You should read the following discussion in conjunction with the consolidated financial statements and the notes thereto included in the Accountants' Report set out in Appendix I to this document, which have been prepared in accordance with HKFRS. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth in "Forward-looking Statements" and "Risk Factors." In evaluating our business, you should carefully consider the information provided in "Risk Factors" and "Business" in this document.

OVERVIEW

We are a leading provider of intelligent industrial software solutions in China. With strong commercialization capabilities, we are one of a few China-based advanced-industry intelligent manufacturing software companies to achieve profitability, according to CIC.

Our revenue increased by 74.2% from RMB286.8 million in 2023 to RMB499.7 million in 2024, and further by 46.4% to RMB731.5 million in 2025. Our adjusted profit (Non-HKFRS measure) increased significantly from RMB26.0 million in 2023 to RMB78.7 million in 2024, and further by 23.5% to RMB97.3 million in 2025.

BASIS OF PREPARATION

Our consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for each of the year ended December 31, 2023, 2024 and 2025, and the consolidated statements of financial position of our Group and the statements of financial position of our Group as of December 31, 2023, 2024 and 2025, and material accounting policy information and other explanatory information have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). All HKFRS effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income which have been measured at fair value as explained in the accounting policies as set out in note 2.3 to the Accountants' Report in Appendix I to this document. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

General Economic and Industry Trends

Our business and results of operations are subject to China's overall economic conditions and the development of intelligent industrial software market in China. As the foundation of intelligent manufacturing, industrial intelligence solutions plays an increasingly vital role, which is not only a key enabler for enterprises undergoing digital transformation, but also a core driver propelling the advancement of intelligent manufacturing in China and worldwide. In recent years, our business has benefited from the rising demand for intelligent manufacturing software in China as well as Chinese government policies promoting technological self-reliance. We are committed to capturing significant market opportunities and facilitating the domestication of intelligent manufacturing software. The market size of China's industrial software market grew from RMB197.4 billion in 2020 to RMB294.0 billion in 2024, representing a CAGR of 10.5%, and is expected to reach RMB467.0 billion by 2029, at a CAGR of 9.7%, according to CIC. Moreover, the market size of China's advanced-industry intelligent manufacturing software companies grew from RMB17.1 billion in 2020 to RMB31.0 billion in 2024, representing a CAGR of 16.1%, and is expected to reach RMB62.5 billion by 2029, at a forecast CAGR of 15.0%, according to the same source. We are the largest Chinese company among the top advanced-industry intelligent manufacturing software providers in China, in terms of industrial software revenue from advanced industries in 2024, according to the same source. We believe we are well positioned to compete and capitalize the significant intelligent manufacturing software market potential by leveraging our market position, technological prowess, accumulated experiences servicing advanced industries and diversified and expanding customer base.

Ability to Innovate Our Solutions and Strengthen Technological Prowess

To leverage opportunities created by rapidly evolving market demands and strengthen our competitive position, we view continuous innovation in our solution offerings and core technologies as imperative. This requires sustained investment in research and development, including initiatives to attract and retain top talent.

We incurred research and development expenses of RMB52.9 million, RMB60.1 million and RMB81.7 million in 2023, 2024 and 2025, respectively. Going forward, while we anticipate research and development expenses as a percentage of revenue may not increase at the same growth as our revenue, research and development expenses in absolute amounts are expected to rise as we plan to intensify efforts to deploy solutions and maintain our market position. In particular, we aim to deepen our technological capabilities in AI empowerment and accelerate AI integration into our intelligent industrial software solutions to further enhance the functionalities and efficacy of our solutions. We plan to continuously optimize and upgrade critical components of our AI capabilities. See "Future Plans and Use of [**REDACTED**]—Use of [**REDACTED**]."

Our ability to offer tailored, industry-specific solutions — particularly for semiconductor enterprises — addresses critical sector challenges and positions us strongly in the market. To further enhance our value creation capabilities, we intend to expand the applicability of our intelligent manufacturing software solutions across a broader range of industries and application scenarios, including electrification, electronics, automotive, display panels, photovoltaic, chemicals, new energy batteries, high-end equipment, metal products and biopharmaceuticals industries. While these efforts will likely raise research and development expenses, we believe they will strengthen our market position and ensure sustainable growth by solidifying our competitive edges in innovation.

Ability to Grow Our Customer Base and Deepen Existing Customer Relationships

Our long-term growth hinges partly on strengthening relationships with our customers and motivating increased spending from our customers through securing large-scale project engagements. As of December 31, 2023, 2024 and 2025, we had accumulated 357, 678 and 843 customers, respectively. These customers have played a significant role in driving our revenue growth. Our operational and financial success relies on maintaining strong ties with existing customers, their ability and willingness to sustain purchases and payments for our solutions, and our capacity to attract customers. Customer diversification also influences our revenue mix and gross profit margin. Our project-based solutions cater to customers across multiple advanced industries, each with distinct operational requirements and purchasing patterns. These variances necessitate projects tailored to specific scales, complexities, cost frameworks and implementation timelines. See "—Change in Offering Mix."

Our ability to attract customers is critical to our business. We believe our well-established sales channels and intelligent industrial software solutions enable us to capture customer demands and business opportunities. We recorded selling and marketing expenses of RMB27.6 million, RMB35.9 million and RMB51.2 million in 2023, 2024 and 2025, accounting for 9.6%, 7.2% and 7.0% of our revenue for the same years, respectively. We will prioritize directing resources toward sales and marketing initiatives that bolster brand visibility and efficiently grow our customer base. Additionally, we aim to increase average contract value by deploying specialized sales and supporting teams to identify latent needs and propose customized solutions. Leveraging our industry know-how, we proactively respond to evolving customer requirements and introduce new functionalities aligned with these demands, thereby expanding their investment with us over time.

Change in Offering Mix

Our cost structure and gross profit margin could vary between different contracts, projects, customers and use cases, as we generally offer different solutions on a project basis based on the demands of specific customers for the intelligent industrial software solutions, as well as their budget requirements. The complexity of our customer engagements materially affect our financial performance through variable resource requirements, profitability, and revenue recognition timing, which would lead to change in our gross profit margin.

In addition, changes in offering mix have affected, and may continue to affect, our financial performance, particularly our revenue growth and profitability. Our cost of sales primarily consisted of labor-related costs as well as hardware, subcontracting and external sourcing software costs. Our hardware, subcontracting and external sourcing software costs represented 35.5%, 55.8% and 62.0%, and our labor-related costs represented 57.8%, 39.2% and 33.7%, of our total cost of sales in 2023, 2024 and 2025, respectively. As such, the variations in the amount and nature of our labor-related costs and hardware, subcontracting and external sourcing software costs across projects and customers could affect our gross profit margins.

Ability to Control Costs and Improve Operational Efficiency

Our ability to effectively control our costs and expenses while achieving expected business growth is critical to our profitability. We recorded cost of sales of RMB160.7 million, RMB301.9 million and RMB471.3 million in 2023, 2024 and 2025, accounting for 56.0%, 60.4% and 64.4% of our total revenue for the same years, respectively. The fluctuation in our cost of sales as a percentage of our total revenue during the Track Record Period was primarily due to (i) the nature of our project-based business model that cost of sales varies across projects, and (ii) the expansion of our operations management software solutions, which typically had lower gross profit margins compared to our intelligent manufacturing software solutions. As we continue to scale up our business operations, we expect our cost of sales to increase in absolute terms. We also expect our cost of sales as a percentage of our total revenue to remain at relatively stable levels by leveraging our cross-selling scale of our product portfolio and accumulated industry experience, thus gradually improving our overall gross profit margin.

In addition, our business and results of operations are affected by our operating expenses. We recorded selling and marketing expenses of RMB27.6 million, RMB35.9 million and RMB51.2 million in 2023, 2024 and 2025, accounting for 9.6%, 7.2% and 7.0% of our total revenue for the same years, respectively. We recorded administrative expenses of RMB53.8 million, RMB61.2 million and RMB87.3 million in 2023, 2024 and 2025, accounting for 18.8%, 12.2% and 11.9% of our total revenue for the same years, respectively. As we expand our business, we believe we can leverage our established team and accumulated experience to improve our operational efficiency and maintain our operating expenses as a percentage of total revenue at a relatively low level.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements and the understanding of our financial condition and results of operations. We have also made certain accounting judgments and assumptions in the process of applying our accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations.

Set out below is a summary of certain material accounting policies, estimates and judgments which we believe are most important for understanding the results of operation and financial condition of us. See notes 2 and 3 to the Accountants' Report in Appendix I to this document for a detailed description of our material accounting policies, judgments and estimates.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Our revenue is primarily derived from intelligent manufacturing software solutions, operations management software solutions, and others.

- *Intelligent Manufacturing Software Solutions*. Revenue from intelligent manufacturing software solutions consists of the integrated services including software system sales, technical services and maintenance services.

- *Operations Management Software Solutions*. Revenue from operations management software solutions refers to the provision of solutions services that help customers streamline their core business processes-including finance, human resources, asset management, compliance, manufacturing, supply chain, sales, and procurement.

- *Others*. Revenue from others consists of the procurement, refurbishment, and resale of semiconductor equipment (including lithography machines and etching machines). The performance obligation is satisfied when the customers accept the products, and the revenue is recognized at a point of time.

For intelligent manufacturing software solutions and operations management solutions, our Group provides multiple deliverables to customers, including the design of solutions, and delivery of products and software. They are accounted for as a single performance obligation because our Group provides integrated products and solutions.

The revenue of integrated products and solutions is recognized at a point in time when the customers accept the products and solutions after the installation is complete or when the customers obtain the control of the products and solutions if no installation is required.

The revenue of technical personnel support services and maintenance services is recognized over time, because the customers simultaneously receive and consume the services provided by our Group over the period. The performance obligation is satisfied over time with reference to the customers' usage of services to the satisfaction of the performance obligation of the projects.

Other Income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract Liabilities

A contract liability is recognized when a payment is received, or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract by transferring control of the related goods or services to the customer.

Contract Fulfillment Costs

Other than the costs which are capitalized as property, plant and equipment, costs incurred to fulfill a contract with a customer are capitalized as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

DESCRIPTION OF MAJOR PROFIT OR LOSS LINE ITEMS

The following table sets forth a summary, for the years indicated, of our consolidated results of operations.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Revenue	**286,772**	**100.0**	**499,692**	**100.0**	**731,496**	**100.0**
Cost of sales	(160,685)	(56.0)	(301,885)	(60.4)	(471,265)	(64.4)
Gross profit	**126,087**	**44.0**	**197,807**	**39.6**	**260,231**	**35.6**
Other income, gains and losses, net	32,986	11.5	41,311	8.2	36,062	4.9
Selling and marketing expenses	(27,564)	(9.6)	(35,927)	(7.2)	(51,217)	(7.0)
Administrative expenses	(53,804)	(18.8)	(61,178)	(12.2)	(87,343)	(11.9)
Research and development expenses	(52,944)	(18.5)	(60,105)	(12.0)	(81,670)	(11.2)
Other expenses	(327)	(0.1)	(10,333)	(2.1)	(281)	(0.1)
Finance costs	(292)	(0.1)	(1,415)	(0.3)	(2,246)	(0.3)
Impairment losses on financial assets, net	(849)	(0.3)	(176)	(0.0)	(5,987)	(0.8)
Impairment losses on contract assets, net	(64)	(0.0)	(193)	(0.0)	(79)	(0.0)
Share of profits of associates	–	–	2,032	0.4	4,899	0.7
Profit before tax	**23,229**	**8.1**	**71,823**	**14.4**	**72,369**	**9.9**
Income tax credit	1,336	0.5	2,009	0.4	398	0.1
Profit for the year	**24,565**	**8.6**	**73,832**	**14.8**	**72,767**	**10.0**

Non-HKFRS Measures

To supplement our consolidated financial statements which are presented under HKFRS, we also use adjusted net profit (Non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRS. We believe that such Non-HKFRS measure facilitate comparisons of operating performance from year to year and company to company by eliminating potential impact of certain items. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit (Non-HKFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such Non-HKFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for the analysis of, our results of operations or financial condition as reported under HKFRS.

We define adjusted net profit (Non-HKFRS measure) as profit for the year adjusted for (i) share-based payment expenses and (ii) [**REDACTED**] expenses. Share-based payment expenses consisted of non-cash expenses arising from the incentive grants to eligible individuals. See note 35 to the Accountants' Report in Appendix I to this document. [**REDACTED**] expenses mainly include professional service fees incurred in relation to the [**REDACTED**] and the [**REDACTED**].

The following table sets forth a reconciliation of our profit for the year to adjusted net profit (Non-HKFRS measure) for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	**24,565**	**73,832**	**72,767**
Adjusted for:			
Share-based payment expenses	1,450	4,899	3,577
[**REDACTED**] expenses	–	–	[REDACTED]
Non-HKFRS measure:			
Adjusted net profit for the year	**26,015**	**78,731**	[REDACTED]

Revenue

During the Track Record Period, we generated revenue primarily from the provision of intelligent manufacturing software solutions and operations management software solutions to customers. We recorded total revenue of RMB286.8 million, RMB499.7 million and RMB731.5 million in 2023, 2024 and 2025, respectively. The following table sets forth a breakdown of our revenue by business line, both in absolute amount and as a percentage of our total revenue, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Intelligent manufacturing software solutions	254,017	88.6	372,919	74.6	437,012	59.7
Operations management software solutions	29,215	10.2	101,134	20.2	294,484	40.3
Others[(1)]	3,540	1.2	25,639	5.2	–	–
Total	**286,772**	**100.0**	**499,692**	**100.0**	**731,496**	**100.0**

(1) Our other business primarily included the procurement, refurbishment and resale of semiconductor equipment (including lithography machines and etching machines). While this revenue was categorized under "others" due to its relatively smaller scale compared to other revenue streams, it reflected our broader commercial efforts and was aligned with our business development strategy at the time. We proactively and temporarily suspended our standalone hardware resale business for semiconductor equipment (other than activities with software synergies) in early 2025 to evaluate a more efficient business model and to optimize the allocation of capital and management resources. Notwithstanding the foregoing, we continue to maintain semiconductor equipment-related activities that have synergies with our software solutions, including the provision of certain second-hand semiconductor equipment bundled with and integrated into our software solutions. Such activities generated revenue in 2025, which was classified under the intelligent manufacturing software solutions segment in accordance with HKFRSs.

Cost of Sales

Our cost of sales primarily consisted of (i) hardware, subcontracting and external sourcing software costs, primarily related to the hardware, software and technical services procured for our project execution; (ii) labor-related costs, primarily included salaries and bonus of our employees engaged in project implementation and technical support; and (iii) share-based payment expenses. We recorded cost of sales of RMB160.7 million, RMB301.9 million and RMB471.3 million in 2023, 2024 and 2025, accounting for 56.0%, 60.4% and 64.4% of our total revenue for the same years, respectively. The following table sets forth a breakdown of our cost of sales by nature, both in absolute amount and as a percentage of total, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Hardware, subcontracting and external sourcing software costs	57,038	35.5	168,536	55.8	292,091	62.0
Labor-related costs	92,818	57.8	118,343	39.2	159,014	33.7
Share-based payment expenses	489	0.3	2,284	0.8	1,481	0.3
Others[(1)]	10,340	6.4	12,722	4.2	18,679	4.0
Total	**160,685**	**100.0**	**301,885**	**100.0**	**471,265**	**100.0**

(1) Primarily included rental fees, provision for warranties as well as the depreciation of right-of-use assets.

The following table sets forth a breakdown of our cost of sales by business line, both in absolute amount and as a percentage of total, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
Intelligent manufacturing software solutions	138,961	86.5	206,788	68.5	247,454	52.5
Operations management software solutions	20,205	12.6	72,906	24.2	223,811	47.5
Others[(1)]	1,519	0.9	22,191	7.3	–	–
Total	**160,685**	**100.0**	**301,885**	**100.0**	**471,265**	**100.0**

(1) Our other business primarily included the procurement, refurbishment and resale of semiconductor equipment (including lithography machines and etching machines).

Gross Profit and Gross Profit Margin

Our gross profit was RMB126.1 million, RMB197.8 million and RMB260.2 million in 2023, 2024 and 2025, representing a gross profit margin of 44.0%, 39.6% and 35.6% for the same years, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Intelligent manufacturing software solutions	115,056	45.3	166,131	44.5	189,558	43.4
Operations management software solutions	9,010	30.8	28,228	27.9	70,673	24.0
Others[1]	2,021	57.1	3,448	13.4	–	–
Total	**126,087**	**44.0**	**197,807**	**39.6**	**260,231**	**35.6**

(1) Our other business primarily included the procurement, refurbishment and resale of semiconductor equipment (including lithography machines and etching machines).

Other Income, Gains and Losses, Net

Our other net income and gains primarily consisted of (i) government grants; (ii) investment income of other financial assets at amortized costs; (iii) value-added tax refund; (iv) fair value gains on financial assets at fair value through profit or loss ("**FVTPL**"), mainly relating to a minority equity investment; (v) interest income; (vi) investment income from financial assets at fair value through profit or loss; and (vii) gain on disposal of financial assets at FVTPL. Our other net income and gains amounted to RMB33.0 million, RMB41.3 million and RMB36.1 million in 2023, 2024 and 2025, respectively. See note 6 to the Accountants' Report in Appendix I to this document.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) employee benefits expenses, primarily including salaries and bonuses for our selling and marketing personnel; (ii) travel expenses; (iii) business development expenses; (iv) marketing expenses, primarily consisting of advertising and promotion expenses and costs incurred for exhibitions; and (v) share-based payment expenses. Our selling and marketing expenses were RMB27.6 million, RMB35.9 million and RMB51.2 million in 2023, 2024 and 2025, accounting for 9.6%, 7.2% and 7.0% of our revenue for the same years, respectively. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Employee benefits expenses	16,192	58.7	21,240	59.1	33,856	66.1
Travel expenses	5,522	20.0	6,606	18.4	7,663	15.0

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Business development expenses	3,230	11.7	5,055	14.1	6,224	12.2
Marketing expenses	1,908	6.9	1,218	3.4	1,498	2.9
Share-based payment expenses	106	0.4	401	1.1	403	0.8
Others[1]	606	2.3	1,407	3.9	1,573	3.0
Total	**27,564**	**100.0**	**35,927**	**100.0**	**51,217**	**100.0**

(1) Primarily included tendering and bidding expenses, office expenses and other miscellaneous expenses.

Administrative Expenses

Our administrative expenses primarily consisted of (i) employee benefits expenses, primarily including salaries and bonuses for our administrative personnel; (ii) [**REDACTED**] expenses; (iii) depreciation of right-of-use assets of our leased offices as well as property, plant and equipment, and amortization; (iv) professional service fees paid to third party professional service providers; (v) travel expenses; (vi) rental expenses, primarily consisting of short-term rental expenses and utility expenses; (vii) taxation and surcharges; and (viii) share-based payment expenses. Our administrative expenses were RMB53.8 million, RMB61.2 million RMB87.3 million in 2023, 2024 and 2025, accounting for 18.8%, 12.2% and 11.9% of our total revenue for the same years, respectively. The following table sets forth a breakdown of our administrative expenses for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Employee benefits expenses	33,793	62.8	36,432	59.6	37,249	42.7
[**REDACTED**] expenses	–	–	–	–	[REDACTED]	[REDACTED]
Depreciation and amortization	6,508	12.1	9,084	14.8	9,602	11.0
Professional service fees	3,710	6.9	2,368	3.9	5,247	6.0
Travel expenses	2,778	5.2	2,552	4.2	3,765	4.3
Rental expenses	1,794	3.3	3,828	6.3	3,765	4.3
Taxation and surcharges	2,128	4.0	2,633	4.3	1,952	2.2
Share-based payment expenses	404	0.8	900	1.5	545	0.6
Others[1]	2,689	4.9	3,381	5.4	4,306	4.9
Total	**53,804**	**100.0**	**61,178**	**100.0**	[REDACTED]	**100.0**

(1) Primarily included office expenses and other miscellaneous expenses.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefits expenses, primarily including salaries and bonuses for our R&D personnel; (ii) outsourcing research and development expenses; (iii) depreciation and amortization; and (iv) share-based payment expenses. Our research and development expenses were RMB52.9 million, RMB60.1 million and RMB81.7 million in 2023, 2024 and 2025, accounting for 18.5%, 12.0% and 11.2% of our total revenue in the same years, respectively. The following table sets forth a breakdown of our research and development expenses for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentage)					
Employee benefits expenses	50,988	96.3	53,377	88.8	71,631	87.7
Outsourcing research and development expenses	452	0.9	2,751	4.6	3,987	4.9
Depreciation and amortization	–	–	2,310	3.8	3,335	4.1
Share-based payment expenses	451	0.9	1,314	2.2	1,148	1.4
Others(1)	1,053	1.9	353	0.6	1,569	1.9
Total	**52,944**	**100.0**	**60,105**	**100.0**	**81,670**	**100.0**

(1) Primarily included travel expenses, short-term lease expenses and other miscellaneous expenses.

Other Expenses

Our other expenses primarily consisted of donations to academic institutions. We had other expenses of RMB0.3 million, RMB10.3 million and RMB0.3 million in 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs primarily consisted of interest on lease liabilities, interest on bank and other borrowings and other finance cost. We had finance costs of RMB0.3 million, RMB1.4 million and RMB2.2 million in 2023, 2024 and 2025, respectively.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets mainly represented provisions for our trade receivables and other receivables under the expected credit loss model. We had net impairment losses on financial assets of RMB0.8 million, RMB0.2 million and RMB6.0 million in 2023, 2024 and 2025, respectively.

Impairment Losses on Contract Assets, Net

Our net impairment losses on contract assets mainly represented provisions related to contract assets. We had net impairment losses on contracts assets of RMB0.1 million, RMB0.2 million and RMB0.1 million in 2023, 2024 and 2025, respectively.

Share of Profits of Associates

We recorded share of profits of associates of RMB2.0 million and RMB4.9 million in 2024 and 2025, respectively.

Income Tax Credit

We recorded income tax credit of RMB1.3 million, RMB2.0 million and RMB0.4 million in 2023, 2024 and 2025, respectively.

Mainland China

Pursuant to the PRC Enterprise Income Tax Law and related regulations, enterprises which operate in China are generally subject to corporate income tax at a statutory rate of 25% on the taxable profit. Our Company was subject to a preferential tax rate of 15% in 2023, 2024 and 2025. Certain subsidiaries of our Group are regarded as High and New Technology Enterprises ("**HNTE**") and they are subject to a preferential corporate income tax rate of 15% for three years commencing from the years when these companies were approved as HNTE. In addition, some subsidiaries of our Group are entitled to the preferential policy of small- and micro-sized enterprises, for which the applicable income tax rate is 5%. For our Group's subsidiaries that are regarded as qualified enterprises, they are entitled to a preferential treatment of two-year exemption and three-year half reduction on corporate income tax.

Hong Kong

Our subsidiary in Hong Kong is subject to Hong Kong corporate income tax rate of 16.5% on the assessable profits of the subsidiary in accordance with Hong Kong tax laws and regulations.

Malaysia

Our subsidiary in Malaysia is subject to Malaysia corporate income tax calculated based on the applicable tax rate of 24% on the assessable profits of the subsidiary in accordance with Malaysia tax laws and regulations.

Singapore

Our subsidiary in Singapore is subject to Singapore corporate income tax calculated based on the applicable tax rate of 17% on the assessable profits of the subsidiary in accordance with Singaporean tax laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

Profit for the Year

We recorded net profit of RMB24.6 million, RMB73.8 million and RMB72.8 million in 2023, 2024 and 2025, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by 46.4% from RMB499.7 million in 2024 to RMB731.5 million in 2025, primarily due to the increases in the revenue generated from intelligent manufacturing software solutions and operations management software solutions.

- *Intelligent manufacturing software solutions*. Our revenue generated from intelligent manufacturing software solutions increased by 17.2% from RMB372.9 million in 2024 to RMB437.0 million in 2025, primarily driven by the increased number of Large Value Projects delivered in relation to our intelligent manufacturing software solutions, attributable to our enhanced efforts and the continuous upgrade and iteration of our intelligent manufacturing software solutions.

- *Operations management software solutions*. Our revenue generated from operations management software solutions increased significantly from RMB101.1 million in 2024 to RMB294.5 million in 2025, primarily due to (i) the increased number of operations management software solutions projects delivered from 58 in 2024 to 136 in 2025 driven by product upgrades and enhanced sales efforts, and (ii) the larger market demand driven by enterprise digital transformation.

- *Others*. Our revenue from other business was RMB25.6 million in 2024 and nil in 2025 because we proactively suspended semiconductor equipment procurement, refurbishment and resale to reassess operating models and optimize resource allocation.

Cost of Sales

Our cost of sales increased by 56.1% from RMB301.9 million in 2024 to RMB471.3 million in 2025, primarily due to the increase in hardware, subcontracting and external sourcing software costs of RMB123.6 million, mainly driven by increased subcontracting of technical services to meet strong demand for operations management software solutions in 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 31.6% from RMB197.8 million in 2024 to RMB260.2 million in 2025. Our gross profit margin decreased from 39.6% in 2024 to 35.6% in 2025, primarily due to the increase in the proportion of our revenue from the operations management software solutions, which had a lower gross profit margin as compared to intelligent manufacturing software solutions.

- *Intelligent manufacturing software solutions*. Our gross profit margin for intelligent manufacturing software solutions remained relatively stable at 44.5% in 2024 and 43.4% in 2025.

- *Operations management software solutions*. Our gross profit margin for operations management software solutions decreased from 27.9% in 2024 to 24.0% in 2025, primarily due to the lower gross profit margins of certain large-scale projects undertaken for major customers.

- *Others*. Our gross profit margin for other business was 13.4% in 2024 and nil in 2025.

Other Income, Gains and Losses, Net

Our other net income and gains decreased by 12.7% from RMB41.3 million in 2024 to RMB36.1 million in 2025, primarily due to the decrease in interest income from bank deposits. See note 6 to the Accountants' Report in Appendix I to this document.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 42.6% from RMB35.9 million in 2024 to RMB51.2 million in 2025, primarily due to an increase in employee benefits expenses of RMB12.6 million from the expansion of our selling and marketing personnel in 2025, driven by our business growth.

Administrative Expenses

Our administrative expenses increased by 42.8% from RMB61.2 million in 2024 to RMB87.3 million in 2025, primarily due to an increase in [**REDACTED**] expenses of RMB[**REDACTED**] in preparation of our [**REDACTED**].

Research and Development Expenses

Our research and development expenses increased by 35.9% from RMB60.1 million in 2024 to RMB81.7 million in 2025, primarily due to an increase in employee benefits expenses of RMB18.3 million, as a result of the expansion of our R&D team driven by our business growth.

Other Expenses

Our other expenses amounted to RMB10.3 million in 2024 and RMB0.3 million in 2025, primarily due to the donations to academic institutions in 2024.

Finance Costs

Our finance costs remained relatively stable at RMB1.4 million in 2024 and RMB2.2 million in 2025.

Impairment Losses on Financial Assets, Net

We recognized net impairment losses on financial assets of RMB0.2 million in 2024 and RMB6.0 million in 2025, primarily due to (i) an increase in our trade receivables of over one year, and (ii) an increase in trade receivables driven by our business growth.

Impairment Losses on Contract Assets, Net

We recognized net impairment losses on contract assets of RMB0.2 million in 2024 and RMB0.1 million in 2025.

Share of Profits of Associates

We recorded share of profits of associates of RMB2.0 million in 2024 and RMB4.9 million in 2025.

Income Tax Credit

We recorded an income tax credit of RMB2.0 million in 2024 and RMB0.4 million in 2025.

Profit for the Year

As a result of the foregoing, our net profit remained relatively stable at RMB73.8 million in 2024 and RMB72.8 million in 2025.

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

Revenue

Our revenue increased by 74.2% from RMB286.8 million in 2023 to RMB499.7 million in 2024, primarily due to the increases in the revenue generated from intelligent manufacturing software solutions and operations management software solutions.

- *Intelligent manufacturing software solutions*. Our revenue generated from intelligent manufacturing software solutions increased by 46.8% from RMB254.0 million in 2023 to RMB372.9 million in 2024, primarily due to (i) the increased number of customers and projects acquired, driven by our enhanced efforts to expand customer base and continuous upgrade and iteration of our solutions; and (ii) the increase in the number of projects delivered from 345 in 2023 to 505 in 2024 relating to intelligent manufacturing software solutions, supported by our enhanced project execution capabilities and refined delivery efficiency.

- *Operations management software solutions*. Our revenue generated from operations management software solutions increased significantly from RMB29.2 million in 2023 to RMB101.1 million in 2024, primarily due to (i) the increase in the number of projects delivered from 12 in 2023 to 58 in 2024 relating to operations management software solutions; and (ii) the acquisition of Beijing Zhi Yang in 2024, which mainly engaged the provision of operations management software solutions.

- *Others*. Our revenue generated from other business increased significantly from RMB3.5 million in 2023 to RMB25.6 million in 2024, primarily due to the increase in the revenue from the sales of semiconductor equipment.

Cost of Sales

Our cost of sales increased significantly from RMB160.7 million in 2023 to RMB301.9 million in 2024, primarily due to the increase in hardware, subcontracting and external sourcing software costs of RMB111.5 million and labor-related costs of RMB25.5 million, driven by (i) the increase in the number of projects delivered relating to our intelligent manufacturing software solutions and operations management software solutions; and (ii) the expansion of our project execution and application team along with our business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 56.9% from RMB126.1 million in 2023 to RMB197.8 million in 2024. Our gross profit margin decreased from 44.0% in 2023 to 39.6% in 2024, mainly due to the change in gross profit margin of our business lines as set out below.

- *Intelligent manufacturing software solutions*. Our gross profit margin for intelligent manufacturing software solutions decreased from 45.3% in 2023 to 44.5% in 2024, primarily due to (i) our implementation of competitive pricing to acquire strategic and reputable customers, in response to the intensified market competition in the intelligent manufacturing software solutions industry in China; and (ii) increased proportions of hardware subcontracted and external software sourced, which entailed relatively lower gross profit margins as compared to our in-house developed software.

- *Operations management software solutions*. Our gross profit margin for operations management software solutions decreased from 30.8% in 2023 to 27.9% in 2024, primarily due to the increased labor-related cost, driven by expansion of application team along with our business expansion.

- *Others*. Our gross profit margin for other business decreased from 57.1% in 2023 to 13.4% in 2024, primarily due to the fulfillment of a single large-scale order of semiconductor equipment that entailed a relatively lower gross profit margin.

Other Income, Gains and Losses, Net

Our other net income and gains increased by 25.2% from RMB33.0 million in 2023 to RMB41.3 million in 2024, primarily due to (i) the increase in fair value gains on financial assets at FVTPL from nil in 2023 to RMB7.0 million in 2024, primarily in relation to the unlisted investments; and (ii) the increase in interest income of other financial assets at amortized cost from nil in 2023 to RMB4.8 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 30.3% from RMB27.6 million in 2023 to RMB35.9 million in 2024, primarily due to (i) an increase in employee benefits expenses of RMB5.0 million, driven by the expansion of our selling and marketing personnel in 2024; and (ii) an increase in travel expenses of RMB1.1 million and an increase in business development expenses of RMB1.8 million, driven by our business growth.

Administrative Expenses

Our administrative expenses increased by 13.7% from RMB53.8 million in 2023 to RMB61.2 million in 2024, primarily due to (i) an increase in depreciation and amortization of RMB2.6 million; (ii) an increase in employee benefits expenses of RMB2.6 million, as a result of expansion of our administrative team along with our business expansion; and (iii) an increase in rental expenses of RMB2.0 million mainly in relation to the short-term leases for our on-site administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 13.5% from RMB52.9 million in 2023 to RMB60.1 million in 2024, primarily due to (i) an increase in employee benefits expenses of RMB2.4 million, as a result of the expansion of our R&D team driven by our business growth; and (ii) an increase in depreciation and amortization of RMB2.3 million, as a result of the amortization of certain software we purchased in 2024.

Other Expenses

We recognized other expenses of RMB0.3 million in 2023 and RMB10.3 million in 2024. The other expenses incurred in 2024 was primarily related to our donations to a middle school in Hunan province and a university in Qinghai province.

Finance Costs

Our finance costs increased from RMB0.3 million in 2023 to RMB1.4 million in 2024, primarily due to (i) the recognition of interest expenses on lease liabilities arising from new lease contracts entered into in 2024; and (ii) interest expenses incurred on bank and other borrowings.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets decreased by 79.3% from RMB0.8 million in 2023 to RMB0.2 million in 2024, primarily due to a decrease in impairment losses on other receivables of RMB0.6 million as the original value of other receivables decreased significantly.

Impairment Losses on Contract Assets, Net

Our net impairment losses on contract assets remained relatively stable at RMB0.1 million in 2023 and RMB0.2 million in 2024.

Share of Profits of Associates

We recorded share of profits of associates of nil in 2023 and RMB2.0 million in 2024, mainly representing the profits that we recognized by our associate, namely Shanghai Xinli.

Income Tax Credit

We recorded an income tax credit of RMB1.3 million in 2023 and an income tax credit of RMB2.0 million in 2024. The income tax credit in 2024 was primarily (i) attributable to the recognition of deferred income tax credit of RMB2.4 million and (ii) because the pre-tax profit generated in 2024 was fully offset by brought forward tax losses.

Profit for the Year

As a result of the foregoing, our net profit increased from RMB24.6 million in 2023 to RMB73.8 million in 2024.

DISCUSSION OF MAJOR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
NON-CURRENT ASSETS			
Property, plant and equipment	8,539	13,108	181,683
Right-of-use assets	16,663	10,475	102,534
Goodwill	208,524	253,279	311,010
Other intangible assets	12,129	73,429	71,391
Investment in associates	–	74,700	79,599
Other financial assets at amortized cost	–	311,954	82,653
Financial assets at fair value through profit and loss	–	20,154	140,950
Equity investments designated at fair value through other comprehensive income	9,106	10,000	4,277
Deferred tax assets	14,884	17,262	18,668
Total non-current assets	**269,845**	**784,361**	**992,765**

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
CURRENT ASSETS			
Inventories	159,077	101,807	76,769
Trade and bills receivables	81,434	199,153	339,164
Contract assets	9,014	15,187	25,371
Other financial assets at amortized cost	–	298,717	449,890
Prepayments, other receivables and other assets	72,088	25,934	41,060
Financial assets at fair value through profit or loss	10,000	17,040	145,076
Restricted cash	779	30,295	13,559
Cash and cash equivalents	823,064	135,429	408,026
Time Deposits	–	–	280,020
Total current assets	**1,155,456**	**823,562**	**1,778,935**
CURRENT LIABILITIES			
Trade and bills payables	21,237	70,836	192,716
Other payables and accruals	46,505	64,488	131,596
Contract liabilities	102,046	93,958	71,412
Interest-bearing bank and other borrowings	–	48,710	97,059
Lease liabilities	5,194	5,097	3,150
Tax payable	955	875	15
Provision	9,164	11,147	13,566
Total current liabilities	**185,101**	**295,111**	**509,514**
NET CURRENT ASSETS	**970,355**	**528,451**	**1,269,421**
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,240,200**	**1,312,812**	**2,262,186**
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	–	–	89,466
Lease liabilities	12,022	5,974	2,746
Deferred tax liabilities	903	880	843
Other payables and accruals	–	–	8,076
Total non-current liabilities	**12,925**	**6,854**	**101,131**
NET ASSETS	**1,227,275**	**1,305,958**	**2,161,055**
EQUITY			
Equity attributable to owners of the parent			
Paid in capital/Share capital	375,479	375,479	429,666
Reserves	843,567	920,188	1,715,304
Non-controlling interests	8,229	10,291	16,085
Total equity	**1,227,275**	**1,305,958**	**2,161,055**

Property, Plant and Equipment

Our property, plant and equipment consisted of construction in progress, buildings, electronic equipment, leasehold improvements, motor vehicles and furniture and fixtures during the Track Record Period. See note 15 to the Accountants' Report in Appendix I to this document.

Our property, plant and equipment increased by 53.5% from RMB8.5 million as of December 31, 2023 to RMB13.1 million as of December 31, 2024, primarily due to an increase in construction in progress of RMB5.3 million, as a result of the commencement of the construction of our R&D center in Shanghai.

Our property, plant and equipment increased significantly from RMB13.1 million as of December 31, 2024 to RMB181.7 million as of December 31, 2025, primarily due to (i) an increase in construction in progress of RMB136.7 million as a result of the construction of our R&D center in Shanghai; and (ii) an increase in buildings of RMB34.3 million as a result of our acquisition of our office premises located in Suzhou.

Right-of-Use Assets

Our right-of-use assets during the Track Record Period represented (i) our leasehold properties used primarily as our offices, and (ii) our land use rights. See note 16 to the Accountants' Report in Appendix I to this document.

Our right-of-use assets decreased by 37.1% from RMB16.7 million as of December 31, 2023 to RMB10.5 million as of December 31, 2024, primarily due to the change of the leased area of our leased properties in response to evolving business needs and to optimize operational efficiency, as well as the depreciation of our right-of-use assets.

Our right-of-use assets increased significantly from RMB10.5 million as of December 31, 2024 to RMB102.5 million as of December 31, 2025, primarily due to the acquisition of land use right for the construction of our R&D center in Shanghai.

Goodwill

Our goodwill arose from our acquisition of various companies. See note 37 to the Accountants' Report set out in Appendix I to this document.

Our goodwill increased by 21.5% from RMB208.5 million as of December 31, 2023 to RMB253.3 million as of December 31, 2024 as a result of our acquisitions of Hangzhou Guan Tian, Suzhou Vida and Beijing Zhi Yang in 2024.

Our goodwill increased by 22.8% from RMB253.3 million as of December 31, 2024 to RMB311.0 million as of December 31, 2025, primarily due to our acquisition of Beijing Huiliu and the acquisition of the business of Beijing Guoxin Power Source Technology Development Co., Ltd. in 2025. See note 37 to the Accountants' Report in Appendix I to this document.

Goodwill acquired through business combinations is allocated to two cash-generating units ("**CGUs**") for impairment testing, which are intelligent manufacturing software solutions CGU and operations management software solutions CGU.

The recoverable amount of the intelligent manufacturing software solutions CGU has been determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. As of December 31, 2023, 2024 and 2025, the discount rates applied to the cash flow projections are 13.55%, 13.34% and 12.80%; the growth rates used to extrapolate the cash flows beyond the five-year period are 1.48%, 1.48% and 1.48% which were estimated based on Oxford Economics forecast for China's forward consumer price index ("**CPI**"), respectively.

The recoverable amount of the operations management software solutions CGU has been determined based on value in use calculations using cash flow projections based on financial budgets covering a five-year period approved by senior management. As of December 31, 2023, 2024 and 2025, the discount rates applied to the cash flow projections are 14.67%, 14.70% and 13.50%; the growth rates used to extrapolate the cash flows beyond the five-year period are 1.48%, 1.48% and 1.48% which were estimated based on Oxford Economics' forecast for China's forward CPI, respectively.

Assumptions were used in the value in use calculation of the CGUs. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill with an indefinite useful life. The compound revenue growth rate is estimated based on the historical sales data and management's expectation of market outlook. The gross profit margin rate is estimated by reference to the gross margin rate achieved in prior year, with due consideration given to the expected efficiency improvements and expected market development. The discount rates used are before tax and reflect specific risks relating to the relevant units. The forecasted terminal growth rate is based on management's expectations and does not exceed the long-term average growth rate for the industry relevant to the CGUs. The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

The carrying amount of goodwill allocated to each CGU is set forth below.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Carrying amount of goodwill			
Intelligent manufacturing software solutions CGU	197,721	220,224	220,224
Operation management software solutions CGU	10,803	33,055	90,786
Total	**208,524**	**253,279**	**311,010**

Intelligent Manufacturing Software Solutions CGU

The key assumptions used in the value in use calculation of the intelligent manufacturing software solutions CGU are set forth below.

	As of December 31,		
	2023	2024	2025
		(%)	
Compounded revenue growth rates	19.39	11.82	11.03
Gross profit margin rate	44.63-46.72	45.65-46.72	43.91-45.44
Pre-tax discount rate	13.55	13.34	12.80
Terminal growth rate	1.48	1.48	1.48

The compounded revenue growth rates in 2023, 2024 and 2025 were primarily driven by the expected growth of revenue resulting from our business expansion.

Operation Management Software Solutions CGU

The key assumptions used in the value in use calculation of the operations management software solutions CGU are set forth below.

	As of December 31,		
	2023	**2024**	**2025**
		(%)	
Compounded revenue growth rates	42.67	19.25	12.92
Gross profit margin rate	14.07	14.07	15.00
Pre-tax discount rate	14.67	14.70	13.50
Terminal growth rate	1.48	1.48	1.48

The compounded revenue growth rates in 2023, 2024 and 2025 were primarily driven by the expected growth of revenue resulting from our business expansion.

Other Intangible Assets

Our other intangible assets mainly included software and membership interests. Intangible assets were stated at cost less accumulated amortization. Our other intangible assets increased significantly from RMB12.1 million as of December 31, 2023 to RMB73.4 million as of December 31, 2024, mainly due to the additional software we purchased in 2024 to further expand our product portfolio and enhance our competitiveness. Our other intangible assets remained relatively stable at RMB71.4 million as of December 31, 2025.

Investment in Associates

We started to record investment in associates in 2024, mainly relating to Shanghai Xinli. We recorded investment in associates of RMB74.7 million and RMB79.6 million as of December 31, 2024 and 2025, respectively.

Other Financial Assets at Amortized Cost

The other financial assets mainly represented certificates of deposits held by us, which we started to purchase in 2024.

The non-current portion of our other financial assets decreased from RMB312.0 million as of December 31, 2024 to RMB82.7 million as of December 31, 2025, primarily due to the reclassification of RMB270.0 million from the non-current portion in 2024 to the current portion in 2025.

The current portion of our other financial assets increased from RMB298.7 million as of December 31, 2024 to RMB449.9 million as of December 31, 2025, primarily due to (i) the reclassification of RMB270.0 million as mentioned above and (ii) the purchase of two certificates of deposits of RMB160.0 million in total in 2025, partially offset by the maturity of all current certificates of deposits that were existing in 2024.

Current Assets and Liabilities

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

	As of December 31,			As of January 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Current assets				
Trade and bills receivables	81,434	199,153	339,164	352,216
Inventories	159,077	101,807	76,769	86,417
Cash and cash equivalents	823,064	135,429	408,026	360,253
Prepayments, other receivables and other assets	72,088	25,934	41,060	90,314
Other financial assets at amortized cost	–	298,717	449,890	450,744
Financial assets at fair value through profit or loss	10,000	17,040	145,076	140,249
Contract assets	9,014	15,187	25,371	25,172
Restricted cash	779	30,295	13,559	23,383
Time deposits	–	–	280,020	280,321
Total current assets	**1,155,456**	**823,562**	**1,778,935**	**1,809,069**
Current liabilities				
Contract liabilities	102,046	93,958	71,412	84,073
Other payables and accruals	46,505	64,488	131,596	76,165
Trade and bills payables	21,237	70,836	192,716	266,070
Interest-bearing bank and other borrowings	–	48,710	97,059	97,078
Provision	9,164	11,147	13,566	13,503
Tax payable	955	875	15	15
Lease liabilities	5,194	5,097	3,150	3,354
Total current liabilities	**185,101**	**295,111**	**509,514**	**540,258**
Net current assets	**970,355**	**528,451**	**1,269,421**	**1,268,811**

Our net current assets remained relatively stable at RMB1,269.4 million as of December 31, 2025 and RMB1,268.8 million as of January 31, 2026, primarily due to (i) a decrease in cash and cash equivalents of RMB47.8 million; (ii) an increase in trade and bills payables of RMB73.4 million; and (iii) an increase in contract liabilities of RMB12.7 million, partially offset by (i) an increase in prepayments, other receivables and other assets of RMB49.3 million; and (ii) a decrease in other payables and accruals of RMB55.4 million.

Our net current assets increased from RMB528.5 million as of December 31, 2024 to RMB1,269.4 million as of December 31, 2025, primarily due to (i) an increase in time deposits of RMB280.0 million, (ii) an increase in cash and cash equivalents of RMB272.6 million, (iii) an increase in financial assets at amortized cost of RMB151.2 million, (iv) an increase in trade and bills receivables of RMB140.0 million and (v) an increase in financial assets at fair value through profit or loss of RMB128.0 million, partially offset by an increase in trade and bill payables of RMB121.9 million.

Our net current assets decreased from RMB970.4 million as of December 31, 2023 to RMB528.5 million as of December 31, 2024, primarily due to (i) a decrease in cash and cash equivalents of RMB687.6 million; (ii) a decrease in inventories of RMB57.3 million; (iii) a decrease in prepayments, other receivables and other assets of RMB46.2 million; (iv) an increase in trade and bills payables of RMB49.6 million; and (v) an increase in interest-bearing bank and other borrowings of RMB48.7 million, partially offset by (i) an increase in trade and bill receivables of RMB117.7 million; and (ii) an increase in other financial assets at amortized cost of RMB298.7 million.

Inventories

Our inventories consisted of (i) contract fulfillment costs, (ii) purchased hardware and components, and (iii) goods, mainly comprising semiconductor equipment for sale during the Track Record Period. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Contract fulfillment costs	105,227	98,266	73,715
Purchased hardware and components	1,473	3,541	3,054
Goods	52,377	–	–
Total	**159,077**	**101,807**	**76,769**

Our inventories decreased by 36.0% from RMB159.1 million as of December 31, 2023 to RMB101.8 million as of December 31, 2024, primarily due to (i) a decrease in goods of RMB52.4 million, as RMB22.2 million worth of semiconductor equipment was sold in 2024, resulting in a corresponding cost of sales of RMB22.2 million, and the remaining inventory balance of semiconductor equipment of RMB30.2 million was subsequently disposed of together with the disposal of our subsidiary which engaged in selling semiconductor equipment, while the reduction in our inventory balance of semiconductor equipment resulting from the disposal of the subsidiary was not recognized as any cost of sales; and (ii) a decrease in contract fulfillment costs of RMB7.0 million, as a result of the completion of large-scale projects that had not yet been accepted by the end of 2023.

Our inventories decreased by 24.6% from RMB101.8 million as of December 31, 2024 to RMB76.8 million as of December 31, 2025, primarily due to a decrease in contract fulfillment costs of RMB24.6 million, primarily attributable to the completion of several major projects in 2025.

Our inventory turnover days decreased from 288 days in 2023 to 166 days in 2024 and further to 71 days in 2025, primarily due to the significant increase in our costs of sales and decrease in our inventories level driven by the completion of several major projects as mentioned above.

The following table sets forth the number of our inventory (before net of impairment) turnover days for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
		(days)	
Inventory (before net of impairment) turnover days[1]	288	166	71

(1) Inventory (before net of impairment) turnover days are equal to the average balance of inventory (before net of impairment) at the beginning and the end of the relevant year divided by cost of sales for such year and multiplied by 360 days for the year ended December 31, 2023, 2024 and 2025.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	142,552	88,616	67,648
One to two years	15,139	10,677	5,122
Two to three years	1,386	1,638	3,446
Over three years	–	876	553
Total	**159,077**	**101,807**	**76,769**

As of January 31, 2026, RMB0.5 million, or approximately 0.6%, of our inventories as of December 31, 2025 had been subsequently consumed or sold.

Some of our inventories were impaired during the Track Record Period. We regularly assessed the net realizable value of our inventories and on-hand orders at each reporting date, based on estimated selling prices and expected costs for completion and disposal. For projects expected to incur losses, we made appropriate provisions for inventory write-downs and related liabilities.

Trade and Bills Receivables

Our trade and bills receivables primarily represented receivables due from our customers of intelligent manufacturing software solutions and operations management software solutions. The following table sets forth the details of our net trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade receivables	79,563	199,387	345,469
Bills receivables	3,232	1,652	1,477
Impairment	(1,361)	(1,886)	(7,782)
Trade and bill receivables, net	**81,434**	**199,153**	**339,164**

Our net trade and bills receivables increased significantly from RMB81.4 million as of December 31, 2023 to RMB199.2 million as of December 31, 2024, primarily resulting from the acceptance of certain large-scale projects in the fourth quarter of 2024 for which payment had not yet been received. Our trade and bills receivables further increased significantly to RMB339.2 million as of December 31, 2025, primarily (i) due to the acceptance of certain projects in relation to intelligent manufacturing software solutions in 2025 for which payment had not yet been received, attributable to the respective customers' prolonged settlement cycle; (ii) due to an increase in trade receivables from operating management solutions as we granted certain large customers longer credit term; and (iii) because some projects were completed in the fourth quarter of 2025 and had not reached the payment due date as of December 31, 2025.

Our trading terms with our customers are mainly on credit. The credit periods we granted during the Track Record Period typically ranged from 30 to 180 days.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	76,500	185,807	291,333
Over one year but within two years	1,541	11,654	43,696
Over two years but within three years	161	40	2,658
Total	**78,202**	**197,501**	**337,687**

The following table sets forth a breakdown of our trade receivables (before net of impairment) by business line as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Intelligent manufacturing software solutions	53,491	129,786	199,370
Operations management software solutions	26,072	69,601	146,099
Total	**79,563**	**199,387**	**345,469**

The following table sets forth a breakdown of our trade receivables (before net of impairment) by type of customers as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
SOEs	53,941	119,610	227,903
Private enterprises	17,676	68,375	106,215
Foreign-owned enterprises	7,946	11,402	11,351
Total	**79,563**	**199,387**	**345,469**

The following table sets forth the number of (i) our trade and bills receivables (before net of impairment) turnover days and (ii) our trade receivables (before net of impairment) turnover days by business line for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills receivables (before net of impairment) turnover days[1]	74	102	135
Trade receivables (before net of impairment) turnover days[1]			
Intelligent manufacturing software solutions	*62*	*88*	*136*
Operations management software solutions	*164*	*170*	*132*

(1) Trade and bills receivables, or trade receivables, (before net of impairment) turnover days are equal to the average balance of trade and bills receivables, or trade receivables, (before net of impairment) at the beginning and the end of the relevant year divided by revenue for such year and multiplied by 360 days for the year.

Our trade and bills receivables (before net of impairment) turnover days increased from 74 days in 2023 to 102 days in 2024 and further increased to 135 days in 2025, primarily because (i) we granted major customers longer credit terms, as a result of the intensified competition in the industrial software solutions market; (ii) we had a higher balance of trade and bills receivables, resulting from the acceptance of certain Large Value Projects and our increased involvement in providing operations management software solutions, which had a longer payment cycle of typically three months to six months. Operations management software solutions had a longer payment cycle because we mainly provided operations management software solutions to SOEs, and the collection of payment from them usually took longer.

Our senior management regularly reviews our overdue balances. We also designate specialized sales and operation and maintenance personnel to monitor project progress and maintain close contact with our customers. Our sales and marketing personnel actively monitors customers' payment status and follows up regularly to recover overdue balances, with increased communication efforts directed toward long-outstanding accounts. For customers who continue to withhold payment despite repeated reminders, we may consider suspending further business dealings or pursuing legal action as necessary. We have reasonably estimated the credit impairment loss rate and made corresponding provisions for impairment losses on trade and bills receivables.

As of January 31, 2026, RMB24.6 million, or approximately 7.1%, of our trade receivables (before net of impairment) as of December 31, 2025, had been settled.

Contract Assets

Our contract assets primarily related to retention money withheld by customers. For contracts with warranty, we typically permit customers to retain 5% to 10% of the contract price until the expiration of the complimentary warranty period. The complimentary warranty retention period is typically one year. These amounts are included in contract assets until the end of the warranty retention period as our entitlement to these final payments are conditional on our projects being functioning properly during such period.

Our contracts assets increased by 68.5% from RMB9.0 million as of December 31, 2023 to RMB15.2 million as of December 31, 2024 and further increased by 67.1% to RMB25.4 million as of December 31, 2025, generally in line with the revenue growth from 2023 to 2025.

As of January 31, 2026, RMB0.2 million, or approximately 0.8%, of our contract assets as of December 31, 2025, had been certified.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consisted of prepayments, deductible input value-added tax, deposits, amount due from non-controlling shareholders of the Group's subsidiaries, receivables from disposal of financial assets and other receivables and other assets during the Track Record Period. See note 25 to the Accountants' Report in Appendix I to this document.

Our prepayments, other receivables and other assets decreased by 64.0% from RMB72.1 million as of December 31, 2023 to RMB25.9 million as of December 31, 2024, primarily (i) because the receivables from disposal of financial assets had been fully settled by the relevant party; (ii) due to a decrease in prepayments of RMB12.7 million, mainly attributable to the suspension of semiconductor equipment procurement in 2024; and (iii) due to a decrease in the amount due from non-controlling shareholders of certain subsidiaries of RMB7.4 million, as we disposed of the respective subsidiaries in 2024 and the amount was derecognized accordingly.

Our prepayments, other receivables and other assets increased by 58.3% from RMB25.9 million as of December 31, 2024 to RMB41.1 million as of December 31, 2025, primarily due to (i) an increase in prepayments of RMB13.0 million, mainly attributable to the prepayments for purchase of software, hardware and related implementation services which are used in conjunction with our own solutions and the prepayments for [**REDACTED**] expenses; and (ii) an increase in the amount due from non-controlling shareholders of a subsidiary of RMB4.9 million in relation to the capital increase of that subsidiary.

As of January 31, 2026, RMB9.2 million, or approximately 22.2%, of our prepayments, other receivables and other assets as of December 31, 2025, had been settled.

Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss primarily consisted of structured deposits, wealth management products and other unlisted investments at fair value. Our financial assets at fair value through profit or loss increased significantly from RMB10.0 million as of December 31, 2023 to RMB37.2 million as of December 31, 2024, primarily due to the increase in new equity investments. Our financial assets at fair value through profit or loss further increased significantly to RMB286.0 million as of December 31, 2025, primarily due to (i) the purchase of structured deposits of RMB110.1 million and the purchase of wealth management products at fair value of RMB35.0 million and (ii) the new equity investment in Shanghai Xindi Digital Technology Co,. Ltd. (上海新迪數字技術有限公司) of RMB100.0 million.

We adopt a principal protection strategy for our investments in structured products, and we expect our investment strategy to remain unchanged in the future. Before purchasing any structured products, the treasury team of our finance department seeks approval from our chief financial officer. The treasury team conducts risk assessments for our investments in structured products, and tracks the maturity status of the structured products. As of the Latest Practicable Date, the Board authorized our senior management to approve purchases of highly liquid, low-risk structured products up to RMB750.0 million. The Board also assigns dedicated personnel to monitor the progress and safety of our investments in structured products. Our investments in structured products after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Time Deposits

Our time deposits were nil, nil and RMB280.0 million as of December 31, 2023, 2024 and 2025, respectively. We placed time deposits in 2025 to optimize our funds utilization.

Trade and Bills Payables

Our trade and bills payables primarily consisted of payables for the procurement of raw materials. The following table sets forth the details of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade payables	21,237	24,907	116,578
Bills payables	–	45,929	76,138
Trade and bills payables	**21,237**	**70,836**	**192,716**

Our trade and bills payables increased significantly from RMB21.2 million as of December 31, 2023 to RMB70.8 million as of December 31, 2024, primarily due to an increase in bills payable of RMB45.9 million as we commenced settling purchases with suppliers through the issuance of bank acceptance bills and letters of guarantee.

Our trade and bills payables increased significantly from RMB70.8 million as of December 31, 2024 to RMB192.7 million as of December 31, 2025, primarily (i) due to a surge in procurement volume in 2025 due to business expansion; (ii) due to an increase in settling purchases with suppliers through the issuance of bank acceptance bills; and (iii) because we entered into certain large procurement transactions near the end of 2025 and had not reached the payment due date.

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	19,811	66,207	186,153
Over one year but within two years	1,362	3,320	4,235
Over two years but within three years	64	1,245	1,702
Over three years	–	64	626
Total	**21,237**	**70,836**	**192,716**

Most of our trade and bills payables recognized during the Track Record Period had a credit term of within one year or were repayable on demand within one year.

The following table sets forth our trade payables turnover days and bills payables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
		(days)	
Trade payables turnover days(1)	36	28	54
Bills payables turnover days(1)	–	27	47
Trade and bills payables turnover days(1)	**36**	**55**	**101**

(1) Equal to the average balance of trade or bills payables, or trade and bills payables, at the beginning and the end of the relevant year divided by cost of sale for such year and multiplied by 360 days for the year ended December 31, 2023, 2024 and 2025.

Our trade and bills payables turnover days increased from 36 days in 2023 to 55 days in 2024, primarily because we began using bank acceptance bills to settle payments in 2024, which led to an increase in the average balances of trade and bills payables. Our trade and bills payables turnover days further increased to 101 days in 2025, primarily attributable to an increase in the average balances of trade and bills payables in 2025 as discussed above.

As of January 31, 2026, RMB40.9 million, or approximately 35.1% of our trade payables as of December 31, 2025, had been settled.

Other Payables and Accruals

Our other payables and accruals consisted of construction payables, other payables, payables for acquisition of non-controlling interests, payroll and welfare payables, other tax payables and payables for business acquisitions during the Track Record Period. See note 29 to the Accountants' Report in Appendix I to this document.

Our other payables and accruals increased by 38.7% from RMB46.5 million as of December 31, 2023 to RMB64.5 million as of December 31, 2024, primarily due to the increase in other payables mainly because of (i) our purchase of certain software source code; and (ii) a donation to academic institutions. Our other payables and accruals further increased significantly to RMB139.7 million as of December 31, 2025, primarily due to (i) the recognition of construction payables of RMB30.2 million in relation to a new R&D center; (ii) the purchase of minority shareholders' equity interest in Suzhou Vida of RMB23.7 million; and (iii) the acquisition of the business of Beijing Guoxin Power Source Technology Development Co., Ltd. with RMB7.8 million in the current portion and RMB8.1 million in the non-current portion of our payables for business acquisitions.

As of January 31, 2026, RMB68.4 million, or approximately 49.0%, of our other payables and accruals as of December 31, 2025, had been settled.

Contract Liabilities

Our contract liabilities decreased by 7.9% from RMB102.0 million as of December 31, 2023 to RMB94.0 million as of December 31, 2024 and further decreased by 24.0% to RMB71.4 million as of December 31, 2025, primarily due to the completion of certain projects with relatively higher contract liabilities in 2024 and 2025, for which the respective contract liabilities were recognized as revenue. See note 30 to the Accountants' Report in Appendix I to this document.

As of January 31, 2026, RMB0.7 million, or approximately 1.0%, of our contract liabilities as of December 31, 2025, had been recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period and up to the Latest Practicable Date, we financed our operations primarily through cash from operating activities, bank and other borrowings and equity financing. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB823.1 million, RMB135.4 million and RMB408.0 million, respectively. As of January 31, 2026, we had unutilized bank facilities of RMB402.7 million. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash from our operating activities, bank and other borrowings, the estimated net [**REDACTED**] from the [**REDACTED**] and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, our Directors are of the view that our available cash and cash equivalents, the current portion of other financial assets at amortized cost, bank loans and credit facilities, and the estimated net [**REDACTED**] from the [**REDACTED**], and in the absence of unseen circumstance, will be sufficient to meet our present and anticipated cash requirements for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows (used in)/from operating activities	(88,263)	41,345	65,199
Net cash flows used in investing activities	(60,188)	(759,035)	(716,445)
Net cash flows from financing activities	256,069	29,470	923,925
Net increase/(decrease) in cash and cash equivalents	**107,618**	**(688,220)**	**272,679**
Cash and cash equivalents at beginning of the year	715,285	823,064	135,429
Effect of foreign exchange rate changes, net	161	585	(82)
Cash and cash equivalents at end of the year	**823,064**	**135,429**	**408,026**

Net Cash Flows (Used in)/from Operating Activities

Net cash (used in)/from operating activities primarily comprised our profit before tax for the year adjusted by: (i) non-cash and non-operating items; and (ii) changes in working capital.

Net cash flows from operating activities were RMB65.2 million in 2025, primarily due to profit before tax of RMB72.4 million plus the interest received of RMB1.8 million and minus income tax paid of RMB42 thousand, as adjusted for (1) certain non-cash and non-operating items, primarily including (i) interest and investment income of RMB12.9 million, (ii) amortization of intangible assets of RMB8.3 million, (iii) impairment losses on financial assets of RMB6.0 million, and (iv) depreciation of property, plant and equipment of RMB5.2 million; and (2) changes in working capital that negatively affected the cash flow, primarily including (i) an increase in trade and bills receivables of RMB132.7 million and (ii) a decrease in contract liabilities of RMB22.5 million, partially offset by changes in working capital that positively affected the cash flow, primarily including (a) an increase in trade and bills payables of RMB116.5 million and (b) a decrease in inventories of RMB31.2 million.

Net cash flows from operating activities were RMB41.3 million in 2024, primarily due to profit before tax of RMB71.8 million plus the interest received of RMB8.4 million and minus income tax paid of RMB0.4 million, as adjusted for (1) certain non-cash and non-operating items, primarily including (i) interest and investment income of RMB17.1 million, (ii) fair value gains on financial assets at FVTPL of RMB7.0 million, and (iii) depreciation of right-of-use assets of RMB5.1 million; and (2) changes in working capital that negatively affected the cash flow, primarily including (i) an increase in trade and bills receivables of RMB94.1 million and (ii) an increase in restricted cash of RMB29.5 million, partially offset by changes in working capital that positively affected the cash flow, primarily including (a) an increase in trade and bills payables of RMB39.3 million, (b) a decrease in inventories of RMB27.5 million, (c) a decrease in prepayments, other receivables and other assets of RMB19.0 million, and (d) an increase in other payables and accruals of RMB16.4 million.

Net cash flows used in operating activities were RMB88.3 million in 2023, primarily due to profit before tax of RMB23.2 million plus the interest received of RMB11.9 million and minus income tax paid of RMB1.8 million, as adjusted for (1) certain non-cash and non-operating items, primarily including (i) interest and investment income of RMB15.4 million, and (ii) net impairment losses on inventory of RMB8.6 million; and (2) changes in working capital that negatively affected the cash flow, primarily including (i) an increase in inventories of RMB89.0 million, (ii) an increase in trade and bills receivables of RMB47.1 million, and (iii) an increase in prepayments, other receivables and other assets of RMB23.2 million, partially offset by changes in working capital that positively affected the cash flow, primarily including an increase in contract liabilities of RMB18.3 million.

We expect to improve our net operating cash flow position in the long term through (i) sustained revenue growth driven by our expanding customer base and the continuous expansion of our solutions, and (ii) shortening our cash conversion cycle by enhancing collection efforts for trade and bills receivables, accelerating project delivery to reduce inventory levels, and negotiating extended payment terms with our suppliers. During the Track Record Period, our cash conversion cycle was 326 days, 213 days and 105 days in 2023, 2024 and 2025.

Net Cash Flows Used in Investing Activities

Net cash flows used in investing activities were RMB716.4 million in 2025, primarily due to (i) purchases of financial assets at fair value through profit or loss of RMB778.0 million, (ii) purchase of other financial assets at amortized cost of RMB511.4 million, (iii) purchases of time deposits of RMB280.0 million, and (iv) purchases of items of property, plant and equipment of RMB139.8 million, partially offset by (i) proceeds from disposal of other financial assets at amortized cost of RMB597.6 million and (ii) proceeds from maturity of financial assets at fair value through profit or loss of RMB533.0 million.

Net cash flows used in investing activities were RMB759.0 million in 2024, primarily due to (i) purchases of financial assets at fair value through profit or loss of RMB994.9 million, (ii) purchase of other financial assets at amortized cost of RMB605.8 million, (iii) investments in associates of RMB72.7 million, and (iv) purchase of intangible assets of RMB56.4 million, partially offset by proceeds from maturity of financial assets at fair value through profit or loss of RMB997.9 million.

Net cash flows used in investing activities were RMB60.2 million in 2023, primarily due to (i) purchases of financial assets at fair value through profit or loss of RMB949.1 million, and (ii) net cash payments with respect to the acquisition of subsidiaries of RMB64.6 million, partially offset by proceeds from maturity of financial assets at fair value through profit or loss of RMB968.7 million.

Net Cash Flows from Financing Activities

Net cash flows from financing activities were RMB923.9 million in 2025, primarily reflecting the capital injection from shareholders of RMB805.1 million and the new bank borrowings of RMB186.5 million.

Net cash flows from financing activities were RMB29.5 million in 2024, primarily reflecting the new bank borrowings of RMB52.2 million, partially offset by repayment of bank borrowings of RMB20.5 million.

Net cash flows from financing activities were RMB256.1 million in 2023, primarily reflecting the capital injection from shareholders of RMB383.1 million, partially offset by acquisition of non-controlling interest of RMB117.6 million.

Cash Conversion Cycle

During the Track Record Period, our cash conversion cycle, which is calculated as the sum of inventory turnover days and trade and bills receivables turnover days, less trade and bills payables turnover days for the years indicated, was 326 days, 213 days and 105 days in 2023, 2024 and 2025, respectively. We manage and will continue to manage our cash conversion cycle through the following two approaches: (i) shortening our trade and bills receivables turnover days by increasing collection efforts on trade and bills receivables to minimize outstanding amounts, and (ii) extending our trade and bills payables turnover days by increasing the use of bank acceptance bills as a payment method for our suppliers.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Track Record Period primarily related to purchases of property, plant, equipment, land use right, and intangible assets. Our capital expenditures were RMB13.2 million, RMB65.4 million and RMB243.5 million, respectively, in 2023, 2024 and 2025, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from our financing activities. We plan to fund our planned capital expenditures by using cash flow generated from our operations and financing activities, as well as the net [**REDACTED**] received from the [**REDACTED**]. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditure according to our future cash flows, our results of operations and financial condition, our business plans, market conditions and various other factors we believe to be appropriate. See "Future Plans and Use of [**REDACTED**]—Use of [**REDACTED**]."

Our contractual commitment amounted to nil, RMB5.3 million and RMB169.2 million as of December 31, 2023, 2024 and 2025, respectively.

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of interest-bearing bank and other borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of December 31, 2023, 2024 and 2025, and January 31, 2026, being the latest practicable date for the purpose of this statement of indebtedness in this document.

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB in thousands)		
				(unaudited)
Current				
Interest-bearing bank and other borrowings	–	48,710	97,059	97,078
Lease liabilities	5,194	5,097	3,150	3,354
Non-current				
Interest-bearing bank and other borrowings	–	–	89,466	106,250
Lease liabilities	12,022	5,974	2,746	2,885
Total	**17,216**	**59,781**	**192,421**	**209,567**

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings were primarily used to finance our working capital requirements and capital expenditures. We had interest-bearing bank and other borrowings of nil, RMB48.7 million, RMB186.5 million and RMB203.1 million as of December 31, 2023, 2024 and 2025, and January 31, 2026, respectively. The following table sets forth the breakdown of our bank and other borrowings as of the dates indicated.

	As of December 31,			As of January 31,
	2023	2024	2025	2026
		(RMB in thousands)		
				(unaudited)
Current				
Bank loans – guaranteed[(1)]	–	–	10,000	10,019
Bank loans – unsecured and unguaranteed	–	28,610	87,059	87,059
Other borrowings	–	20,100	–	–
Non-current				
Bank loans – secured[(2)]	–	–	89,466	106,250
Total	**–**	**48,710**	**186,525**	**203,328**

(1) Certain of our bank loans are guaranteed by our guarantees for our subsidiaries.

(2) Certain of our bank loans are secured by mortgage over our land use rights.

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our other borrowings was an unsecured loan with an annual interest rate of 3.1% and a conversion feature and was borrowed from Shanghai Science and Technology Venture (Group) Co., Ltd. and had been fully repaid by us in July 2025. Our Directors confirmed that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirmed that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, withdrawal of facilities or requests for early repayment. See note 31 to the Accountants' Report in Appendix I to this document.

Lease Liabilities

Our lease liabilities represent our obligation to make lease payments arising from our leases of premises. Our lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the term of the lease. We recorded lease liabilities of RMB17.2 million, RMB11.1 million, RMB5.9 million and RMB6.2 million as of December 31, 2023, 2024 and 2025, and January 31, 2026, respectively, primarily attributable to the reduction in our leased area in 2024 and the termination of certain office leases following our acquisition of office premises in 2025.

Statement of Indebtedness

Saved as disclosed above, we did not have any charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of January 31, 2026, the most recent practicable date for determining our indebtedness. Our Directors confirm that there has not been any material change in our indebtedness since January 31, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

[**REDACTED**]

KEY FINANCIAL RATIOS

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

	As of/for the year ended December 31,		
	2023	2024	2025
		(%)	
Revenue growth rate(1)	58.4	74.2	46.4
Gross profit margin(2)	44.0	39.6	35.6
Net profit margin(3)	8.6	14.8	9.9
Return on equity(4)	2.3	5.8	4.2
Return on total assets(5)	1.9	4.9	3.3

(1) The calculation of revenue growth rate is based on revenue for the year divided by revenue for the previous year minus one and multiplied by 100.0%.

(2) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the respective year and multiplied by 100.0%.

(3) The calculation of net profit margin is based on net profit for the year divided by revenue for the respective year and multiplied by 100.0%.

(4) The calculation of return on equity is based on net profit for the year divided by average total equity as of the beginning and end of the year and multiplied by 100.0%.

(5) The calculation of return on total assets is based on net profit for the year divided by average total assets as of the beginning and end of the year and multiplied by 100.0%.

Revenue Growth Rate, Gross Profit Margin and Net Profit Margin

See "—Year to Year Comparison of Results of Operations" for the factors affecting our revenue growth, gross profit margin and net profit margin during the Track Record Period.

Return on Equity and Return on Total Assets

We had return on equity of 2.3% in 2023 and 5.8% in 2024, primarily due to an increase in our net profit. We recorded return on equity of 4.2% in 2025, primarily due to (i) our net profit remaining relatively stable in 2024 and 2025, and (ii) an increase in our average total equity in 2025.

We had return on total assets of 1.9% in 2023 and 4.9% in 2024, primarily due to an increase in our net profit. We recorded return on total assets of 3.3% in 2025, primarily due to an increase in our average total assets.

RELATED PARTY TRANSACTIONS

We may enter into transactions with our related parties from time to time. See note 43 to the Accountants' Report in Appendix I to this document for details about our related party transactions during the Track Record Period. Our Directors believe that each of the related party transactions was conducted in the ordinary course of business on an arm's length basis. Our Directors are of the view that related party transactions during the Track Record Period did not distort our track record results or make our historical results not reflective of our future performance.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our principal financial instruments, other than derivatives, comprise bank loans and overdrafts, finance leases, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from our operations. The main risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. Details of the risks to which we are exposed are set out in note 46 to the Accountants' Report in Appendix I to this document.

Foreign Currency Risk

We have transactional currency exposures for the year ended December 31, 2023, 2024 and 2025. Such exposures mainly arise from balances dominated in SGD, USD, HKD, JPY and MYR held by us. The risk exposure amount corresponding to foreign currency risk during the Track Record Period is not significant.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. See note 46 of the Accountants' Report in Appendix I to this document for the tables showing the credit quality and the maximum exposure to credit risk based on our credit policy.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operation and mitigate the effects of fluctuations in cash flows. See note 46 of the Accountants' Report in Appendix I to this document for the maturity profile of our financial liabilities as of December 31, 2023, 2024 and 2025, based on the contractual undiscounted payments.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios to support our business and maximize Shareholders' value.

We manage our capital structure and make adjustments to us in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to Shareholders, return capital to Shareholders or [**REDACTED**] new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies, or processes for managing capital during the Track Record Period and up to the Latest Practicable Date.

We monitor capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt includes provision, lease liabilities, tax payable, trade payables, and certain other payables and accruals, less cash and cash equivalents.

DIVIDENDS

No dividend has been declared or paid by us during the Track Record Period and up to the Latest Practicable Date. After [**REDACTED**] of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. Such company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company did not have any distributable reserve.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors confirmed that, as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, subsequent to the Track Record Period and up to the Latest Practicable Date, there had been no material adverse change in our financial or trading position, and there had been no event which would materially affect the information in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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