foregoing, we maintained a healthy liquidity position as at December 31, 2025, although net current assets decreased compared with the prior year mainly due to increased working capital requirements and higher trade-related payables.

Year ended December 31, 2024 compared with December 31, 2023

Our net current assets increased significantly from RMB21.1 million as at December 31, 2023 to RMB534.9 million as at December 31, 2024.

This substantial improvement was primarily attributable to a significant increase in current assets, which rose from RMB832.1 million to RMB1,170.2 million, together with a decrease in current liabilities from RMB811.0 million to RMB635.3 million.

On the asset side, the increase in current assets was mainly driven by a sharp rise in cash and bank balances, which increased from RMB48.7 million as at December 31, 2023 to RMB405.9 million as at December 31, 2024. This increase primarily reflected the receipt of proceeds from equity financing activities during 2024, including the completion of our A Shares listing on the Beijing Stock Exchange, as well as improved operating cash inflows. Inventories also increased moderately, reflecting higher raw materials and work-in-progress balances to support production activities, while trade and bills receivables remained relatively stable.

On the liability side, current liabilities decreased mainly due to reductions in borrowings and trade and bills payables. Borrowings declined from RMB298.7 million as at December 31, 2023 to RMB210.0 million as at December 31, 2024, reflecting lower short-term bank financing following improved liquidity. Trade and bills payable decreased from RMB458.7 million to RMB381.5 million, primarily due to lower outstanding bills payable and improvement in payment settlement with suppliers.

As a result of the foregoing, our liquidity position strengthened significantly as at December 31, 2024, with net current assets at a substantially higher level compared with the prior year.

Property, Plant and Equipment

Property, plant and equipment primarily consisted of buildings, machinery, transportation equipment, office equipment and others, construction in progress and freehold land. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As at December 31		
	2023	2024	2025
		(in RMB thousands)	
Buildings	208,587	200,894	194,114
Machinery	210,503	189,277	235,446
Transportation equipment	3,910	2,302	2,644
Office equipment and others	3,046	2,312	2,507
Construction in progress	460	1,469	42,009
Freehold land	–	–	20,948
Total	**426,506**	**396,254**	**497,668**

Our property, plant and equipment decreased from RMB426.5 million as at December 31, 2023 to RMB396.3 million as at December 31, 2024. The decrease was primarily attributable to depreciation exceeding additions during the year, partially offset by transfers from construction in progress.

During 2024, additions to property, plant and equipment amounted to approximately RMB10.0 million, which mainly comprised purchases of machinery, transportation equipment and office equipment to support ongoing production operations. In the same year, disposals and write-offs of property, plant and equipment amounted to approximately RMB2.2 million, mainly relating to the disposal or scrapping of certain machinery, transportation equipment and office equipment that were no longer efficient or suitable for production needs.

Depreciation expenses for property, plant and equipment amounted to approximately RMB39.2 million in 2024, reflecting the continued depreciation of existing production facilities and equipment.

Overall, the net decrease in property, plant and equipment during 2024 was mainly attributable to the fact that additions during the year were lower than depreciation expenses for the same period.

As at December 31, 2025, property, plant and equipment increased to RMB497.7 million, compared with RMB396.3 million as at December 31, 2024. The increase was mainly attributable to significant capital expenditure during the year. Additions to property, plant and equipment amounted to approximately RMB103.8 million in 2025, primarily relating to purchases of machinery and equipment for production expansion, as well as the acquisition of freehold land for our Thailand manufacturing facility. Depreciation expenses for the year amounted to approximately RMB40.9 million. In addition, construction in progress increased significantly to RMB42.0 million as at December 31, 2025, compared with RMB1.5 million as at December 31, 2024, mainly reflecting capital expenditures incurred for ongoing production expansion projects and the construction of new manufacturing facilities. Overall, the increase in property, plant and equipment as at December 31, 2025 primarily reflected our continued investment in production capacity expansion and overseas manufacturing facilities.

Inventories

Our inventories mainly include raw materials, work in progress, finished goods and goods in transit. The following table sets forth the breakdown of our inventories as of the dates indicated:

	As at December 31,		
	2023	2024	2025
		(in RMB thousands)	
Raw materials	92,404	103,317	186,740
Work in progress	18,649	27,173	26,346
Finished goods	51,019	50,295	58,450
Goods in transit	1,330	3,032	10,622
Provision for inventories, net	(8,446)	(10,025)	(8,499)
Net carrying amount	**154,956**	**173,792**	**273,659**

Our inventories increased from RMB155.0 million as at December 31, 2023 to RMB173.8 million as at December 31, 2024. The increase was primarily attributable to higher balances of raw materials and work in progress, reflecting increased production activities during the year. Raw materials increased from RMB92.4 million as at December 31, 2023 to RMB103.3 million as at December 31, 2024, mainly due to higher procurement volumes to support production requirements. Work in progress increased from RMB18.7 million to RMB27.2 million during the same period, primarily as a result of increased production of double-layer and multilayer PCBs which have a relative higher value. Finished goods remained relatively stable, decreasing slightly from RMB51.0 million as at December 31, 2023 to RMB50.3 million as at December 31, 2024, reflecting a generally balanced level of production and product sales. Good in transit increased from RMB1.3 million to RMB3.0 million, mainly representing goods in transit and products delivered but not yet accepted by customers at the reporting date. Provisions for inventories increased from RMB8.5 million as at December 31, 2023 to RMB10.0 million as at December 31, 2024, mainly reflecting the increase in gross inventory balances and the application of consistent inventory valuation policies.

As at December 31, 2025, inventories increased significantly to RMB273.7 million, compared with RMB173.8 million as at December 31, 2024. The increase was mainly attributable to higher balances of raw materials and finished goods, reflecting increased production activities and inventory build-up to support expanding operations and manage raw material supply. Raw materials increased significantly from RMB103.3 million as at December 31, 2024 to RMB186.7 million as at December 31, 2025, mainly due to increased procurement of key production materials to support higher production volumes and manage fluctuations in raw material prices. Finished goods increased from RMB50.3 million to RMB58.5 million, reflecting higher production output during the year. Work in progress remained relatively stable, decreasing slightly from RMB27.2 million to RMB26.4 million, while goods in transit increased from RMB3.0 million to RMB10.6 million, mainly representing goods in transit and products delivered but not yet accepted by customers at the reporting date. Provisions for inventories decreased from RMB10.0 million as at December 31, 2024 to RMB8.5 million as at December 31, 2025, mainly reflecting improved inventory management and the recovery of certain inventory values. Overall, the increase in inventories as at December 31, 2025 primarily reflected our expanded production scale and procurement of raw materials to support increased manufacturing activities.

The following table sets forth our inventory turnover days as of the dates indicated:

	As at December 31,		
	2023	**2024**	**2025**
	(days)	*(days)*	*(days)*
Inventory turnover days	77.9	78.8	90.8

Overall, inventory turnover days remained at a level generally consistent with our production cycle and operating model during the Track Record Period.

Inventory turnover days increased from 77.9 days in 2023 to 78.8 days in 2024. The increase was mainly attributable to the moderate increase in inventories during the year, particularly higher balances of raw materials and work in progress, which reflected increased production activities and procurement to support manufacturing operations. Inventory turnover days further increased to 90.8 days in 2025. This increase was primarily driven by the significant rise in raw materials inventories during the year, as the increased procurement of key materials to support expanded production activities and manage fluctuations in raw material prices. The increase in inventory turnover days also reflected higher overall inventory balances associated with the expansion of production scale.

Trade and Bills Receivables

Trade and bills receivables primarily arise from sales of our PCB products in the ordinary course of business. The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As at December 31,		
	2023	**2024**	**2025**
		(in RMB thousands)	
Trade receivables	451,479	464,360	480,320
Bills receivables	31,776	13,297	13,629
Less: allowance for impairment	(22,259)	(21,722)	(22,221)
Total	**460,996**	**455,935**	**471,728**

Our trade and bills receivables remained relatively stable, decreasing slightly from RMB461.0 million as at December 31, 2023 to RMB455.9 million as at December 31, 2024. Trade receivables increased from RMB451.5 million to RMB464.4 million during the same period, primarily reflecting higher sales volume during 2024. This increase was partially offset by improved collection efficiency and settlement of receivables during the year.

Bills receivables decreased from RMB31.8 million as at December 31, 2023 to RMB13.3 million as at December 31, 2024, mainly because a significant portion of bills had been endorsed or transferred before year end. In addition, in 2024 and 2025 the structure of endorsed bills shifted toward bills issued by banks with higher credit ratings, allowing more bills to meet the derecognition conditions upon endorsement, thereby reducing the balance of bills receivables outstanding at the reporting date.

As at December 31, 2025, our trade and bills receivables increased slightly to RMB471.7 million, compared with RMB455.9 million as at December 31, 2024. Trade receivables increased from RMB464.4 million to RMB480.3 million, primarily reflecting increased sales scale during 2025. Bills receivables remained relatively stable, increasing slightly from RMB13.3 million to RMB13.6 million during the same period.

We recognize impairment losses on trade receivables in accordance with IFRS 9 using the expected credit loss ("**ECL**") model. For trade receivables, we apply the simplified approach and recognize lifetime ECLs. Allowance for impairment of trade and bills receivables decreased slightly from RMB22.3 million as at December 31, 2023 to RMB21.7 million as at December 31, 2024. During the year ended December 31, 2024, we recorded a net reversal of impairment losses of RMB0.6 million, primarily due to recoveries of previously impaired receivables and improved collection performance. As at December 31, 2025, allowance for impairment increased slightly to RMB22.2 million, reflecting the growth in receivables balances while maintaining prudent credit risk management.

We generally grant credit periods ranging from approximately 90 to 120 days to customers, taking into account factors such as customer scale, credit profile, cooperation history and transaction volume. Trade receivables are non-interest bearing.

The majority of our trade receivables were aged within one year as at December 31, 2023, 2024 and 2025, reflecting our established customer base and effective credit control procedures. There was no material deterioration in the aging profile of trade receivables during the Track Record Period.

The following table sets forth an ageing analysis of our trade receivables as at the end of each year of the Track Record Period, based on the invoice date and net of allowance for impairment:

	As at December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Within 1 year	428,018	442,572	457,937
1–2 years	280	66	162
2–3 years	922	–	–
Total	**429,220**	**442,638**	**458,099**

The majority of our trade receivables were aged within one year throughout the Track Record Period. As at December 31, 2023, 2024 and 2025, net receivables aged within one year accounted for approximately 99.7%, 100.0% and 100.0% of net trade receivables, respectively, reflecting our established customer relationships and effective credit control procedures.

Cash and Bank Balances and Restricted Cash

Cash and bank balances and restricted cash primarily represent cash on hand, bank deposits and deposits pledged as security in the ordinary course of business. The following table sets forth the breakdown of our cash and bank balances and restricted cash as of the dates indicated:

	As at December 31,		
	2023	**2024**	**2025**
		(in RMB thousands)	
Cash and bank balances	48,667	405,893	165,781
Restricted cash	135,036	125,454	125,966
Total	**183,703**	**531,347**	**291,747**

Our total cash and bank balances and restricted cash increased significantly from RMB183.7 million as at December 31, 2023 to RMB531.3 million as at December 31, 2024. The increase was primarily attributable to a substantial rise in cash and bank balances during 2024 due to proceeds raised from our listing at the Beijing Stock Exchange. Cash and bank balances increased from RMB48.7 million as at December 31, 2023 to RMB405.9 million as at December 31, 2024, mainly due to the receipt of proceeds from equity financing activities during the year, including the completion of our A-share listing on the Beijing Stock Exchange, as well as improved operating cash inflows.

Restricted cash decreased slightly from RMB135.0 million as at December 31, 2023 to RMB125.5 million as at December 31, 2024. Restricted cash primarily represents deposits pledged as security for the issuance of bank acceptance notes in connection with the settlement of trade payables. The change in restricted cash reflected fluctuations in the scale of such arrangements during the year.

As at December 31, 2025, our total cash and bank balances and restricted cash decreased to RMB291.7 million, compared with RMB531.3 million as at December 31, 2024. The decrease was mainly attributable to a reduction in cash and bank balances, which declined from RMB405.9 million to RMB165.8 million, reflecting investments in financial assets, capital expenditures for production expansion and dividend payments during the year. Restricted cash remained relatively stable, increasing slightly from RMB125.5 million as at December 31, 2024 to RMB126.0 million as at December 31, 2025, mainly reflecting the continued use of bank acceptance notes in supplier settlement arrangements.

Trade and Bills Payables

Trade and bills payables primarily arise from the purchase of raw materials, production equipment and services in the ordinary course of business. The following table sets forth the breakdown of our trade and bills payable as of the dates indicated:

	As at December 31,		
	2023	2024	2025
		(in RMB thousands)	
Trade payables	264,912	243,030	323,597
Bills payables	193,831	138,516	202,791
Total	**458,743**	**381,546**	**526,388**

Our trade and bills payables decreased from RMB458.7 million as at December 31, 2023 to RMB381.5 million as at December 31, 2024, mainly due our increased efforts to pay our payables as result of increased cash position. Trade payables decreased from RMB264.9 million as at December 31, 2023 to RMB243.0 million as at December 31, 2024, reflecting lower outstanding supplier balances at year end.

Bills payables also decreased from RMB193.8 million to RMB138.5 million, primarily due to a lower level of bank acceptance notes issued for supplier settlements.

As at December 31, 2025, our trade and bills payables increased to RMB526.4 million, compared with RMB381.5 million as at December 31, 2024. Trade payables increased from RMB243.0 million to RMB323.6 million, mainly reflecting increased procurement of raw materials and production inputs in line with expanded production activities. Bills payables also increased from RMB138.5 million to RMB202.8 million, reflecting a higher level of bank acceptance notes used for supplier settlements. Overall, the increase in trade and bills payable as at December 31, 2025 primarily reflected the expansion of production activities and procurement volumes during the year.

The following table sets forth an ageing analysis of our trade payables as at the end of each year of the Track Record Period, based on the invoice date:

	As at December 31,		
	2023	2024	2025
		(in RMB thousands)	
Within 1 year	262,615	242,094	322,848
1–2 years	2,020	361	161
2–3 years	8	323	101
Over 3 years	269	252	487
Total	**264,912**	**243,030**	**323,597**

The majority of our trade payables were aged within one year throughout the Track Record Period. As at December 31, 2023, 2024 and 2025, trade payables aged within one year amounted to RMB262.6 million, RMB242.1 million and RMB322.8 million, respectively, representing the substantial majority of total trade payables. Amounts aged over one year remained minimal during the Track Record Period, reflecting our generally stable payment practices and normal settlement cycles with suppliers.

Other Payables and Accruals

Other payables and accruals primarily comprise deferred income, payables for acquisitions of property, plant and equipment, employee benefits payable, other tax payables, deposits received, and other payables and accruals incurred in the ordinary course of business. The following table sets forth the breakdown of our other payables and accruals as of the dates indicated:

	As at December 31,		
	2023	2024	2025
		(in RMB thousands)	
Non-current			
Deferred income	17,223	15,983	14,663
Current			
Payables for acquisitions of property, plant and equipment	22,911	12,631	72,650
Employee benefits payable	13,325	14,764	16,555
Other tax payables	3,045	3,666	3,404
Deposits received	1,020	1,020	1,020
Other payables and accruals	7,949	8,390	7,376
Total current	**48,250**	**40,471**	**101,005**
Total	**65,473**	**56,454**	**115,668**

Our total other payables and accruals decreased from RMB65.5 million as at December 31, 2023 to RMB56.5 million as at December 31, 2024, and increased significantly to RMB115.6 million as at December 31, 2025.

Non-current other payables mainly comprised deferred income, which represents government grants received for the construction or acquisition of certain equipment. Deferred income decreased slightly from RMB17.2 million as at December 31, 2023 to RMB16.0 million as at December 31, 2024, and further decreased to RMB14.7 million as at December 31, 2025, primarily due to the amortization of such government grants to profit or loss over the useful lives of the related assets.

Current other payables and accruals decreased from RMB48.3 million as at December 31, 2023 to RMB40.5 million as at December 31, 2024. The decrease was mainly attributable to a reduction in payables for acquisitions of property, plant and equipment, reflecting lower capital expenditure outstanding as at year end. This decrease was partially offset by increases in employee benefits payable and other taxes payable, which reflected higher personnel costs and tax-related accruals associated with business operations during the year.

As at December 31, 2025, current other payables and accruals increased significantly to RMB101.0 million, compared with RMB40.5 million as at December 31, 2024. The increase was primarily attributable to a substantial rise in payables for acquisitions of property, plant and equipment, reflecting higher outstanding payables related to equipment purchases and capital expenditures for production expansion projects. In addition, employee benefits payable and other tax payable increased during the year in line with business growth.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through a combination of cash generated from operating activities, equity financing and borrowings.

As at December 31, 2025, we had cash and cash equivalents of RMB165.8 million, compared with RMB48.7 million and RMB405.9 million as at December 31, 2023 and 2024, respectively. Our cash and bank balances increased significantly in 2024 primarily due to strong operating cash inflows and the receipt of proceeds from equity financing activities, including the completion of our A-share listing on the Beijing Stock Exchange. Cash and cash equivalents decreased in 2025 mainly due to investments in financial assets, capital expenditures for production expansion and dividend payments during the year.

Our primary sources of liquidity are cash generated from operating activities, cash and bank balances, and available banking facilities. Cash generated from operations has historically been sufficient to support our working capital requirements, including inventory procurement, settlement of trade and bills payables, payment of operating expenses and servicing of borrowings.

During the Track Record Period, our liquidity position was further strengthened by a reduction in borrowings and an increase in equity, resulting in improved net current assets and a stronger balance sheet position.

We have not experienced any material liquidity difficulties, defaults or breaches of covenants during the Track Record Period. The Directors are of the view that we have sufficient liquidity and capital resources to meet our present requirements and foreseeable working capital needs.

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

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	140,236	138,092	139,040
Finance costs	13,171	8,896	4,644
Interest income	(2,827)	(2,781)	(4,970)
Fair value gains on financial assets at FVTPL	–	–	(301)
Gain on disposal of financial assets at FVTPL	–	–	(501)
Loss from debt restructuring	–	–	1,812
Depreciation of property, plant and equipment	40,906	39,152	40,920
Depreciation of investment properties	4,071	4,072	4,062
Depreciation of right-of-use assets	450	450	451
Amortization of intangible assets	878	600	376
Amortization of deferred government grants	(2,115)	(2,210)	(2,290)
(Loss)/gain on disposal of property, plant and equipment	(4)	1,681	1,357
Provisions for credit impairment losses, net	1,970	(267)	602
Provision of inventories, net	5,914	7,350	5,766
Net foreign exchange (gains)/losses	(2,292)	(4,737)	2,509
Operating cash flows before movements in working capital	**200,358**	**190,298**	**198,447**
Increase in inventories	(19,286)	(26,186)	(105,633)
Decrease/(increase) in restricted cash	21,935	9,582	(512)
(Increase)/decrease in trade and bills receivables	(69,267)	(10,304)	(53,413)
(Increase)/decrease in prepayments, other receivables and other assets	(846)	2,681	(15,366)
Decrease/(increase) in receivable financing	6,987	23,998	(4,688)
Increase/(decrease) in trade and bills payables	(26,398)	(77,197)	144,842
Increase/(decrease) in contract liabilities	422	(682)	1,077
(Decrease)/increase in other payables and accruals	4,430	5,675	11,417
Net cash generated from operations	**118,335**	**117,865**	**171,201**
Income taxes paid	(13,720)	(16,335)	(13,916)
Interest received	2,827	2,781	2,913
Net cash flows generated from operating activities	**107,442**	**104,311**	**160,198**

	Year ended December 31,		
	2023	2024	2025
	(in RMB thousands)		
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of PPE	35	447	330
Purchase of PPE, land use rights and intangible assets	(50,550)	(6,644)	(66,716)
Proceeds from disposal of financial assets at FVTPL	–	–	135,122
Investment income and interest received	–	–	501
Interest received	–	–	170
Purchases of financial assets at FVTPL	–	–	(305,000)
Net cash used in investing activities	**(50,515)**	**(6,197)**	**(235,593)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	–	366,036	–
Proceeds from borrowings	410,404	246,780	238,000
Repayment of borrowings	(433,500)	(335,380)	(318,780)
Interest paid	(13,470)	(8,989)	(4,757)
Dividend paid	–	–	(76,022)
Others	(11,498)	(12,226)	(3,330)
Net cash from/(used in) financing activities	**(48,064)**	**256,221**	**(164,889)**
Net increase/(decrease) in cash and cash equivalents	**8,863**	**354,335**	**(240,284)**
Cash at beginning of year	39,249	48,667	405,893
FX effect	555	2,891	172
Cash at end of year	**48,667**	**405,893**	**165,781**

In 2025, we generated net cash flows from operating activities of RMB160.2 million, representing a significant increase compared with RMB104.3 million in 2024. This was primarily attributable to our profit before tax of RMB139.0 million, adjusted for non-cash and non-operating items mainly including depreciation of property, plant and equipment of RMB40.9 million, depreciation of investment properties of RMB4.1 million, amortisation of intangible assets of RMB0.4 million, and finance costs of RMB4.6 million. These adjustments were partially offset by interest income of RMB5.0 million, fair value gains on financial assets at FVTPL of RMB0.3 million, gains on disposal of financial assets at FVTPL of RMB0.5 million, and amortisation of deferred government grants of RMB2.3 million.

Net cash flows from operating activities were also affected by changes in working capital, primarily including an increase in inventories of RMB105.6 million, an increase in trade and bills receivables of RMB53.4 million, and an increase in prepayments, other receivables and other assets of RMB15.4 million. These effects were partially offset by a significant increase in trade and bills payable of RMB144.8 million and an increase in other payables and accruals of RMB11.4 million. After taking into account income taxes paid of RMB13.9 million, net cash flows generated from operating activities amounted to RMB160.2 million for the year.

In 2024, we generated net cash flows from operating activities of RMB104.3 million. This was primarily attributable to our profit before tax of RMB138.1 million, adjusted for non-cash and non-operating items mainly including depreciation of property, plant and equipment of RMB39.2 million, depreciation of investment properties of RMB4.1 million, amortization of intangible assets of RMB0.6 million, and finance costs of RMB8.9 million. These adjustments were partially offset by amortization of deferred government grants of RMB2.2 million, interest income of RMB2.8 million, and net foreign exchange gains of RMB4.7 million.

Net cash flows from operating activities were further affected by changes in working capital, primarily including an increase in trade and bills receivables of RMB10.3 million, an increase in inventories of RMB26.2 million, and a decrease in trade and bills payables of RMB77.2 million, partially offset by a decrease in restricted cash of RMB9.6 million and a decrease in prepayments, other receivables and other assets of RMB2.7 million. After taking into account income taxes paid of RMB16.3 million, net cash flows generated from operating activities amounted to RMB104.3 million for the year.

In 2023, we generated net cash flows from operating activities of RMB107.4 million. This was primarily attributable to our profit before tax of RMB140.2 million, as adjusted for non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB40.9 million, depreciation of investment properties of RMB4.1 million, amortization of intangible assets of RMB0.9 million, and finance costs of RMB13.2 million. These adjustments were partially offset by amortization of deferred government grants of RMB2.1 million and net foreign exchange gains of RMB2.3 million.

Net cash flows from operating activities were also affected by changes in working capital, primarily including an increase in trade and bills receivables of RMB69.3 million, an increase in inventories of RMB19.3 million and a decrease in trade and bills payables of RMB26.4 million. These effects were partially offset by a decrease in restricted cash of RMB21.9 million. After taking into account income taxes paid of RMB13.7 million, net cash flows generated from operating activities amounted to RMB107.4 million for the year.

Cash Flows from Investing Activities

In 2025, we recorded net cash flows used in investing activities of RMB235.6 million. This was primarily attributable to purchases of financial assets at FVTPL of RMB305.0 million and purchases of property, plant and equipment, prepaid land-use rights and intangible assets of RMB66.7 million, reflecting investments in financial products using temporarily idle funds as well as capital expenditures for production expansion and equipment upgrades. These cash outflows were partially offset by proceeds from disposal of financial assets at FVTPL of RMB135.1 million.

In 2024, we recorded net cash flows used in investing activities of RMB6.2 million. This was primarily attributable to purchases of property, plant and equipment, prepaid land-use rights and intangible assets of RMB6.6 million, reflecting ongoing capital expenditures to support production operations and maintenance of manufacturing facilities.

In 2023, we recorded net cash flows used in investing activities of RMB50.5 million. This was mainly attributable to purchases of property, plant and equipment, prepaid land-use rights and intangible assets of RMB50.6 million, representing capital expenditures incurred in connection with production equipment upgrades and facility-related investments during the year.

Cash Flows from Financing Activities

In 2025, we recorded net cash flows used in financing activities of RMB164.9 million. This was primarily attributable to repayment of borrowings of RMB318.8 million and dividend payments of RMB76.0 million, reflecting our continued de-leveraging and distribution to shareholders following improved financial performance. These outflows were partially offset by proceeds from borrowings of RMB238.0 million. In addition, interest paid of RMB4.8 million and other financing-related cash outflows of RMB3.3 million contributed to the overall net cash outflow from financing activities during the year.

In 2024, we recorded net cash flows generated from financing activities of RMB256.2 million. This was primarily attributable to proceeds from capital contribution of RMB366.0 million, reflecting equity financing activities completed during the year, including the completion of our A-share listing on the Beijing Stock Exchange, and proceeds from borrowings of RMB246.8 million. These inflows were partially offset by repayment of borrowings of RMB335.4 million, interest paid of RMB9.0 million, and other financing-related cash outflows of RMB12.2 million. As a result, financing activities provided a significant net source of cash during the year.

In 2023, we recorded net cash flows used in financing activities of RMB48.1 million. This was primarily attributable to proceeds from borrowings of RMB410.4 million, which were more than offset by repayment of borrowings of RMB433.5 million, interest paid of RMB13.5 million, and other financing-related cash outflows of RMB11.5 million. No proceeds from capital contributions were received during the year.

Working Capital Sufficiency

The Directors are of the opinion that, after taking into account our internal resources, available banking facilities and cash flows from operations, we have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

INDEBTEDNESS

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

	As at December 31,			As at January 31,
	2023	2024	2025	2026
		(in RMB thousands)		
				(unaudited)
Current				
Borrowings	298,665	209,972	129,079	179,141
Lease liabilities	–	–	–	–
Subtotal	**298,665**	**209,972**	**129,079**	**179,141**
Non-current				
Borrowings	–	–	–	–
Lease liabilities	–	–	–	–
Subtotal	**–**	**–**	**–**	**–**
Total indebtedness	**298,665**	**209,972**	**129,079**	**179,141**

As at December 31, 2023, 2024 and 2025, and as at January 31, 2026 all of our borrowings were classified as current, as they were repayable within one year in accordance with the terms of the relevant loan agreements. We did not have any non-current borrowings as at the end of each of these years.

Borrowings

The following table sets forth the categories of our borrowings as of the dates indicated:

	As at December 31,			As at January 31,
	2023	2024	2025	2026
		(in RMB thousands)		
				(unaudited)
Current portion				
Secured and unguaranteed borrowings	69,045	44,025	34,024	34,024
Unsecured and guaranteed borrowings	121,520	56,952	45,030	45,030
Secured and guaranteed borrowings	108,100	79,069	40,016	90,056
Unsecured and unguaranteed borrowings	–	29,926	10,009	10,031
Subtotal	**298,665**	**209,972**	**129,079**	**179,141**

Our total borrowing decreased from RMB298.7 million as at December 31, 2023 to RMB210.0 million as at December 31, 2024, and further decreased to RMB129.1 million as at December 31, 2025. The decrease during the Track Record Period was primarily attributable to repayments of bank borrowings, reflecting improved liquidity and operating cash flows as well as proceeds from equity financing activities completed in 2024 following our A-share listing on the Beijing Stock Exchange.

The effective interest rates on our borrowings ranged from approximately 3.0% to 5.2%, 2.8% to 3.5%, and 2.0% to 2.6% per annum for the years ended December 31, 2023, 2024 and 2025, respectively. As at January 31, 2026, our total borrowing was RMB179,141. As of the Latest Practicable Date, our borrowings are no longer guaranteed in compliance with the Listing Rules.

We did not breach any financial covenants under its borrowing arrangements during the Track Record Period.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, save as disclosed elsewhere in this Financial Information section, we did not have any bank or other loans, or any issued and outstanding or agreed-to-be-issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness during the Track Record Period and up to the Latest Practicable Date. The Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material defaults or breaches of covenants in respect of its indebtedness.

CAPITAL EXPENDITURE AND COMMITMENT

Capital Expenditure

The following table sets forth our capital expenditure for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(in RMB thousands)	
Purchases of property, plant and equipment and intangible assets	50,550	6,644	66,716

Our capital expenditure amounted to RMB50.6 million, RMB6.6 million and RMB66.7 million for the years ended December 31, 2023, 2024 and 2025, respectively. Capital expenditure in 2023 was primarily attributable to investments in production machinery, equipment upgrades and supporting facilities. Capital expenditure in 2024 decreased compared with 2023 mainly due to the completion of certain capital projects in prior periods and a lower level of new investment during the year. Capital expenditure in 2025 increased compared with 2024 primarily due to investments in production equipment and facilities as well as the acquisition of land and other assets related to production expansion.

During the Track Record Period, capital expenditure was funded primarily through internal resources, including operating cash flows, supplemented by bank borrowings and equity financing proceeds, including proceeds from the Company's A-share listing on the Beijing Stock Exchange.

Capital Commitments

As at December 31, 2023, 2024 and 2025, we had capital commitments of approximately RMB2.7 million, RMB3,7 million and RMB66.2 million, respectively, representing contracted but not provided for expenditures relating to the acquisition of property, plant and equipment for our Kunshan, Dongtai and Thailand facilities.

The Directors confirm that, save as disclosed above and elsewhere in this "Financial Information" section, there were no other material capital commitments outstanding as at December 31, 2025.

KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios for the periods indicated:

	As at/for the year ended December 31,		
	2023	2024	2025
Profitability ratios			
Gross profit margin (%)[1]	23.8	21.7	19.7
Net profit margin (%)[2]	12.0	11.8	10.6
Liquidity ratios			
Current ratio (times)[3]	1.0	1.8	1.6
Efficiency ratios			
Inventory turnover days (days)[4]	77.9	78.8	90.8
Leverage ratios			
Gearing ratio (%)[5]	54.1	20.4	12.0

1. Gross profit margin is calculated as gross profit divided by revenue for the relevant period.

2. Net profit margin is calculated as profit for the year divided by revenue for the relevant period.

3. Current ratio is calculated as total current assets divided by total current liabilities as at the relevant year end.

4. Inventory turnover days are calculated as the average of beginning and ending inventories divided by cost of sales for the year and multiplied by 365 days.

5. Gearing ratio is calculated as total borrowings divided by total equity as at the relevant year end.

Our gross profit margin decreased from 23.8% in 2023 to 21.7% in 2024, primarily reflecting changes in product mix, customer price adjustments following earlier raw material price movements and increased cost pressures during the year. Gross profit margin further declined to 19.7% in 2025, mainly due to higher raw material costs and outsourcing expenses as well as customer price adjustments, which offset the positive impact of increased sales volume of multilayer PCB products. Net profit margin remained relatively stable, decreasing slightly from 12.0% in 2023 to 11.8% in 2024, and further to 10.6% in 2025, as the impact of lower gross margin was partially offset by reduced finance costs and disciplined expense management.

Our current ratio improved significantly from 1.0 as at December 31, 2023 to 1.8 as at December 31, 2024. This improvement was mainly attributable to a substantial increase in cash and bank balances following the completion of our A-share listing on the Beijing Stock Exchange and improved operating cash inflows, together with a reduction in current borrowings and trade and bills payable. The current ratio slightly decreased to 1.6 as at December 31, 2025, mainly due to increases in inventories and trade and bills payables associated with expanded production activities, although it remained at a relatively healthy level.

Our inventory turnover days remained relatively stable in 2023 and 2024, slightly increasing from increased from 77.9 to 78.8 days. Inventory turnover days further increased to 90.8 days in 2025, mainly reflecting higher raw materials inventories and inventory build-up to support increased production scale and manage raw material supply fluctuations.

Our gearing ratio decreased from 54.1% as at December 31, 2023 to 20.4% as at December 31, 2024, reflecting a decrease in borrowings and a significant increase in equity following equity financing activities during 2024. The gearing ratio further decreased to 12.0% as at December 31, 2025, mainly due to continued repayment of borrowings and the strengthening of our equity base, indicating a continued improvement in our capital structure and balance sheet position.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our operations expose us to certain market risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The principal objective of our risk management is to manage these risks within acceptable limits while supporting our operating and financing activities. Our exposure to market risks and the related management policies during the Track Record Period are described below.

Foreign Exchange Risk

Foreign exchange risk arises from transactions denominated in currencies other than Renminbi ("**RMB**"), primarily in connection with export sales to overseas customers and certain purchases of raw materials and equipment denominated in foreign currencies, mainly United States dollars.

During the Track Record Period, a portion of our revenue and cash balances was denominated in foreign currencies. Fluctuations in exchange rates may therefore affect our revenue, costs, operating results and cash flows when foreign-currency-denominated amounts are translated into RMB.

We did not enter into any speculative foreign exchange transactions during the Track Record Period. Our foreign exchange exposure was primarily managed through natural hedging, such as matching foreign-currency revenue with foreign-currency costs where possible. Management monitors foreign exchange exposure on an ongoing basis and may consider additional risk management measures if foreign currency exposure increases in the future.

Interest Rate Risk

Interest rate risk arises from exposure to changes in market interest rates on interest-bearing assets and liabilities, primarily bank borrowings and cash deposits.

During the Track Record Period, our interest-bearing borrowings mainly comprised short-term bank loans with floating interest rates and maturities within one year. Accordingly, changes in market interest rates may affect our finance costs and results of operations. However, our exposure to interest rate risk was relatively limited due to the short maturity profile of our borrowings and the decreasing level of borrowings during the Track Record Period.

Our cash and bank balances earn interest at floating rates based on prevailing bank deposit rates. Changes in market interest rates may therefore affect our interest income. However, given the relatively low deposit interest rates and the limited proportion of interest income relative to our overall revenue during the Track Record Period, the impact of such changes was not material.

Credit Risk

Credit risk arises from the possibility that customers or counterparties may fail to meet their obligations under contracts, resulting in financial losses.

Our credit risk is primarily attributable to trade receivables. We maintain strict credit control procedures, including customer credit assessment, credit limits, regular review of outstanding balances and close monitoring of overdue receivables. The majority of our trade receivables were aged within one year as at December 31, 2023 and 2024, and we did not experience any material deterioration in the credit quality of our receivables during the Track Record Period.

We recognize impairment losses on trade receivables in accordance with IFRS 9 using the expected credit loss model. Management considers the allowance for impairment to be adequate, having regard to historical credit loss experience, customer credit profiles, ageing analysis and forward-looking information.

Credit risk related to cash and bank balances is considered low, as such balances are deposited with creditworthy financial institutions with no recent history of default.

Liquidity Risk

Liquidity risk is the risk we may encounter difficulty in meeting its financial obligations associated with its financial liabilities as they fall due. Our primary liquidity needs arise from funding our working capital requirements, capital expenditures and repayment of borrowings. During the Track Record Period, we financed our operations primarily through a combination of cash generated from operating activities, bank borrowings and equity financing proceeds. We generated positive net cash flows from operating activities of RMB107.4 million, RMB104.3 million and RMB160.2 million for the years ended December 31, 2023, 2024 and 2025, respectively, providing a stable source of liquidity to support its operations.

As at December 31, 2023, 2024 and 2025, we recorded net current assets of RMB21.1 million, RMB534.9 million and RMB477.9 million, respectively. The significant improvement in liquidity in 2024 was primarily attributable to the receipt of proceeds from equity financing activities, including the Company's A-share listing on the Beijing Stock Exchange, as well as improved operating cash inflows. Our cash and bank balances and restricted cash amounted to RMB183.7 million, RMB531.3 million and RMB291.7 million as at December 31, 2023, 2024 and 2025, respectively. The decrease in 2025 was mainly due to investments in financial assets, capital expenditures for production expansion and dividend payments during the year.

We monitor liquidity position on an ongoing basis through cash flow forecasts and maintain sufficient cash and available banking facilities to meet its short-term and long-term funding requirements. The Directors are of the view that the Group has sufficient liquidity and financial resources to meet its present requirements and foreseeable working capital needs. We have not experienced any material liquidity difficulties, defaults or breaches of covenants during the Track Record Period.

Quantitative Market Risk Disclosure

Our exposure to market risks during the Track Record Period did not result in material volatility in our financial results. Management does not consider that reasonably possible changes in foreign exchange rates or interest rates would have had a material adverse effect on our results of operations or financial position during the Track Record Period.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at December 31, 2025, we did not have any material off-balance sheet commitments or arrangements.

During the Track Record Period and up to December 31, 2025, we did not enter into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, results of operations, liquidity, capital resources or capital expenditures.

In particular, we did not have any off-balance sheet arrangements in the form of guarantees, operating lease commitments (other than short-term or low-value leases recognized in accordance with IFRS), joint venture arrangements, structured entities, special purpose vehicles, or other similar arrangements that were not reflected in the consolidated statements of financial position.

DIVIDEND POLICY

Our dividend policy is subject to the applicable laws and regulations of the People's Republic of China, our articles of association and the discretion of our board of directors, taking into account factors such as our financial performance, cash flow position, capital requirements, future business and investment plans, statutory reserve requirements and other factors the board of directors considers relevant.

During the Track Record Period, dividends were declared and paid in accordance with applicable PRC laws and regulations and the Company's articles of association. Any declaration and payment of dividends are subject to approval by the shareholders at a general meeting.

Following our A-share listing, the Company has adopted a dividend policy that seeks to balance the provision of reasonable returns to shareholders with the need to retain sufficient funds to support business development, capital expenditure and long-term growth. In determining whether to declare dividends and the amount thereof, the board of directors will consider, among other things, the Company's profitability, operating and cash flow conditions, capital expenditure plans, financing needs and overall financial position.

	Year ended December 31,		
	2023	**2024**	**2025**
	(in RMB thousands)		
Final dividends	–	–	76,022

The final dividends of RMB5.00 per 10 shares (tax inclusive) in respect of the year ended 31 December 2024 were approved in 2024 annual general meeting on 21 April 2025. The Group had not recognised this as a liability as at 31 December 2024 but reflected as an appropriation of retained profits for the year ended 31 December 2024 during the year ended 31 December 2025. The final dividends were paid on 16 May 2025.

There can be no assurance that dividends will be declared or paid in any particular amount or at any particular time in the future. The amount of dividends payable, if any, may vary from year to year and will depend on the Company's results of operations, financial condition and other factors as determined by the board of directors.

No Material Adverse Changes

The Directors confirm that, since December 31, 2025, being the date to which the latest audited consolidated financial statements were prepared, there has been no material adverse change in our financial position, results of operations, business prospects or assets and liabilities.

Save as disclosed elsewhere in this Financial Information section, we have not experienced any material adverse developments affecting its operations, financial condition or liquidity since December 31, 2025.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly include (i) **[REDACTED]**-related expenses, such as **[REDACTED]** fees and commissions; and (ii) non-**[REDACTED]**-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total **[REDACTED]** (based on the **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** range stated in this document and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross proceeds. Among such estimated total **[REDACTED]** expenses, we expect to pay **[REDACTED]**-related expenses of HK$**[REDACTED]**, professional fees for our legal advisors and Reporting Accountants of HK$**[REDACTED]** and other fees and expenses of HK$**[REDACTED]**. An estimated amount of HK$**[REDACTED]** for our **[REDACTED]** expenses is expected to be expensed through the statement of profit or loss and the remaining amount of HK$**[REDACTED]** is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**. As of December 31, 2025, we did not incur any **[REDACTED]** expenses.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

See "Appendix II — Unaudited Pro Forma Financial Information".

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

PROPERTY VALUATION

Cushman & Wakefield Limited, an independent property valuer, has valued the Group's property interests in the PRC as at 31 January 2026. The valuation has been prepared in accordance with the HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards, and complies with the relevant requirements of the Listing Rules.

The valuer has adopted the investment method, by capitalising the rental income derived from existing tenancies with due allowance for reversionary potential, and has made reference to comparable market evidence where appropriate.

As at 31 January 2026, the total market value of the properties held by the Group in the PRC in their existing state amounted to approximately RMB140.0 million.

The Group's properties comprise (i) Kunshan Qiyuantong Industrial Park and (ii) a portion of Kunshan Wanyuantong Industrial Park, both located in Jiangsu Province, the PRC. The Group holds 100% interest in each of these properties, which are held for industrial use and generate rental income.

A reconciliation of the net book value of the Group's properties to their fair value as at January 31, 2026 is set out below:

	Industrial properties located in Kunshan City, Jiangsu Province, the PRC
	(in RMB thousands)
Net book value as of December 31, 2025	61,353
Depreciation for the period from January 1, 2026 to January 31, 2026 (unaudited)	341
Net book value as of January 31, 2026 (unaudited)	61,012
Net valuation surplus	78,988
Valuation of the properties owned by our Group as at January 31, 2026 as set out in the property valuation report in the section headed "Property Valuation" in Appendix III to this document	140,000

The valuation assumes that the properties are free from encumbrances and that the Group has valid and enforceable title with the right to use, occupy, transfer or lease the properties for the respective land use terms. No allowance has been made for any charges, pledges or taxation that may arise upon disposal.

The full text of the valuation report, including the valuation certificates and details of the properties, is set out in Appendix III to this document.