*You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("**IFRSs**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a China-based technology company specializing in the development, design, manufacturing and sale of AI computing equipment, as well as the provision of related technical services and support.

Together, we offer advanced AI computing equipment solution that address our customers' need for high-performance computing, high-speed storage and high-speed interconnect. We have established core technological innovations in key domains including computing and interconnection architectures, hardware engineering and firmware development, platform and software collaborative management, thermal management and advanced cooling, as well as system and computing power optimization. We have developed full-stack integrated technology capabilities covering server, rack and cluster, and deliver high-performance, highly reliable and highly compatible AI computing equipment solution to customers in intelligent computing centers, large language model ("**LLM**"), autonomous driving and embodied intelligence.

BASIS OF PREPARATION

Our Historical Financial Information (as defined in Accountants' Report in Appendix I to this document) has been prepared in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**"), which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently adopted by us in the preparation of the Historical Financial Information throughout the Relevant Periods (as defined in Appendix I to this document).

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are beyond our control.

Demand for AI Computing Equipment Solution

We specialize in the development, design, manufacturing and sale of AI computing equipment, as well as the provision of related technical services and support. Together, we offer advanced AI computing equipment solutions that address our customers' need for high-performance computing, high-speed storage and high-speed interconnect. Accordingly, our business is affected by changes in market demand for AI computing equipment solutions.

The increase in our revenue during the Track Record Period was mainly due to an increase in demand for AI computing power in both global and Chinese markets, in line with the development of downstream AI application industry. According to Frost & Sullivan, due to the surge in demand for AI computing power across various industries, which in turn drives the growth of demand for AI computing equipment solution, the global market size of AI computing equipment solution has grown rapidly, increasing from US$13.2 billion in 2020 to US$153.2 billion in 2024, with a CAGR of 84.5% from 2020 to 2024. Among them, the market size of China's AI computing equipment solution increased from US$3.6 billion in 2020 to US$19.6 billion in 2024, with a CAGR of 53.2% from 2020 to 2024. Growth in computing power demand and continuous increase in customers' investment in computing power infrastructure substantially influences the demand for AI computing equipment solutions. Consequently, fluctuations in demand for AI computing power in global and domestic markets could impact our business, financial condition and results of operations.

Our Ability to Control Costs

The efficient management of costs is crucial to our ability to provide competitively priced products. The majority of our cost of sales is materials and components, which primarily include server platforms and related components, such as GPUs, CPUs, memory modules, storage equipment, networking components, power supply units and cooling systems. Materials and components accounted for the majority of our cost of sales, amounting to 99.1%, 99.6% and 99.7% of our cost of sales in 2023, 2024 and 2025, respectively. The supply and market prices of the raw materials and components remain subject to various external factors beyond our control, such as supplier reliability, responsiveness, scale of supply, and logistics and transportation efficiencies. To control costs, we have taken comprehensive risk management strategies to mitigate the impact of any fluctuations in the prices of raw materials and components, including maintaining a disciplined and quality-centric supplier management system to ensure the integrity, reliability and scalability of our products. We also maintain a dual-sourcing strategy that leverages both international and domestic suppliers to ensure supply chain resilience. In addition, we actively incorporate domestically produced processors and accelerators into our product roadmap and optimizing AI server platform to ensure compatibility and performance on these processors, supporting localization and supply chain resilience. We track supply and pricing trends and strategically stockpile high-risk components. See "Business — Procurement, Warehousing and Inventory Management — Raw Materials" and "Business — Our Suppliers — Supplier Management." With the expansion of our business, enhancing operational efficiency and streamlining production process are essential for managing production and operational costs. We are reducing production costs through a combination of economies of scale and continuous workflow optimization supported by advanced technologies. These measures are expected to support our operating efficiency and performance.

Our Ability to Design, Produce and Market Technology Advanced Products

The AI computing equipment that our customers require generally evolve over time along with their changing preferences and needs. Therefore, our ability to design and develop new products that meet these changing requirements has been and will continue to be critical to our ability to cater to the diverse needs of our customers. We have devoted significant resources to continuously optimizing and enhancing our existing technologies and products, while exploring industry trends and potential new applications. We recorded R&D expenses of RMB58.2 million, RMB54.4 million and RMB63.6 million in 2023, 2024 and 2025, representing 39.3%, 33.3% and 31.4% of our total operating expenses for the same years, respectively. We maintain an R&D team of 127 employees, representing approximately 26.7% of total employees as of December 31, 2025. We also monitor the technology roadmaps of leading processor manufacturers and shape our own forward-looking strategies for next-generation products. Our investment in R&D enables us to design and develop more technologically advanced and market-competitive AI computing equipment. We believe our R&D capabilities are crucial for developing new products and services and achieving technological breakthroughs, which strengthen our competitive position as a major participant in China's AI computing equipment solution industry and enhance our ability to deliver additional value to our customers. As a result, our ability to design, produce and market technologically advanced products leads to our ability to attract and retain customers as well as obtain orders, which in turn drives revenue growth, reinforces our market positioning and impacts our results of operations. Ability to control costs affects our results of operations.

Inventory management

Our inventories primarily consist of raw materials, work-in-progress, semi-finished goods, finished goods, goods in transit and processing composite materials. To ensure effective inventory control, we have implemented robust policies and systems, including the first-in, first-out method, maintaining safe inventory levels to meet customer orders, and real-time monitoring of goods flow and stock levels. We utilize a customized IT system designed for the semiconductor industry. As of December 31, 2023, 2024 and 2025, our inventories were RMB343.9 million, RMB1,480.1 million and RMB1,593.2 million, respectively. Overstocking can lead to excessive warehousing costs, potential obsolescence and inventory impairment, whereas understocking can disrupt production and delay delivery, negatively impacting our ability to timely fulfill orders, which could negatively impact our future sales. Therefore, we carefully manage and maintain inventory levels to support production effectively. We conduct sales forecasts and demand assessments prior to receiving customer orders and perform monthly stocktaking of in-house inventory, and take inventory level into consideration when formulating procurement plans to ensure supply chain efficiency and responsiveness to customer demand. Hence, effective inventory management provides support to our results of operations.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES AND JUDGEMENTS

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Material accounting policy information, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report in Appendix I to this document.

RESULTS OF OPERATIONS

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

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Revenue	2,206,299	100.0	2,760,325	100.0	5,499,569	100.0
Cost of sales	(1,983,504)	(89.9)	(2,516,448)	(91.2)	(5,167,403)	(94.0)
Gross profit	**222,795**	**10.1**	**243,877**	**8.8**	**332,166**	**6.0**
Other income and gains and losses, net	14,668	0.7	10,012	0.4	42,134	0.8
Selling and distribution expenses	(50,500)	(2.3)	(58,286)	(2.1)	70,552	(1.3)
Administrative expenses	(39,489)	(1.8)	(50,498)	(1.8)	68,167	1.2
Research and development expenses	(58,246)	(2.6)	(54,420)	(2.0)	(63,593)	(1.2)
Other expenses	(206)	(0.0)	(197)	(0.0)	(314)	(0.0)
Impairment losses on financial assets at amortized cost, net	(8,433)	(0.4)	(1,296)	(0.1)	(8,554)	(0.2)
Finance costs	(23,931)	(1.1)	(20,049)	(0.7)	(25,678)	(0.5)
Profit Before Tax	**56,658**	**2.6**	**69,143**	**2.5**	**137,442**	**2.5**
Income tax expense	(2,223)	(0.1)	(5,468)	(0.2)	(15,537)	(0.3)
Profit for the year	**54,435**	**2.5**	**63,675**	**2.3**	**121,905**	**2.2**

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with IFRS Accounting Standards. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year, as well as company to company by eliminating potential impacts of certain items. We believe this 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, such non-IFRS measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure should not be considered as a substitute for analysis of our results of operations or financial condition as reported under IFRS Accounting Standards. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted by adding back **[REDACTED]**, share-based payment expenses and finance cost on redemption liabilities. The following table reconciles our adjusted net profit (non-IFRS measure) presented in accordance with IFRS Accounting Standards, which is profit for the year:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	54,435	63,675	121,905
Add:			
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
– Share-based payment expenses[1]	732	3,020	4,710
– Finance cost on redemption liabilities[2]	16,736	8,842	6,887
Adjusted net profit (non-IFRS measure)	**71,903**	**75,537**	**139,514**

Notes:

(1) Share-based payment expenses are non-cash in nature, representing the arrangement under which we received services from employees as consideration for our equity instruments. Share-based payment expenses are not expected to result in future cash payments.

(2) Finance cost on redemption liabilities refers to the expenses we incur related to the liabilities we have assumed for the redemption of these ordinary shares.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We recorded revenue of RMB2,206.3 million, RMB2,760.3 million and RMB5,499.6 million in 2023, 2024 and 2025, respectively.

Revenue by Business Segment

During the Track Record Period, our revenue was primarily derived from sales of servers. The following table sets out our revenue breakdown by business segment in absolute amount and as percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Servers						
– *AI servers*	1,409,844	63.9	1,959,685	71.0	4,442,359	80.8
– *Other servers*	245,885	11.1	86,995	3.2	184,530	3.4
Sub-total	**1,655,729**	**75.0**	**2,046,680**	**74.2**	**4,626,889**	**84.1**
Supporting equipment and components	527,295	23.9	713,123	25.8	868,818	15.8
Technical services and support	23,275	1.1	522	0.0	3,862	0.1
Total	**2,206,299**	**100.0**	**2,760,325**	**100.0**	**5,499,569**	**100.0**

Revenue by Geographical Markets

During the Track Record Period, we derived the majority of our revenue from sales in Chinese Mainland. The following table sets forth a breakdown of our revenue by geographical market, in absolute amounts and as percentages of total revenue, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Chinese Mainland	1,973,923	89.5	2,553,857	92.5	5,189,928	94.4
Other countries/regions[(1)]	232,376	10.5	206,468	7.5	309,641	5.6
Total	**2,206,299**	**100.0**	**2,760,325**	**100.0**	5,499,569	100.0

Note:

(1) Other countries/regions primarily include Hong Kong and Saudi Arabia.

Cost of Sales

By Nature

During the Track Record Period, our cost of sales mainly included (i) materials and components, including raw materials and supporting equipment and components, (ii) impairment losses on inventory assets, and (iii) others. We had cost of sales of RMB1,983.5 million, RMB2,516.4 million and RMB5,167.4 million in 2023, 2024 and 2025, respectively. Raw material costs constituted the largest component of our cost structure, accounting for 74.5%, 72.4% and 83.9% of total cost of sales in 2023, 2024 and 2025, respectively, primarily driven by our raw material-intensive production model and economies of scale that reduced other cost of sales while raw material cost scaled linearly with sales volume. By contrast, other cost of sales each contributed less than 1.0% of total cost of sales in the same years, respectively, primarily driven by our strong technology capabilities, which enable an efficient and scalable production process. Leveraging these technological strengths and production know-how, we have been able to streamline workflows, reduce manual intervention and optimize resource allocation across our manufacturing operations, resulting in lower other cost of sales.

The following table sets out a breakdown of our cost of sales by nature in absolute amount and as percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Materials and components	1,966,500	99.1	2,505,979	99.6	5,151,933	99.7
— Raw materials	1,477,976	74.5	1,822,228	72.4	4,335,558	83.9
— Supporting equipment and components	488,524	24.6	683,752	27.2	816,375	15.8
Impairment losses on inventory assets	10,598	0.6	(524)	(0.0)	3,786	0.1
Others[(1)]	6,406	0.3	10,993	0.4	11,684	0.2
Total	**1,983,504**	**100.0**	**2,516,448**	**100.0**	**5,167,403**	**100.0**

Note:

(1) Others primarily refer to employee benefits, lease expenses and utilities.

The impairment losses on inventory assets amounted to negative RMB0.5 million in 2024, primarily due to the change of aging structure of inventories with the proportion of aged or slow-moving items decreasing. This improvement resulted in a reversal of previously recognized inventory write-downs.

By Business Segment

The following table sets forth a breakdown of our cost of sales by business segment, in absolute amounts and as percentages of total cost of sales, for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Servers						
– *AI servers*	1,282,536	64.7	1,756,293	69.8	4,181,585	84.2
– *Other servers*	205,514	10.3	76,191	3.0	167,857	3.4
Sub-total	**1,488,050**	**75.0**	**1,832,484**	**72.8**	**4,349,442**	**84.2**
Supporting equipment and components	488,524	24.6	683,752	27.2	816,375	15.8
Technical services and support	6,930	0.4	212	0.0	1,586	0.0
Total	**1,983,504**	**100.0**	**2,516,448**	**100.0**	**5,167,403**	**100.0**

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, we had gross profit of RMB222.8 million, RMB243.9 million and RMB332.2 million, respectively. Our gross profit margin was 10.1%, 8.8% and 6.0% in 2023, 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin by Business Segment

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

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Servers						
– *AI servers*	127,308	9.0	203,392	10.4	260,774	5.9
– *Other servers*	40,371	16.4	10,804	12.4	16,673	9.0
Sub-total	**167,679**	**10.1**	**214,196**	**10.5**	**277,447**	**6.0**
Supporting equipment and components	38,771	7.4	29,371	4.1	52,443	6.0
Technical services and support	16,345	70.2	310	59.4	2,276	58.9
Total	**222,795**	**10.1**	**243,877**	**8.8**	**332,166**	**6.0**

Increases in raw material prices, which were temporary and cyclical, contributed to the decrease in our gross profit margin from 10.1% in 2023 to 8.8% in 2024 and further to 6.0% in 2025. To mitigate the impact of rising raw material prices, we increased our procurement and inventory levels during the period, which led to higher working capital requirements and contributed to negative operating cash flows. See "— Inventories" and "— Cash Flow — Net Cash Used in Operating Activities."

Other Income and Gains and Losses, net

During the Track Record Period, our other income and gains and losses, net primarily consisted of (i) bank interest income, (ii) government grants, and (iii) foreign exchange differences, net. We had other income and gains and losses, net of RMB14.7 million, RMB10.0 million and RMB42.1 million in 2023, 2024 and 2025, respectively. The following table sets forth the breakdown of our income and gains and losses, net by nature for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Bank interest income	1,497	2,251	386
Investment income from financial assets at fair value through profit or loss	798	868	961
Government grants	15,050	15,499	31,682
Others	120	454	14,174
Total other income	**17,465**	**19,072**	**47,203**
Gains and losses, net			
Gain on disposal of items of property, plant and equipment	20	6	6
Foreign exchange differences, net	(2,817)	(9,066)	(5,075)
Total gains and losses, net	**(2,797)**	**(9,060)**	**(5,069)**
Total other income and gains and losses, net	**14,668**	**10,012**	**42,134**

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) employee benefits expenses, mainly comprising salaries, bonuses and other benefits paid to our sales and marketing personnel; (ii) travelling and business expenses incurred by our sales and marketing personnel; (iii) depreciation and amortization expenses; (iv) advertising and promotion expenses; and (v) others. We had selling and distribution expenses of RMB50.5 million, RMB58.3 million and RMB70.6 million in 2023, 2024 and 2025, respectively. Our selling and distribution expenses as a percentage of revenue decreased from 2.3% in 2023 to 2.1% in 2024, and further decreased to 1.3% in 2025, primarily due to rapid revenue growth, especially from large-scale and high-value AI server projects, which outpaced the increase in selling and distribution expenses. In addition, our direct sales model and stable sales team structure improved sales efficiency, resulting in lower selling and distribution expenses as a percentage of revenue.

The following table sets out a breakdown of our selling and distribution expenses by nature in absolute amounts and as percentage of our total selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	37,755	74.8	43,885	75.3	55,113	78.1
Travel and business expenses	2,829	5.6	4,435	7.6	4,875	6.9
Depreciation and amortization expenses	2,704	5.3	3,128	5.4	3,064	4.3
Advertising and promotion expenses	1,771	3.5	990	1.7	462	0.7
Share-based payment expenses	536	1.1	1,015	1.7	1,368	2.0
Others[(1)]	4,905	9.7	4,833	8.3	5,670	8.0
Total	**50,500**	**100.0**	**58,286**	**100.0**	**70,552**	**100.0**

Note:

(1) Others mainly refer to utilities, lease, service and office expenses.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefits expenses, mainly comprising salaries, bonuses and other benefits paid to our administrative personnel; (ii) depreciation and office related expenses, mainly representing lease, utilities and property management expenses; (iii) service expenses; and (iv) others. We had administrative expenses of RMB39.5 million, RMB50.5 million and RMB68.2 million in 2023, 2024 and 2025, respectively. Our administrative expenses as a percentage of revenue remained stable at 1.8% in 2023 and 2024. It decreased to 1.2% in 2025, primarily due to strong revenue growth outpacing the increase in administrative expenses, together with improved operating leverage and effective cost control in administrative functions.

The following table sets out a breakdown of our administrative expenses by nature in absolute amount and as percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	23,846	60.4	28,725	56.9	40,340	59.2
Depreciation and office related expenses	7,270	18.4	9,150	18.1	10,020	14.7
Service expenses	2,682	6.8	6,426	12.7	9,402	13.8
Share-based payment expenses	94	0.2	1,364	2.7	2,302	3.4
Bank charges	560	1.4	640	1.3	498	0.7
Others[(1)]	5,037	12.8	4,193	8.3	5,605	8.2
Total	**39,489**	**100.0**	**50,498**	**100.0**	**68,167**	**100.0**

Note:

(1) Others mainly refer to transportation expenses, maintenance expenses and other miscellaneous administrative expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) employee benefit expenses, mainly comprising salaries, bonuses and other benefits paid to our research and development personnel; (ii) material expenses; and (iii) others. We had research and development expenses of RMB58.2 million, RMB54.4 million and RMB63.6 million in 2023, 2024 and 2025, respectively. Our research and development expenses as a percentage of revenue decreased from 2.6% in 2023 to 2.0% in 2024, and further decreased to 1.2% in 2025, primarily due to rapid revenue growth outpacing the increase in research and development expenses, as well as improved R&D efficiency as key technologies and technology platform became more mature.

The following table sets out a breakdown of our research and development expenses by nature in absolute amount and as percentage of our total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefits expenses	18,187	31.2	27,298	50.1	39,478	62.1
Material expenses	33,885	58.2	20,767	38.2	17,513	27.6
Depreciation and Amortization expenses	1,755	3.0	3,262	6.0	3,211	5.0
Share-based payment expenses	74	0.1	485	0.9	788	1.2
Others[(1)]	4,345	7.5	2,608	4.8	2,603	4.1
Total	**58,246**	**100.0**	**54,420**	**100.0**	**63,593**	**100.0**

Note:

(1) Others mainly refer to costs of code incurred for R&D activities.

Other Expenses

During the Track Record Period, our other expenses primarily consisted of penalty payments to customers for delayed deliveries. We had other expenses of RMB0.2 million, RMB0.2 million and RMB0.3 million in 2023, 2024 and 2025.

Impairment Losses on Financial Assets at Amortized Cost, Net

Our impairment losses on financial assets at amortized cost, net are primarily related to impairment losses on trade and bills receivables, and prepayments, deposits and other receivables. We had net impairment losses on financial assets at amortized cost, net of RMB8.4 million, RMB1.3 million and RMB8.6 million in 2023 and 2024 and 2025, respectively.

Finance Costs

Our finance costs mainly consisted of (i) interest on interest-bearing bank borrowings and other borrowings, and (ii) interest accrued on redemption liabilities during the Track Record Period. We had finance costs of RMB23.9 million, RMB20.0 million and RMB25.7 million in 2023, 2024 and 2025.

The following table sets out a breakdown of our finance costs by nature for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on interest-bearing bank borrowings and other borrowings	6,240	10,020	17,964
Interest expenses on lease liabilities	918	787	677
Interest accrued on redemption liabilities	16,736	8,842	6,887
Guarantee fee	37	400	150
Total	**23,931**	**20,049**	**25,678**

Income Tax Expenses

We recorded income tax expenses of RMB2.2 million, RMB5.5 million and RMB15.5 million in 2023, 2024 and 2025, respectively, mainly representing income tax payable by us in accordance with the EIT Law and its corresponding implementation regulations. This income tax expense comprises both current income tax charge and deferred income tax.

Chinese Mainland. Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations, the corporate income tax rate is 25% for entities operating in Chinese Mainland. Certain subsidiaries of us are regarded as High and New Technology Enterprises and they are entitled to a preferential corporate income tax rate of 15% for three years commencing from the years when these companies were qualified as High and New Technology Enterprises. In addition, some subsidiaries of us are entitled to the preferential policy for Small and Micro-sized Enterprises, for which the applicable income tax rate is 5%.

Other jurisdictions. Our subsidiaries operating in Hong Kong and Singapore are subject to the respective income rates of 16.5% and 17%.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities, and were not aware of any outstanding or potential disputes with such tax authorities.

Profit for the Year

As a result of the foregoing, we recorded profit of RMB54.4 million, RMB63.7 million and RMB121.9 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our total revenue increased by 99.2% from RMB2,760.3 million in 2024 to RMB5,499.6 million in 2025, primarily attributable to an increase in revenue from (i) sales of servers, and (ii) providing technical service and support.

Our revenue from sales of servers increased significantly from RMB2,046.7 million in 2024 to RMB4,626.9 million in 2025, primarily due to (i) an increase in revenue from sales of AI servers, primarily attributable to an increase in sales volume from 4,093 units in 2024 to 4,834 units in 2025 and an increase in average selling price from RMB0.5 million per unit in 2024 to RMB0.9 million per unit in 2025, primarily driven by product performance enhancements which improved product capabilities and broadened application scenarios, contributing to customer adoption and higher average selling prices, and (ii) an increase in revenue from sales of other servers, primarily attributable to an increase in sales volume from 2,284 units in 2024 to 4,117 units in 2025 and an increase in average selling price from RMB38.1 thousand per unit to RMB44.8 thousand per unit, primarily driven by increased sales of our AI servers, as customer satisfaction with our AI servers led to repeat purchases, with customers subsequently procuring our other servers when additional needs arose for their other projects.

Our revenue from sales of supporting equipment and components increased by 21.8% from RMB713.1 million in 2024 to RMB868.8 million in 2025, primarily due to an increase in customers' inventory stocking demand for equipment and components.

Our revenue from providing technical service and support increased significantly from RMB0.5 million in 2024 to RMB3.9 million in 2025, primarily due to (i) our enhanced technical service and support capabilities and the expansion of our technical service and support team, and (ii) an increase in demand for such services alongside the growth in sales of our AI servers, as customers generally require deployment, configuration, performance tuning and ongoing maintenance services following their purchases of our AI servers.

Cost of Sales

Our cost of sales increased by 105.3% from RMB2,516.4 million in 2024 to RMB5,167.4 million in 2025, generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 36.2% from RMB243.9 million in 2024 to RMB332.2 million in 2025 while our gross profit margin decreased from 8.8% in 2024 to 6.0% in 2025.

Specifically, our gross profit under sales of servers increased by 29.5% from RMB214.2 million in 2024 to RMB277.4 million in 2025, primarily due to an increase in revenue in the same year, which was partially offset by an increase in costs of sales in the same year. Our gross profit margin under sales of servers decreased from 10.5% in 2024 to 6.0% in 2025, primarily because we undertook more large-scale projects involving server configurations with a higher proportion of third-party hardware components. In these projects, third-party components represented a larger share of the overall system value, which diluted the margin contribution from our self-developed server architecture and system integration, resulting in a lower profit margin and higher cost per server and accordingly a lower overall gross profit margin. By undertaking these projects with relatively lower profit margin, we have gradually established our industry reputation and demonstrated our technological capabilities. These projects have also enabled us to attract additional new customers and secure more high-value contracts with higher profit margins, as well as subsequent technical service and support contracts, which remain key areas of focus for our future growth. As our business continues to scale and our industry reputation strengthens, we intend to further optimize our sales strategy by prioritizing opportunities with higher profit margins. We believe that this enhanced customer and project selection approach will support the sustained improvement of our overall profit margin going forward.

Our gross profit under sales of supporting equipment and components increased by 78.6% from RMB29.4 million in 2024 to RMB52.4 million in 2025. Our gross profit margin under sales of supporting equipment and components increased from 4.1% in 2024 to 6.0% in 2025, primarily due to the ongoing fluctuations in components prices, we occasionally sell components purchased at lower costs at higher prices.

Our gross profit under providing technical service and support increased significantly from RMB0.3 million in 2024 to RMB2.3 million in 2025. Our gross profit margin for providing technical service and support remained relatively stable at 59.4% and 58.9% in 2024 and 2025, respectively.

Other Income, Gains and Losses, Net

Our other income, gains and losses, net increased significantly from RMB10.0 million in 2024 to RMB42.1 million in 2025, primarily due to (i) an increase in government grants, primarily driven by various government subsidies and incentive programs received during 2025, as recognition of our innovation capabilities, technological strengths and high-quality development, and (ii) an increase in liquidated damages income arising from a supplier's failure to perform its contractual obligations.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 21.0% from RMB58.3 million in 2024 to RMB70.6 million in 2025, primarily due to an increase in employee benefits expenses, primarily driven by the expansion of our sales team and the scaling-up of business development activities to support our business growth.

Administrative Expenses

Our administrative expenses increased by 35.0% from RMB50.5 million in 2024 to RMB68.2 million in 2025, primarily due to (i) an increase in employee benefits expenses, primarily driven by the expansion of our administrative workforce, and (ii) an increase in service expenses pertaining to listing.

Research and Development Expenses

Our research and development expenses increased by 16.9% from RMB54.4 million in 2024 to RMB63.6 million in 2025, primarily due to (i) an increase in employee benefits expenses, primarily driven by the expansion of our R&D team, and (ii) an increase in share-based payment expenses, partially offset by a decrease in material expenses resulting from R&D-driven modular reuse.

Other Expenses

Our other expenses remained relatively stable at RMB0.2 million in 2024 and RMB0.3 million in 2025.

Impairment Losses on Financial Assets at Amortized Cost, Net

Our impairment losses on financial assets at amortized cost, net increased significantly from RMB1.3 million in 2024 to RMB8.6 million in 2025, primarily due to an increase in expected credit losses recognized on certain trade receivables. This mainly related to one customer whose outstanding balance exhibited a prolonged aging profile and reduced recoverability during the period, resulting in a higher provision for impairment.

Finance Costs

Our finance costs increased by 28.1% from RMB20.0 million in 2024 to RMB25.7 million in 2025, primarily due to an increase in interest on interest-bearing bank borrowings and other borrowings, as we secured additional funding to support our business expansion.

Income Tax Expenses

Our income tax expenses increased significantly from RMB5.5 million in 2024 to RMB15.5 million in 2025, primarily due to an increase in our taxable income.

Profit for the Year

As a result of the foregoing, our profit increased by 91.4% from RMB63.7 million in 2024 to RMB121.9 million in 2025.

Year ended December 31, 2024 Compared with the Year Ended December 31, 2023

Revenue

Our total revenue increased by 25.1% from RMB2,206.3 million in 2023 to RMB2,760.3 million in 2024, primarily due to an increase in revenue from sales of AI servers, primarily due to (i) an increase in demand for AI computing power in both global and Chinese markets, in line with the development of downstream AI application industry, according to Frost & Sullivan, and (ii) an increase in the sales volume of AI servers.

Our revenue from sales of other servers decreased by 64.6% from RMB245.9 million in 2023 to RMB87.0 million in 2024, primarily due to a decrease in sales volume of other servers. Customers who purchased other servers in 2023 generally did not make repeat purchases in 2024 as the servers' useful lives had not yet ended while the average useful lives of other servers are around three years, consistent with industry practice, according to Frost & Sullivan.

Our revenue from sales of supporting equipment and components increased by 35.2% from RMB527.3 million in 2023 to RMB713.1 million in 2024, primarily due to an increase in sales of AI servers to customers who also had higher demands for supporting equipment and components.

Our revenue from providing technical service and support decreased by 97.8% from RMB23.3 million in 2023 to RMB0.5 million in 2024, primarily due to a one-off transaction in 2023 relating to the provision of AI server product design services for a key customer, which did not recur in 2024.

Cost of Sales

Our cost of sales increased by 26.9% from RMB1,983.5 million in 2023 to RMB2,516.4 million in 2024, in line with our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 9.5% from RMB222.8 million in 2023 to RMB243.9 million in 2024 while our gross profit margin slightly decreased from 10.1% in 2023 to 8.8% in 2024.

Specifically, our gross profit under sales of servers increased by 27.7% from RMB167.7 million in 2023 to RMB214.2 million in 2024, primarily due to an increase in gross profit under sales of AI servers. Our gross profit margin for sales of servers remained stable at 10.1% in 2023 and 10.5% in 2024, in particular, our gross profit margin for sales of AI servers increased from 9.0% to 10.4%, primarily due to increased market demand for AI computing power in 2024, which led to higher revenue contribution from AI algorithm vendors with higher gross profit margins. Our gross profit under sales of other servers decreased by 73.2% from RMB40.4 million in 2023 to RMB10.8 million in 2024, in line with revenue decrease in sales of other servers during the same period. Our gross profit margin for sales of other servers decreased from 16.4% in 2023 to 12.2% in 2024, primarily due to a decrease in sales volume of other servers, which diminished economies of scale. The lower production volume resulted in higher unit costs, as fixed manufacturing overheads were allocated across a smaller output base.

Our gross profit under sales of supporting equipment and components decreased by 24.2% from RMB38.8 million in 2023 to RMB29.4 million in 2024, primarily driven by an increase in cost of components. Our gross profit margin under sales of supporting equipment and components decreased from 7.4% in 2023 to 4.1% in 2024, primarily due to ongoing fluctuations in components prices, we occasionally sell components purchased at higher costs at lower prices to maintain strong inventory liquidity.

Our gross profit for technical services and support decreased significantly from RMB16.3 million in 2023 to RMB0.3 million in 2024, in line with our revenue decline. Our gross profit margin under providing technical service and support decreased from 70.2% to 59.4%, primarily due to a change in the service mix. In 2023, our technical services mainly consisted of customized development services designed and developed based on customer requirements, which carried relatively higher margins. In contrast, in 2024, our technical services were mainly comprised of after-sales operation and maintenance services and certification-related services, which generally have lower profit margins.

Other Income and Gains and Losses, Net

Our other income and gains and losses, net decreased by 31.7% from RMB14.7 million in 2023 to RMB10.0 million in 2024, primarily due to an increase in losses resulting from foreign exchange differences, net, primarily driven by volatility in the U.S. dollar against RMB exchange rate.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 15.4% from RMB50.5 million in 2023 to RMB58.3 million in 2024, primarily due to (i) an increase in employee benefits expenses, primarily driven by the expansion of sales team, and (ii) an increase in travel and business expenses, primarily driven by our enhanced sales efforts and an increase in related business development activities.

Administrative Expenses

Our administrative expenses increased by 27.9% from RMB39.5 million in 2023 to RMB50.5 million in 2024, primarily due to (i) an increase in employee benefits expenses, primarily driven by the expansion of our administrative workforce, (ii) an increase in service expenses, primarily driven by an increase in professional advisory and service fee resulting from our previous listing attempt.

Research and Development Expenses

Our research and development expenses decreased by 6.6% from RMB58.2 million in 2023 to RMB54.4 million in the 2024, primarily due to a decrease in material expenses, primarily driven by the completion of one R&D project in 2023, partially offset by an increase in employee benefits, primarily driven by the expansion of our R&D team.

Other Expenses

Our other expenses remained stable at RMB0.2 million in 2023 and 2024.

Impairment Losses on Financial Assets at Amortized Cost, Net

Our impairment losses on financial assets at amortized cost, net decreased by 84.6% from RMB8.4 million in 2023 to RMB1.3 million in 2024, primarily due to a decrease in bad debts driven by our improved credit management and better collection practices.

Finance Costs

Our finance costs decreased by 16.2% from RMB23.9 million in 2023 to RMB20.0 million in 2024, primarily due to (i) a decrease in interest expenses on lease liabilities primarily driven by a decrease in lease liabilities, and (ii) a decrease in interest accrued on redemption liabilities, primarily due to our declaration and distribution of dividend in 2024.

Income Tax Expenses

Our income tax expenses increased by 146.0% from RMB2.2 million in 2023 to RMB5.5 million in 2024, primarily due to an increase in our taxable income.

Profit for the Year

As a result of the foregoing, our profit increased by 17.0% from RMB54.4 million in 2023 to RMB63.7 million in 2024.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

Non-current Assets and Non-current Liabilities

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Property, plant and equipment	11,909	15,145	13,729
Right-of-use assets	18,429	18,379	11,650
Intangible assets	10,371	8,359	7,694
Deferred tax assets	14,100	12,230	8,045
Prepayments and other receivables	1,838	1,744	1,709
Total non-current assets	**56,647**	**55,857**	**42,827**
Non-current Liabilities			
Deferred income	5,500	3,153	2,409
Interest-bearing bank loans	—	39,000	27,000
Lease liabilities	13,459	9,620	1,712
Total non-current liabilities	**18,959**	**51,773**	**31,121**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of (i) leasehold improvements, (ii) machinery, (iii) furniture and fixtures, (iv) motor vehicles, and (v) R&D equipment. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Leasehold improvements	6,376	6,572	4,329
Machinery	2,820	2,651	2,646
Furniture and fixtures	1,464	1,427	2,094
Motor vehicles	806	1,001	1,901
R&D equipment	443	3,494	2,759
Total	**11,909**	**15,145**	**13,729**

Our property, plant and equipment increased by 27.2% from RMB11.9 million as of December 31, 2023 to RMB15.1 million as of December 31, 2024, primarily due to (i) an increase in motor vehicles, primarily driven by our procurement of additional vehicles to support business operations, and (ii) an increase in R&D equipment, primarily due to our procurement to support our expanding R&D projects.

Our property, plant and equipment decreased by 9.3% from RMB15.1 million as of December 31, 2024 to RMB13.7 million as of December 31, 2025, primarily due to (i) a decrease in leasehold improvements, primary attributable to an increase in office renovation and furnishment expenses to enhance workspace functionality and support operational need, and (ii) a decrease in R&D equipment, primarily driven by depreciation.

Right-of-use Assets

During the Track Record Period, our right-of-use assets primarily consisted of leases of properties. Our right-of-use assets remained relatively stable at RMB18.4 million as of December 31, 2023 and RMB18.4 million as of December 31, 2024.

Our right-of-use assets decreased by 36.6% from RMB18.4 million as of December 31, 2024 to RMB11.7 million as of December 31, 2025, primarily due to lower additions of new leases compared to depreciation of existing leases.

Intangible Assets

During the Track Record Period, our intangible assets primarily consisted of software used for R&D, MES system and ERP system. Our other intangible assets decreased by 19.4% from RMB10.4 million as of December 31, 2023 to RMB8.4 million as of December 31, 2024, and further to RMB7.7 million as of December 31, 2025, primarily due to depreciation and amortization on existing intangible assets.

Net Current Assets

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

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*
Current assets				
Inventories	343,904	1,480,118	1,593,246	1,407,515
Trade and bills receivables	200,928	162,355	587,274	533,964
Prepayments and other receivables	391,560	178,322	359,277	557,759
Income tax recoverable	—	17,001	9,623	235
Financial assets at fair value through profit or loss ("**FVTPL**")	20,000	—	—	—
Restricted cash	1,570	3,808	167,105	135,572
Cash and cash equivalents	246,496	70,258	342,080	195,025
Total current assets	**1,204,458**	**1,911,862**	**3,058,605**	**2,830,070**
Current liabilities				
Trade and bills payables	55,032	567,398	688,419	660,215
Other payables and accruals	80,435	95,120	133,502	101,433
Contract liabilities	260,185	203,709	671,567	509,402
Interest-bearing bank loans	238,744	402,473	828,839	723,251
Lease liabilities	7,415	9,114	9,660	9,527
Tax payable	2,117	2,674	3,658	3,890
Redemption liabilities	250,078	258,920	—	—
Total current liabilities	**894,006**	**1,539,408**	**2,335,645**	**2,007,718**
Net current assets	**310,452**	**372,454**	**722,960**	**822,352**

Our net current assets increased from RMB723.0 million as of December 31, 2025 to RMB822.4 million as of February 28, 2026, primarily due to (i) an increase in prepayments and other receivables of RMB198.6 million, (ii) a decrease in contract liabilities of RMB162.2 million, and (iii) a decrease in interest-bearing bank loans of RMB105.6 million, partially offset by (i) a decrease in inventories of RMB185.7 million, and (ii) a decrease in cash and cash equivalents of RMB147.1 million.

Our net current assets increased from RMB372.5 million as of December 31, 2024 to RMB723.0 million as of December 31, 2025, primarily due to (i) an increase in trade and bills receivables of RMB424.9 million, (ii) an increase in prepayments and other receivables of RMB181.0 million, (iii) an increase in restricted cash of RMB163.3 million, (iv) an increase in cash and cash equivalents of RMB271.8 million and (v) a decrease in redemption liabilities of RMB258.9 million, which was partially offset by (i) a decrease in income tax recoverable of RMB7.4 million, (ii) an increase in contract liabilities of RMB467.9 million, (iii) an increase in other payables and accruals of RMB38.4 million, and (iv) an increase in interest-bearing bank loans of RMB426.4 million.

Our net current assets increased from RMB310.5 million as of December 31, 2023 to RMB372.5 million as of December 31, 2024, primarily due to (i) an increase in inventories of RMB1,136.2 million, (ii) an increase in restricted cash of RMB2.2 million, and (iii) a decrease in contract liabilities of RMB56.5 million, which was partially offset by (i) a decrease in trade and bills receivables of RMB38.6 million, (ii) a decrease in prepayments and other receivables of RMB213.2 million, (iii) a decrease in financial assets at fair value through profit or loss of RMB20.0 million, (iv) a decrease in cash and cash equivalents of RMB176.2 million, (v) an increase in trade and bills payables of RMB512.4 million, (vi) an increase in interest-bearing bank loans of RMB163.7 million.

Inventories

During the Track Record Period, our inventories primarily consisted of (i) raw materials, primarily representing accelerator cards, (ii) work in progress, representing all non-finished products on the production lines, (iii) semi-finished goods, representing non-finished products that have completed certain stages of the production process but have not yet reached the finished goods stage, being transferred to the semi-finished goods warehouse, pending further processing or assembly, (iv) finished goods, (v) goods in transit, and (vi) processing composite materials, mainly representing components outsourced for production, including chassis mold, motherboards and structural components. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	185,355	195,738	807,891
Work in progress	12,254	8,715	123,533
Semi-finished goods	1,268	1,502	4,326
Finished goods	18,444	176,738	80,154
Goods in transit	126,545	1,097,382	577,280
Processing composite materials	38	43	62
Total	**343,904**	**1,480,118**	**1,593,246**

Our inventories increased significantly from RMB343.9 million as of December 31, 2023 to RMB1,480.1 million as of December 31, 2024, primarily due to the commencement of large-scale projects, with certain goods in transit to customers and certain finished goods completed but not yet delivered. Our inventories increased by 7.6% from RMB1,480.1 million as of December 31, 2024 to RMB1,593.2 million as of December 31, 2025, primarily due to (i) an increase in raw materials, primarily driven by our procurement of key components in anticipation of delivery requirements under secured high-value projects involving higher-cost components and greater material inputs in line with our revenue and business growth, and (ii) an increase in work in progress, generally in line with our business growth, partially offset by (i) a decrease in goods in transit, primarily due to the completion of inventory preparation for two large-scale projects, with inventories previously in transit as of December 31, 2024 being accepted by customers, and (ii) a decrease in finished goods for the same reason, as inventories as of December 31, 2024 were delivered for project fulfilment.

The following table sets forth the aging analysis of our inventory after deduction of provision as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	298,659	1,440,118	1,516,539
1–2 years	39,207	18,782	69,128
Over 2 years	6,038	21,218	7,579
Total	**343,904**	**1,480,118**	**1,593,246**

The following table sets out the turnover days of our inventories for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Inventories turnover days[1]	79.4	132.3	107.0

Note:

(1) Inventory turnover days for a period equal the average of the gross value of the opening and closing inventory balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year.

Our inventory turnover days increased from 79.4 days in 2023 to 132.3 days in 2024, primarily due to an increase in goods in transit. Our inventory turnover days decreased from 132.3 days in 2024 to 107.0 days in 2025, primarily because sales growth outpaced inventory growth, resulting in faster inventory turnover despite higher inventory balances in 2025.

As of February 28, 2026, approximately RMB1,021.4 million or 64.1% of our inventories as of December 31, 2025 had been consumed.

Trade and Bills Receivable

The following table sets out a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	162,339	155,179	548,450
Impairment	(1,980)	(3,276)	(11,830)
Bills receivable	40,569	10,452	50,654
Total	**200,928**	**162,355**	**587,274**

Our trade and bills receivables decreased by 19.2% from RMB200.9 million as of December 31, 2023 to RMB162.4 million as of December 31, 2024, primarily due to a decrease in bills receivable, primarily driven by our recovery of some customer payments, which was in line with our enhanced credit-term management and strengthened accounts-receivables collection measures.

Our trade and bills receivables increased significantly from RMB162.4 million as of December 31, 2024 to RMB587.3 million as of December 31, 2025, primarily due to an increase in trade receivables arising from delayed consideration payment under certain high-value contracts. A portion of such outstanding receivables, amounting to approximately RMB216.9 million, has resulted in a civil proceeding commenced by us against a customer for recovery of the relevant payments.

We generally grant credit terms ranging from 30 to 90 days.

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	158,540	145,006	534,309
1 to 2 years	806	6,640	624
2 to 3 years	1,013	257	1,687
Total	**160,359**	**151,903**	**536,620**

We believe there were no recoverability issues for trade and bills receivables aged over one year during the Track Record Period. We closely review the balances of trade and bills receivables on an ongoing basis and assess the collectability of overdue balances. We routinely analyze the aging profile of trade and bills receivables to proactively identify potential risks to implement appropriate collection methods. We also monitor the collections of trade and bills receivables and retrospectively review the accounting estimate of prior years to identify any material discrepancies. To assess the adequacy of the impairment of our trade and bills receivables, our Directors have considered the recoverability of certain customers, including, among others, the credit terms granted to customers, the credit history, the historical settlement records, the aging analysis and forward-looking information. Based on the results of our Director's assessment, we provided the impairment losses of our trade and bills receivables in accordance with the accounting policies in Note 2 to the Accountants' Report set out in Appendix I to this document. On the basis of each of the factors as assessed above, our Directors considered that sufficient provision had been made on trade and bills receivables as of the end of each year during the Track Record Period. See "Risk Factor - Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects." Also see "Business — Legal Proceedings and Compliance."

The following table sets out our trade and bills receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bills receivables turnover days[(1)]	39.4	24.0	24.5

Note:

(1) Trade and bills receivables turnover days for a period equal the average of the gross value of the opening and closing trade and bills receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year.

Our trade and bills receivables turnover days decreased from 39.4 days in 2023 to 24.0 days, in 2024, and further decreased to 24.5 days in 2025 primary due to a decrease in bills receivable, primarily driven by our enhanced credit-term management and strengthened accounts-receivables collection measures.

As of February 28, 2026, approximately RMB66.1 million or 11.3% of our trade and bills receivables had been settled.

Prepayments and Other Receivables

Our prepayments and other receivables during the Track Record Period primarily consisted of (i) prepayments for raw materials and components, (ii) deductible value-added tax, (iii) deposits and (iv) other receivables that originated from prepayments to a supplier, which were fully impaired in view of the recoverability of the balance and the supplier's financial condition, see Note 20 to the Accountants' Report in Appendix I to this document for details.

The following table sets out the breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments	370,711	45,743	256,376
Deductible value-added tax	15,766	129,107	92,893
Deposits	4,438	2,345	6,788
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables	10,000	10,000	10,000
Others[1]	645	1,127	2,158
Impairment allowance	(10,000)	(10,000)	(10,000)
Sub-total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Non-current			
Deposits	1,838	1,744	1,709
Sub-total	**1,838**	**1,744**	**1,709**
Total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Note:

(1) Others primarily refer to petty cash held by some employees to facilitate procurement and other relevant activities in their daily work.

Our prepayments and other receivables decreased by 54.3% from RMB393.4 million as of December 31, 2023 to RMB180.1 million as of December 31, 2024, primarily due to a decrease in prepayments, primarily due to receipt of goods in 2024 which were prepaid for in 2023, partially offset by an increase in deductible value-added tax, primarily due to an increase in procurement of raw materials.

Our prepayments and other receivables increased by 101.5% from RMB180.1 million as of December 31, 2024 to RMB361.0 million as of December 31, 2025, primarily due to (i) an increase in prepayments, primarily due to an increase in procurement, and (ii) an increase in deposits, primarily due to an increase in our payments of tender guarantee and performance guarantee to a customer with the bid guarantee subsequently recovered in February 2026, partially offset by a decrease in deductible value-added tax due to the cross-period offset of input VAT credits.

As of February 28, 2026, approximately RMB125.1 million or 34.8% of our prepayments and other receivables as of December 31, 2025 had been settled.

Income Tax Recoverable

Our income tax recoverable increased from nil as of December 31, 2023 to RMB17.0 million as of December 31, 2024, primarily due to our payment of income tax in advance. Our income tax recoverable decreased from RMB17.0 million as of December 31, 2024 to RMB9.6 million as of December 31, 2025, primarily due to the utilization in 2025 of excess provisional income tax prepaid in 2024, resulting in a decrease in actual tax prepayments in 2025.

Financial Assets at FVTPL

During the Track Record Period, our financial assets at FVTPL consisted of wealth management products, at fair value. Our financial assets at FVTPL decreased from RMB20.0 million as of December 31, 2023 to nil as of December 31, 2024, and remained stable at nil as of December 31, 2025, primarily due to our disposal of all wealth management products prior to December 31, 2024 and December 31, 2025, respectively.

Restricted Cash

During the Track Record Period, our restricted cash represented security deposit relating to letter of guarantee issued to some of our customers and our investment funds deposited as a cornerstone investor. Our restricted cash increased significantly from RMB1.6 million as of December 31, 2023 to RMB3.8 million as of December 31, 2024 and further increased significantly to RMB84.6 million as of December 31, 2025, primarily due to some customers requiring us to provide a letter of guarantee as a security deposit to facilitate the payment of remaining consideration.

Trade and Bills Payables

Our trade and bills payables are non-interest-bearing. Our trade and bills payables increased significantly from RMB55.0 million as of December 31, 2023 to RMB567.4 million as of December 31, 2024, primarily due to an increase in procurement of raw materials to accommodate large orders from customers, affected by the actual delivery timing. Our trade and bills payables increased by 21.3% from RMB567.4 million as of December 31, 2024 to RMB688.4 million as of December 31, 2025, primarily due to our fulfillment of purchase payment obligations to suppliers in accordance with contracts. Our trade and bills payables remained at a relatively higher level compared with those as of December 31, 2023, primarily due to the substantial procurement activities undertaken to prepare for the high-value contracts executed in 2024 and 2025, which did not occur in 2023, in line with our revenue growth.

The following table sets out the aging analysis of our trade and bills payables based on the delivery date as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	51,386	564,356	514,773
1 to 2 years	2,556	1,733	172,971
2 to 3 years	684	802	204
Over 3 years	406	507	471
Total	**55,032**	**567,398**	**688,419**

The following table sets out our trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Trade and bills payables turnover days(1)	32.2	44.5	43.7

Note:

(1) Trade payables turnover days for a period equal the average of the gross value of the opening and closing trade payables balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year.

Our trade and bills payables turnover days increased from 32.2 days in 2023 to 44.5 days in 2024, primarily due to our effective supplier-management measures to enhance our liquidity position by extending certain payment cycles.

Our trade and bills payables turnover days decreased from 44.5 days in 2024 to 43.7 days in 2025, primarily due to improved payment scheduling and more efficient management of payment timing.

As of February 28, 2026, approximately RMB254.4 million or 36.9% of our trade and bills payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals consisted of (i) payroll and welfare payables, (ii) other tax payables, (iii) other payables, representing output VAT to be carried forward, and (iv) due to a related party who is our ultimate shareholder. The following table sets out a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	18,653	20,233	29,999
Other tax payables	26,477	28,477	12,835
Other payables	35,305	26,410	90,668
Due to a related party	—	20,000	—
Total	**80,435**	**95,120**	**133,502**

Our other payables and accruals increased by 18.3% from RMB80.4 million as of December 31, 2023 to RMB95.1 million as of December 31, 2024, primarily due to an increase in the amount due to a related party provided to meet our short-term funding needs. The loan from our ultimate shareholder was unsecured and interest-free, and settled subsequently in January, 2025. Our other payables and accruals increased by 40.4% from RMB95.1 million as of December 31, 2024 to RMB133.5 million as of December 31, 2025, primarily due to (i) an increase in other payables, in line with our business growth, and (ii) an increase in payroll and welfare payables, primarily due to an increase in the accrual for year-end bonuses, partially offset by (i) a decrease in other tax payables, primarily due to the transfer of input VAT pending verification generated in 2024 to deductible input VAT in 2025, which was used to partially offset output VAT arising from increased revenue, and (ii) a decrease in due to a related party, primarily due to our repayment of the loan in January 2025.

As of February 28, 2026, RMB41.5 million, or 31.5% of our other payables and accruals as of December 31, 2025, has been settled.

Contract Liabilities

During the Track Record Period, our contract liabilities primarily consisted of short-terms advances received from customers.

Our contract liabilities decreased by 21.7% from RMB260.2 million as of December 31, 2023 to RMB203.7 million as of December 31, 2024, primarily attributable to the recognition of revenue. Our contract liabilities increased significantly from RMB203.7 million as of December 31, 2024 to RMB671.6 million as of December 31, 2025, primarily due to an increase in advance payments received from customers in 2025.

As of February 28, 2026, RMB93.1 million or 13.9% of our contract liabilities as of December 31, 2025, had been settled.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as of the dates or for the years indicated:

	As of/Year ended December 31,		
	2023	2024	2025
Gross profit margin *(%)*[(1)]	10.1	8.8	6.0
Net profit margin *(%)*[(2)]	2.5	2.3	2.2
Current ratio[(3)]	1.3	1.2	1.3
Quick ratio[(4)]	1.0	0.3	0.6
Gearing ratio (%)[(5)]	72.4	80.9	76.3
Adjusted net profit margin (non-IFRS measure) *(%)*[(6)]	3.3	2.7	2.5

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the year and multiplied by 100%.

(2) Net (loss)/profit margin equals net (loss)/profit divided by revenue for the year and multiplied by 100%.

(3) Current ratio equals total current assets divided by total current liabilities as of the relevant dates.

(4) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates.

(5) Gearing ratio equals total liabilities divided by total assets as of the same date and multiplied by 100%.

(6) Adjusted net profit margin (non-IFRS measure) is calculated based on adjusted net profit (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Non-IFRS Measure" for a reconciliation from our profit for the year to adjusted net profit (non-IFRS measure).

Our gearing ratio increased from 72.4% as of December 31, 2023 to 80.9% as of December 31, 2024, primarily due to an increase in trade and bills payables, primarily attributable to an increase in procurement of raw materials to accommodate large orders from customers and an increase in interest-bearing bank loans to support our business operations. Our gearing ratio decreased from 80.9% as of December 31, 2024 to 76.3% as of December 31, 2025, primarily due to an increase in trade and bills receivables, primarily attributable to the expansion of our customer base and the corresponding growth in revenue resulting from certain high-value contracts relating to sales of AI servers, an increase in cash and cash equivalents and a decrease in redemption liabilities, partially offset by an increase in current interest-bearing bank loans and an increase in contract liabilities.

Our quick ratio decreased from 1.0 as of December 31, 2023 to 0.3 as of December 31, 2024, primarily due to a decrease in prepayments and other receivables, primarily driven by a decrease in prepayments, primarily attributable to receipt of goods in 2024 which were prepaid for in 2023, a decrease in cash and cash equivalents, primarily driven by our increasing procurement to support certain high-value projects, an increase in trade and bills payables, primarily attributable to an increase in procurement of raw materials to accommodate large orders from customers, and an increase in interest-bearing bank loans to support our business operations. Our quick ratio increased from 0.3 as of December 31, 2024 to 0.6 as of December 31, 2025, primarily due to an increase in trade and bills receivables, primarily attributable to the expansion of our customer base and the corresponding growth in revenue resulting from certain high-value contracts relating to sales of AI servers, an increase in cash and cash equivalents, primarily driven our business growth, an increase in prepayments and other receivable, primarily a decrease in trade and bills payables, primarily attributable to our fulfillment of purchase payment obligations to suppliers in accordance with contracts, partially offset by an increase in contract liabilities and an increase in current interest-bearing bank loans.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had historically funded our operations principally from cash generated from operating activities, capital contributions by our shareholders and borrowings. Going forward, we believe that our liquidity requirements will be satisfied using a combination of operating cash flow, equity and debt financing and **[REDACTED]** received from the **[REDACTED]**.

Cash Flow

The following table sets out our cash flow for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows (used in) operating activities	(29,208)	(352,545)	(55,950)
Net cash flows (used in)/from investing activities	(29,577)	13,601	(4,020)
Net cash flows from financing activities	212,747	161,005	334,103
Cash and cash equivalents at beginning of year	91,735	246,496	70,258
Effect of exchange rate changes, net	799	1,701	(2,311)
Cash and cash equivalents at end of year	**246,496**	**70,258**	**342,080**

Net Cash Used in Operating Activities

In 2025, our net cash used in operating activities was RMB56.0 million, after taking into account our profit before tax of RMB137.4 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising finance costs of RMB25.7 million, and (ii) changes in working capital, which primarily comprised an increase in trade and bills receivables of RMB433.5 million arising from delayed consideration payment under certain high-value contracts, and an increase in prepayments, deposits and other receivables of RMB173.5 million, partially offset by an increase in trade and bills payables of RMB583.8 million.

In 2024, our net cash used in operating activities was RMB352.5 million, after taking into account our profit before tax of RMB69.1 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising finance costs of RMB20.0 million, and (ii) changes in working capital, primarily comprising an increase in inventories of RMB1,136.2 million arising from certain large-scale customer orders, where the relevant products had been manufactured or were in transit as of the end of 2024, while cash collection had not yet occurred as customer acceptance and payment milestones were not completed as of year end. As a result, there was in a significant timing mismatch between inventory build-up and cash inflows during 2024, with a portion of the related revenue recognized in 2025, partially offset by (a) an increase in trade and bills payables of RMB446.8 million, reflecting our reliance on supplier credit to support procurement for these projects, and (b) a decrease in prepayments, deposits and other receivables of RMB196.3 million, primarily due to receipt of supplies for which we had previously prepared.

In 2023, our net cash used in operating activities was RMB29.2 million, after taking into account our profit before tax of RMB56.7 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising finance costs of RMB23.9 million and depreciation of right-of-use assets of RMB8.5 million, and (ii) changes in working capital, which primarily comprised (a) an increase in prepayments deposits, and other receivables of RMB296.6 million, primarily due to prepayments made to suppliers for raw materials and components, and (b) a decrease in trade and bills payables of RMB108.0 million, primarily due to the settlement of outstanding payables to suppliers during the year, partially offset by a decrease in inventories of RMB160.3 million, primarily due to the sale of inventories.

Net Cash Used in or Generated from (Used in) Investing Activities

In 2025, our net cash used in investing activities was RMB4.0 million, primarily due to purchases of financial assets at FVTPL of RMB1,384.5 million and purchases of items of property, plant and equipment of RMB3.8 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,384.5 million.

In 2024, our net cash generated from investing activities was RMB13.6 million, primarily due to proceeds from disposal of financial assets at FVTPL of RMB823.6 million, partially offset by purchases of financial assets at FVTPL of RMB803.6 million and purchases of items of property, plant and equipment of RMB7.3 million.

In 2023, our net cash used in investing activities was RMB29.6 million, primarily due to purchases of financial assets at FVTPL of RMB476.0 million and purchase of intangible assets of RMB9.2 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB456.0 million.

Net Cash Generated from Financing Activities

In 2025, our net cash generated from financing activities was RMB334.1 million, primarily due to new bank borrowings of RMB1,162.2 million, partially offset by repayment of bank borrowings of RMB748.1 million and repurchase of shares of RMB111.8 million.

In 2024, our net cash generated from financing activities was RMB161.0 million, primarily due to new bank borrowings of RMB506.0 million and new borrowings from related parties of RMB20.0 million, which was partially offset by repayment of bank borrowings of RMB303.4 million and dividends paid to shareholders of RMB40.0 million.

In 2023, our net cash generated from financing activities was RMB212.7 million, primarily due to new bank borrowings of RMB253.8 million and proceeds from issue of shares of RMB80.0 million , which was partially offset by repayment of bank borrowings of RMB104.9 million and lease payments of RMB10.1 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025 and February 28, 2026, our indebtedness consisted of redemption liabilities, interest-bearing bank loans, lease liabilities and due to a related party. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)
Current				
Redemption liabilities	250,078	258,920	—	—
Interest-bearing bank loans	238,744	402,473	828,839	724,251
Lease liabilities	7,415	9,114	9,660	9,527
Due to a related party	—	20,000	—	—
Non-current				
Interest-bearing bank loans	—	39,000	27,000	77,000
Lease liabilities	13,459	9,620	1,712	1,195
Total	**509,696**	**739,127**	**867,211**	**811,973**

Redemption Liabilities

Our redemption liabilities represent shares held by certain pre-**[REDACTED]** investors that come with certain special rights, including, among others, redemption rights and liquidation rights. Our redemption liabilities amounted to RMB250.1 million, RMB258.9 million, nil and nil as of December 31, 2023, 2024, 2025 and February 28, 2026, being the most recent practicable date for determining our indebtedness as we entered into a termination agreement with those Pre-**[REDACTED]** Investors with special rights in August 2025 to terminate redemption right. For details about these special rights, see "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments." For more information about the redemption liabilities including their movements during the Track Record Period, see Note 28 to the Accountants' Report in Appendix I to this document.

Interest-bearing Bank Loans

During the Track Record Period, our interest-bearing bank loans represent bank loans from commercial banks in China. Our interest-bearing bank loans increased from RMB238.7 million as of December 31, 2023 to RMB441.5 million as of December 31, 2024, and further to RMB855.8 million as of December 31, 2025, primarily due to our additional bank loans secured for working capital purposes. As of February 28, 2026, our interest-bearing bank loans amounted to RMB801.3 million. The effective interest rate on our bank loans ranged from 2.05% to 4.10% during the Track Record Period and up to February 28, 2026. As of February 28, 2026, our committed unutilized banking facilities amounted to RMB23.0 million. Our bank borrowings are all denominated in Renminbi. See Note 26 to the Accountants' Report in Appendix I to this document.

Our Directors confirm that (i) as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt, nor was there any material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, and (ii) we did not experience any difficulty in obtaining bank and other borrowings, material default in payment of bank and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

As of December 31, 2023, 2024 and 2025 and February 28, 2026, our total lease liabilities (including current and non-current portions) amounted to RMB20.9 million, RMB18.7 million, RMB11.4 million and RMB10.7 million, respectively.

Our total lease liabilities decreased by 10.3% from RMB20.9 million as of December 31, 2023 to RMB18.7 million as of December 31, 2024, and further decreased by 39.3% to RMB11.4 million as of December 31, 2025, primarily due to a decrease in the remaining lease terms. Our lease liabilities remained relatively stable at RMB10.7 million as of February 28, 2026. The effective interest rates of our liabilities ranged from 3.5% to 4.2% during the Track Record Period and up to February 28, 2026.

Due to a Related Party

In December 2024, a related party made a loan to our Group in the amount of RMB20.0 million, which we fully repaid in January 2025. The loan was unsecured and interest-free. See Note 38 to the Accountants' Report in Appendix I to this document.

Except as disclosed above, as of February 28, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our directors have confirmed that there has been no material change in our indebtedness since February 28, 2026, and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURES

The following table sets out the details of our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchases of items of property, plant and equipment	1,206	7,325	3,847
Purchases of items of intangible assets	9,191	345	1,767
Total	10,397	7,670	5,614

During the Track Record Period, our capital expenditure consisted of purchase of property, plant and equipment and intangible assets. In 2023, 2024 and 2025, our capital expenditures amounted to RMB10.4 million, RMB7.7 million and RMB5.6 million, respectively. We funded these expenditures primarily with cash generated from our operations.

Following the **[REDACTED]**, we may continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations. See "Future Plans and Use of **[REDACTED]**." We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we did not have any significant contractual commitments.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 38 to the Accountants' Report in Appendix I to this document.

Our Directors are of the view that each of the related party transactions set out in Note 38 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

FINANCIAL RISK DISCLOSURE

Our principal financial instruments, other than derivatives, comprise bank loans and overdrafts, convertible bonds, 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 interest rate risk, foreign currency risk, credit risk and liquidity risk. Our board of directors reviews and agrees policies for managing each of these risks and they are summarised below. Our accounting policies in relation to derivatives are set out in Note 42 to the Accountants' Report in Appendix I to this document.

DIVIDENDS AND DIVIDEND POLICY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. In 2023, 2024 and 2025, we declared and paid dividends of nil, RMB40.0 million and nil, respectively. No other dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. We currently do not have any fixed dividend pay-out ratio. Our dividend policy states that any future declarations and payments of dividends will be subject to the approval of the Shareholders in the Shareholder's meeting and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors which our Directors consider relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As confirmed by our PRC Legal Advisor, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us including our cash and cash equivalents on hand, the available banking facilities and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained profits of RMB274.2 million, which were available for distribution to our shareholders.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** will be approximately HK$**[REDACTED]** (assuming no exercise of the **[REDACTED]**), representing **[REDACTED]**% of the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** stated in this document, and that the **[REDACTED]** is not exercised) of the **[REDACTED]**. We recorded **[REDACTED]** of nil, nil and RMB**[REDACTED]** in 2023, 2024 and 2025, respectively. We expect to incur **[REDACTED]** of approximately HK$**[REDACTED]**, of which approximately HK$**[REDACTED]** is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately HK$**[REDACTED]** is expected to be recognized as a deduction in equity directly upon the **[REDACTED]**. Our Directors do not expect such expenses to materially impact our results of operations in 2026. By nature, our **[REDACTED]** are composed of (i) **[REDACTED]** commission and **[REDACTED]** of approximately HK$**[REDACTED]**, and (ii) non-**[REDACTED]** related expenses of approximately HK$**[REDACTED]**, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately HK$**[REDACTED]** and other fees and expenses of approximately HK$**[REDACTED]**.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited **[REDACTED]** Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document, there has been no material adverse change in our financial or trading position since December 31, 2025, and there is no event since December 31, 2025 which would materially affect the information shown in the consolidated financial statements included elsewhere in this document.

DISCLOSURE UNDER RULES 13. 13 TO 13.19 OF THE LISTING RULES

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