
FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants’ Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make 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, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a provider of optoelectronic interconnection products, offering optical transceivers, active optical cables (“AOC”), and other products. Our optoelectronic interconnection products are widely deployed in AI data centers to support high-speed, high-density and energy-efficient data transmission. We establish end-to-end technological capabilities spanning from chip design to optical transceiver manufacturing, with a focus on silicon photonics (“SiPh”) technology.

Our optical transceiver portfolio covers 100G, 200G, 400G and 800G transmission speeds and is compatible with various industry-standard form factors. All of our single-mode optical transceivers of 400G and above adopt SiPh technology. Our AOC and other products are diversified to meet varying customer requirements, generating synergies across our product portfolio and creating cross-selling opportunities.

According to Frost & Sullivan, we ranked seventeenth globally among optical transceiver providers by revenue in 2025, with a global market share of 0.8% in terms of revenue in 2025. According to the same source, we ranked eighth globally among Chinese optical transceiver providers in terms of AI optical transceivers, with a global market share of 1.6% by revenue in 2025.

We focus on the next generation of optoelectronic interconnection technologies. In particular, we are developing:

- PCIe AEC and PCIe AOC products;
- 1.6T, 3.2T and other next-generation high-speed optoelectronic interconnection products; and
- advanced optoelectronic interconnection technologies, including near-packaged optics (“NPO”) and co-packaged optics (“CPO”).

BASIS OF PRESENTATION

As set out in note 29 to the historical financial information, certain of the ordinary shares issued by our Company included redemption right granted to certain shareholders according to their investment agreements entered into with our Company. Pursuant to the supplemental agreements entered into subsequently between our Company and the foregoing shareholders in relation to the termination of redemption right granted by our Company are void ab initio, having taking into account

FINANCIAL INFORMATION

the legal and regulatory framework of our Company’s jurisdiction and the governing law of the supplementary agreements, our Directors considered that it is appropriate to present such capital paid in by those shareholders with redemption right as equity throughout the Relevant Periods.

The historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by our Group 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 derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the management to make judgements, estimates and assumptions in the process of applying our accounting policies. Judgements made by the management in the application of IFRS Accounting Standards that have significant effect on the historical financial information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants’ Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been, and are expected to continue to be, materially affected by the following major factors:

Market Demand for Our Products

Our results of operations have been and are expected to be affected by the market demand for our products. Driven by the rapid development of AI, cloud computing and intelligent products, the global optoelectronic interconnection industry presents significant growth potential. According to Frost & Sullivan, the global market size of AI optical transceivers by sales value is expected to increase at a CAGR of 37.1% from RMB71.8 billion in 2025 to RMB347.5 billion in 2030.

In response to these expanding market opportunities, we have proactively implemented a series of strategic initiatives to optimize our product portfolio, strengthen our technology reserves and continuously expand production capacity, thereby better serving customer needs. We believe we are well positioned to capture the substantial growth potential of the optoelectronic interconnection industry.

Our Ability to Continuously Upgrade and Expand our Solution Offerings

Our ability to continuously upgrade and expand our solution offerings is a key driver of our results of operations and financial condition. Through sustained R&D efforts, we have continued to upgrade and optimize our solution offerings to keep pace with technology trends and customer demands. In 2023, 2024 and 2025, our research and development expenses amounted to RMB42.3 million, RMB63.8 million, and RMB104.3 million, respectively.

Our profitability is also affected by changes in product mix. We offer a wide range of optoelectronic interconnection products to address different application scenarios and diverse customer demands. In addition, we customize our solutions for many of our customers to satisfy their particular needs. As a result, variations in product composition may materially impact our overall gross profit margin. Products launched earlier in their technology cycle often enjoy first-mover advantages and

FINANCIAL INFORMATION

higher gross margins, which may narrow as competition intensifies. Accordingly, our ability to achieve technological breakthroughs and to accelerate product iteration is critical to capture emerging demand and support our revenue growth and profitability.

Our Ability to Maintain Key Customers and Expand Our Customer Base

We are committed to strengthening relationships with key existing customers while continuously expanding our global customer base. Leveraging our proprietary technologies, we work closely with customers to anticipate and address their evolving needs through continuous technological innovation, technical support and product iteration, especially under our JDM model. As we increasingly derived revenue under the JDM model during the Track Record Period, our gross profit margins were significantly influenced by the JDM model’s performance, which fluctuates depending on our collaboration dynamics with respective customers, including large domestic customers with strong bargaining power. With a broader customer mix under the JDM model, including those from overseas markets and customers of various scales, we expect to enhance greater profitability potential.

Our Ability to Manage Costs and Improve Operational Efficiency

Our ability to manage costs and improve operational efficiency is critical to our success and profitability. In 2023, 2024 and 2025, our cost of sales amounted to RMB206.6 million, RMB760.0 million, and RMB1,111.3 million, respectively, accounted for 117.9%, 88.2% and 91.0% of our total revenue, respectively. Our cost of sales consists primarily of raw material costs, staff costs, depreciation, utilities expenses and others. Changes in any major component could materially affect our gross profit and gross profit margin.

Moreover, our ability to effectively manage our operating expenses would also substantially impact our profitability. Our operating expenses, comprising selling and marketing expenses, research and development expenses and administrative expenses, amounted to RMB72.4 million, RMB104.8 million and RMB194.2 million in 2023, 2024 and 2025, accounting for 41.3%, 12.2%, and 15.9% of our total revenue during the same periods, respectively.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related 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 operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from 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. For details of our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, our revenue was primarily derived from (i) optical transceivers, (ii) AOC, and (iii) others, mainly comprising optoelectronic components, such as OSA and COB assemblies, as well as raw materials, including PCBA and other related components.

Cost of Sales

Our cost of sales primarily includes (i) raw material costs, (ii) staff costs, (iii) depreciation, (iv) utilities expenses, (v) inventory impairment loss and (vi) others.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

Our gross (loss)/profit represents our revenue less our cost of sales, and our gross (loss)/profit margin represents our gross (loss)/profit divided by our revenue, expressed as a percentage.

Other Income and Gains

Our other income and gains comprise (i) interest income, (ii) government subsidies, (iii) fair value gains on financial assets at fair value through profit or loss, (iv) fair value gains/(losses) on derivative financial instruments, and (v) net exchange differences.

Selling and Marketing Expenses

Our selling and marketing expenses comprise (i) staff costs, (ii) sample expenses, (iii) advertising and promotion expenses, (iv) business entertainment expenses, (v) professional service fees, and (vi) others.

Research and Development Expenses

Our research and development expenses comprise (i) staff costs, (ii) raw materials consumed, (iii) depreciation and amortization, (iv) professional service fees, (v) mold costs, (vi) utilities expenses, and (vii) others.

Administrative Expenses

Our administrative expenses comprise (i) staff costs, (ii) professional service fees, (iii) depreciation and amortization, (iv) utilities expenses, (v) business entertainment expenses, and (vi) others.

(Impairment)/Reversal of Impairment of Financial Assets, Net

Our net (impairment)/reversal of impairment of financial assets primarily relates to our impairment and collection of our trade receivables.

Other Expenses and Losses

Our other expenses and losses mainly comprise (i) net exchange differences, (ii) impairment of items of property, plant and equipment, and (iii) others.

FINANCIAL INFORMATION

Finance Costs

Our finance costs comprise (i) interest on bank and other borrowings, and (ii) interest on lease liabilities.

Fair Value Gains/(Losses) on Derivative Financial Instruments

Our fair value gains/(losses) on derivative financial instruments primarily relates to our (i) wealth management product, and (ii) forward foreign exchange contract for hedging purposes.

Income Tax Expenses

Our income tax expenses comprise (i) current income tax, and (ii) deferred tax. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled or operated.

Our principal applicable taxes and tax rates are set forth as follows:

Chinese Mainland

Under the Law on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the EIT rate for our subsidiaries in Chinese mainland is 25% unless subject to preferential tax.

We were qualified as a High and New Technology Enterprise (“**HNTE**”) and were entitled to a preferential tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority for every three years.

Singapore

Our subsidiary incorporated in Singapore is subject to Singapore profits tax at the rate of 17% for taxable income on any estimated assessable profits arising in Singapore during the Track Record Period.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue	175,338	100.0	861,832	100.0	1,221,063	100.0
Cost of sales	(206,642)	(117.9)	(760,019)	(88.2)	(1,111,307)	(91.0)
Gross (loss)/profit	(31,304)	(17.9)	101,813	11.8	109,756	9.0
Other income and gains	6,389	3.6	3,296	0.4	15,791	1.3
Selling and marketing expenses	(7,675)	(4.4)	(10,131)	(1.2)	(15,750)	(1.3)
Research and development expenses	(42,266)	(24.1)	(63,797)	(7.4)	(104,267)	(8.5)
Administrative expenses	(22,492)	(12.8)	(30,850)	(3.6)	(74,134)	(6.1)
Reversal of impairment/ (impairment) of Financial Assets, net	5,431	3.1	(1,973)	(0.2)	(2,755)	(0.2)
Other expenses and losses	(13,072)	(7.5)	(7,559)	(0.9)	(9,653)	(0.8)
Finance costs	(3,252)	(1.9)	(8,537)	(1.0)	(19,126)	(1.6)
Fair value losses on derivative financial instruments	(323)	(0.2)	—	—	—	—
Loss before tax	(108,564)	(61.9)	(17,738)	(2.1)	(100,138)	(8.2)
Income tax expenses	—	—	(157)	(0.0)	—	—
Loss for the year	(108,564)	(61.9)	(17,895)	(2.1)	(100,138)	(8.2)
Other comprehensive (loss)income for the year, net of tax	—	—	(321)	(0.0)	114	0.0
Total comprehensive loss for the year	(108,564)	(61.9)	(18,216)	(2.1)	(100,024)	(8.2)

For details on the accounting treatment of redemption rights, see “Financial Information — Share Capital” and Note 29 to the Accountants’ Report set out in Appendix I to this document.

Revenue

During the Track Record Period, we generated revenue from (i) optical transceivers, (ii) AOC, and (iii) others, mainly comprising optoelectronic components, such as OSA and COB assemblies, as well as raw materials, including PCBA and other related components. In 2023, 2024 and 2025, our revenue amounted to RMB175.3 million, RMB861.8 million and RMB1,221.1 million, respectively.

FINANCIAL INFORMATION

Revenue by Business Line

The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Optical transceivers	123,845	70.6	589,721	68.5	923,944	75.7
AOC	46,057	26.3	151,116	17.5	248,127	20.3
Others	5,437	3.1	120,995	14.0	48,992	4.0
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

Comparison between 2024 and 2025. Our revenue increased from RMB861.8 million in 2024 to RMB1,221.1 million in 2025, primarily due to the following reasons:

- *Optical transceivers:* Revenue generated from optical transceivers increased from RMB589.7 million in 2024 to RMB923.9 million in 2025, primarily due to the increase in the sales volume of our optical transceivers from 562 thousand units in 2024 to 1,029 thousand units in 2025, mainly attributable to (i) our expanded customer base driven by the surging AI demand, particularly from leading internet companies operating data centers, and (ii) our broader product portfolio, especially the mass shipment of our 800G series products.
- *AOC:* Revenue generated from AOC increased from RMB151.1 million in 2024 to RMB248.1 million in 2025, primarily due to the increase in the sales volume of our AOC from 164 thousand units in 2024 to 273 thousand units in 2025, which was mainly attributable to (i) our strengthened collaboration with a broader range of customers, including internet companies and small-to-medium-sized customers, and (ii) increased downstream demand for AOC driven by the accelerated global deployment of AI computing infrastructure.
- *Others:* Revenue generated from other decreased from RMB121.0 million in 2024 to RMB45.0 million in 2025, primarily because our external sales of optoelectronic components and raw materials decreased in 2025, following the temporary surge in such sales during 2024 driven by our bulk procurement of these items to support the rapid expansion of our business.

Comparison between 2023 and 2024. Our revenue increased from RMB175.3 million in 2023 to RMB861.8 million in 2024, primarily due to the following reasons:

- *Optical transceivers:* Revenue generated from optical transceivers increased from RMB123.8 million in 2023 to RMB589.7 million in 2024, primarily due to the increase in the sales volume of our optical transceivers from 157 thousand units in 2023 to 562 thousand units in 2024, primarily due to (i) the rapid growth in market demand of our products driven by AI-related applications, (ii) our expanded production capacity, which enabled us to accommodate higher sales volumes.
- *AOC:* Revenue generated from AOC increased from RMB46.1 million in 2023 to RMB151.1 million in 2024, primarily due to the increase in the sales volume of our AOC from 135 thousand units in 2023 to 164 thousand units in 2024, primarily due to (i) the rapid growth in market demand of our products driven by AI-related applications, (ii) our expanded production capacity, which enabled us to accommodate higher sales volumes.

FINANCIAL INFORMATION

- *Others*: Revenue generated from others increased significantly from RMB5.4 million in 2023 to RMB121.0 million in 2024. These components and raw materials were procured in bulk to support our rapid business expansion in 2024, and surplus quantities were subsequently sold to external parties.

Revenue by Geographical Locations

The following table sets forth a breakdown of our revenue by geographical locations, in absolute amounts and as percentages of our total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
North America						
— the U.S.	84,784	48.4	121,207	14.1	93,798	7.7
Asia						
— Chinese mainland.	76,124	43.4	623,555	72.4	1,099,262	90.0
— Malaysia	—	—	108,865	12.6	13,690	1.1
— Rest of Asia	11,790	6.7	5,539	0.6	9,705	0.8
Europe and others.	2,640	1.5	2,666	0.3	4,608	0.4
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

During the Track Record Period, we experienced steady revenue growth across regions, primarily driven by the expansion of our customer base in both domestic and overseas markets and the increasing market demand for our products. Our revenue from overseas markets decreased from RMB238.3 million in 2024 to RMB121.8 million in 2025, primarily due to a decrease in revenue from Malaysia, as demand from our key customers declined following the substantial completion of their projects in Malaysia in 2024. Our revenue from the U.S. did not grow at the same pace with that from Chinese mainland from 2023 to 2024 and temporarily declined in 2025 compared to 2024 because historically, a significant portion of our product offerings to the U.S. market consisted of lower-speed products. However, in alignment with our strategic shift, we have reallocated production capacity towards higher-speed products. Consequently, the supply of lower-speed products, including those provided to the U.S. market, was curtailed. Our higher-speed products was primarily provided to the domestic market during the Track Record Period, as U.S. customers are still undergoing the verification process for these advanced products. Following the completion of these processes, we expect to further enhance our sales in the U.S..

Revenue by Sales Channel

During the Track Record Period, we sold our products through (i) direct sales, and (ii) distributors. The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Direct sales	170,801	97.4	823,149	95.5	1,000,335	81.9
Distributors	4,537	2.6	38,683	4.5	220,728	18.1
Total	175,338	100.0	861,832	100.0	1,221,063	100.0

FINANCIAL INFORMATION

During the Track Record Period, our revenue was mainly derived from direct sales, accounting for 97.4%, 95.5% and 81.9% in 2023, 2024 and 2025, respectively. During the Track Record Period, revenue from our distributors accounting for 2.6%, 4.5% and 18.1% in 2023, 2024 and 2025, respectively. The increase in the proportion of revenue derived from distributors in 2025 was primarily attributable to increased downstream demand from large scale computing power projects, which was mainly fulfilled through distributors with strong market resources in such sector. Going forward, supported by growing downstream demand and our ongoing cooperation with distributors, we expect this trend to continue, while our revenue is expected to remain mainly derived from direct sales.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of our total cost of sales, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Raw material costs	130,644	63.2	669,768	88.1	958,015	86.3
Staff costs	7,447	3.6	16,832	2.2	26,244	2.4
Depreciation	11,388	5.5	14,636	1.9	15,819	1.4
Utilities expenses	1,858	0.9	3,014	0.4	4,951	0.4
Inventory impairment loss . . .	41,451	20.1	35,525	4.7	73,623	6.6
Others	13,854	6.7	20,244	2.7	32,655	2.9
Total	206,642	100.0	760,019	100.0	1,111,307	100.0

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

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Optical transceivers	155,473	75.2	516,390	67.9	861,636	77.6
AOC	45,754	22.1	123,966	16.3	204,921	18.4
Others	5,414	2.7	119,663	15.8	44,750	4.0
Total	206,642	100.0	760,019	100.0	1,111,307	100.0

Our cost of sales increased from RMB206.6 million in 2023 to RMB760.0 million in 2024, and further increased to RMB1,111.3 million in 2025. Such upward trend of our cost of sales during the Track Record Period was generally in line with our revenue growth.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

As a result of the foregoing, we recorded gross loss of RMB31.3 million in 2023, representing gross loss margin of 17.9% during the same periods. We recorded gross profit of RMB101.8 million and RMB109.8 million in 2024 and 2025, representing gross profit margin of 11.8%, and 9.0% during the same periods, respectively.

FINANCIAL INFORMATION

Gross (Loss)/Profit and Gross (Loss)/Profit Margin by Business Line

The following table sets forth a breakdown of our gross (loss)/profit by business line, in absolute amounts and as percentages of revenue, or gross (loss)/profit margins, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Optical transceivers	(31,628)	(25.5)	73,331	12.4	62,308	6.7
AOC	303	0.7	27,150	18.0	43,206	17.4
Others	21	0.4	1,332	1.1	4,242	8.7
Total	(31,304)	(17.9)	101,813	11.8	109,756	9.0

Comparison between 2024 and 2025. Our gross profit increased from RMB101.8 million in 2024 to RMB109.8 million in 2025. Our gross profit margin declined from 11.8% in 2024 to 9.0% in 2025, primarily due to the following reasons:

- *Optical transceivers:* Gross profit of optical transceivers decreased from RMB73.3 million in 2024 to RMB62.3 million in 2025 and gross profit margin decreased from 12.4% in 2024 to 6.7% in 2025, primarily due to (i) a decrease in the proportion of our sales to overseas markets, which generally command higher gross profit margins and (ii) the intensified competition in the high-speed optical transceiver market in mainland China, resulting in lower unit prices.
- *AOC:* Gross profit of AOC increased from RMB27.2 million in 2024 to RMB43.2 million in 2025, in line with our business growth. Our gross profit margin of AOC remained stable at 18.0% in 2024 and 17.4% in 2025.
- *Others:* Gross profit of others increased from RMB1.3 million in 2024 to RMB4.2 million in 2025, and the gross profit margin increased from 1.1% in 2024 to 8.7% in 2025, primarily because we sold the optoelectronic components and raw materials that we had bulk-procured to support the rapid expansion of our business at relatively low prices in 2024, resulting in relatively low gross profit margins in the same year.

The significant impact of competition was also partly attributable to the growing contribution of revenue from our JDM model because under the JDM model, we primarily served large domestic companies with significant order volumes and competitions for such large contracts were subject to heightened competition among suppliers.

Comparison between 2023 and 2024. We recorded gross loss of RMB31.3 million in 2023 and gross profit of RMB101.8 million in 2024, representing gross loss margin of 17.9% in 2023 and gross profit margin of 11.8% in 2024, primarily due to the following reasons:

- *Optical transceivers:* We recorded gross loss of RMB31.6 million and gross loss margin of 25.5% in 2023, and gross profit of RMB73.3 million and gross profit margin of 12.4% in 2024. We recorded gross loss in 2023 primarily attributable to the decline in the selling prices of low-speed optical transceivers, including 100G-and-below products, which are our principal products sold in 2023, as a result of intensifying market competition. The improvement from gross loss to gross profit in 2024 was primarily attributable to the

FINANCIAL INFORMATION

realization of economies of scale arising from the mass production and shipment of our optical transceivers, mainly our high-speed 400G-and-above products. The resulting increase in production volume and manufacturing efficiency led to a significant improvement in our gross profit margin and overall operating results.

- *AOC*: Gross profit of AOC increased from RMB0.3 million in 2023 to RMB27.2 million in 2024, and the gross profit margin of AOC increased from 0.7% to 18.0% in the same periods. The low gross profit margin in 2023 was primarily attributable to (i) the relatively high unit manufacturing cost of our 200G AOC, which was newly developed in 2023 and had not yet reached full production; and (ii) the price decline of our 200G AOC amid intensified competition, as downstream customers shifted their demand towards higher-speed products. The increase of gross profit margin in 2024 was primarily driven by the realization of economies of scale resulting from the ramp-up and mass shipment of our high-speed 400G-and-above AOC. Higher production volume and better capacity utilization enhanced manufacturing efficiency and cost effectiveness, leading to a marked increase in gross profit margin and overall operating performance.
- *Others*: Gross profit of others increased significantly from RMB21 thousands in 2023 to RMB1.3 million in 2024, and the gross profit margin of others increased from 0.4% in 2023 to 1.1% in 2024. The low gross profit margin in 2023 was primarily attributable to our bulk sale of low-speed optoelectronic components and related auxiliary consumables during the year, which yielded minimal gross profit margins. The increase of gross profit margin in 2024 was primarily driven by the realization of economies of scale resulting from the mass shipment of optoelectronic components and raw materials.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin by Geographical Locations

The following table sets forth a breakdown of our gross (loss)/profit and gross (loss)/profit margin by geographical locations for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin	Gross (Loss)/Profit	Gross Margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Chinese Mainland	(23,391)	(30.7)	55,717	8.9	75,612	6.9
Overseas	(7,913)	(8.0)	46,096	19.3	34,144	28.0
Total	(31,304)	(17.9)	101,813	11.8	109,756	9.0

Chinese Mainland: We recorded gross loss of RMB23.4 million, with gross loss margin of 30.7%, in 2023 and gross profit of RMB55.7 million with a gross profit margin of 8.9% in 2024, primarily due to the mass shipments of our high-speed products with higher profit margins. Our gross profit increased from RMB55.7 million in 2024 to RMB75.6 million in 2025, in line with our increased revenue. Our gross profit margin decreased from 8.9% to 6.9% in the same period, primarily due to intensified competition in the 200G and 400G optical receiver market, resulting in lower prices.

Overseas: We recorded gross loss of RMB8.0 million, with gross loss margin of 8.0%, in 2023, and gross profit of RMB46.1 million with a gross profit margin of 19.3% in 2024, primarily due to the mass shipments of our high-speed products with higher profit margins. Our gross profit decreased to RMB34.1 million in 2025, in line with our decreased revenue. Our gross profit margin increased from 19.3% to 28.0%, primarily due to an increased proportion of revenue generated from higher profit margin overseas customers in 2025 compared with 2024.

FINANCIAL INFORMATION

Other Income and Gains

The following table sets forth a breakdown of our other income and gains, in absolute amounts and as percentages of our total other income and gains, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%
Other income						
Interest income	1,787	28.0	1,288	39.1	3,684	23.3
Government subsidies	4,950	77.5	2,697	81.8	10,700	67.8
Others	—	—	—	—	1	0.0
Total other income	6,737	105.4	3,985	120.9	14,385	91.1
Gains						
Gains on disposal of financial assets at fair value through profit or loss	730	11.4	116	3.5	1,511	9.6
Losses on disposal of derivative financial instruments	(1,078)	(16.9)	(805)	(24.4)	(55)	(0.3)
Loss on disposal of items of property, plant and equipment	—	—	—	—	(50)	(0.3)
Total gains	(348)	(5.4)	(689)	(20.9)	1,406	8.9
Total other income and gains	6,389	100.0	3,296	100.0	15,791	100.0

Comparison between 2024 and 2025. Our other income and gains increased from RMB3.3 million in 2024 to RMB15.8 million in 2025, primarily due to the increase in government subsidies of RMB8.0 million, as we received additional government grants from Beijing and Jiangsu governments in recognition of our technological innovation.

Comparison between 2023 and 2024. Our other income and gains decreased from RMB6.4 million in 2023 to RMB3.3 million in 2024, primarily due to the decrease in government subsidies of RMB2.3 million, primarily because we received one-off government grants supporting our technological innovation in 2023, which were non-recurring in 2024.

FINANCIAL INFORMATION

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of our total selling and marketing expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Staff costs	2,669	34.8	4,030	39.8	7,622	48.4
Sample expenses	1,647	21.5	1,689	16.7	3,398	21.6
Advertising and promotion expenses	401	5.2	1,471	14.5	1,277	8.1
Business entertainment expenses	1,078	14.0	1,104	10.9	1,058	6.7
Professional service fees	611	8.0	654	6.7	840	5.3
Others	1,269	16.5	1,183	11.7	1,555	9.9
Total	7,675	100.0	10,131	100.0	15,750	100.0

Comparison between 2024 and 2025. Our selling and marketing expenses increased from RMB10.1 million in 2024 to RMB15.8 million in 2025, primarily due to the increase in staff costs of RMB3.6 million resulting from the increase in the number of our selling and marketing personnel as a result of our business expansion.

Comparison between 2023 and 2024. Our selling and marketing expenses increased from RMB7.7 million in 2023 to RMB10.1 million in 2024, primarily attributable to the increase in staff costs of RMB1.4 million resulting from the increase in the number of our selling and marketing personnel as a result of our business expansion.

Research and Development Expenses

The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Staff costs	28,180	66.7	37,567	58.9	56,043	53.7
Raw materials consumed	4,903	11.6	16,243	25.5	34,182	32.8
Depreciation and amortization	4,264	10.1	5,033	7.9	6,314	6.1
Professional service fees	1,355	3.2	998	1.6	1,857	1.8
Mold costs	1,939	4.6	1,409	2.2	894	0.9
Utilities expenses	877	2.1	1,411	2.2	1,552	1.5
Others	748	1.8	1,136	1.8	3,425	3.3
Total	42,266	100.0	63,797	100.0	104,267	100.0

Comparison between 2024 and 2025. Our research and development expenses increased from RMB63.8 million in 2024 to RMB104.3 million in 2025, primarily attributable to (i) the increase in raw materials consumed of RMB17.9 million in connection with our increased research and development activities, and (ii) the increase in staff costs of RMB18.5 million resulting from the increased number of our research and development personnel to strengthen our research and development capabilities.

FINANCIAL INFORMATION

Comparison between 2023 and 2024. Our research and development expenses increased from RMB42.3 million in 2023 to RMB63.8 million in 2024, primarily attributable to (i) the increase in raw materials consumed of RMB11.3 million in connection with our increased research and development activities, and (ii) the increase in staff costs of RMB9.4 million resulting from the increased number of our research and development personnel to strengthen our research and development capabilities.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Staff costs	15,637	69.5	20,455	66.3	34,654	46.7
Professional service fees . . .	351	1.6	2,169	7.0	22,235	30.0
Depreciation and amortization	1,359	6.0	1,367	4.4	3,396	4.6
Utilities expenses	703	3.1	1,047	3.4	1,661	2.2
Business entertainment expenses	1,231	5.5	902	2.9	1,485	2.0
Others	3,211	14.3	4,910	16.0	10,703	14.5
Total	22,492	100.0	30,850	100.0	74,134	100.0

Comparison between 2025 and 2024. Our administrative expenses increased from RMB30.9 million in 2024 to RMB74.1 million in 2025, primarily attributable to (i) the increase in professional service fees of RMB[REDACTED] incurred in relation to the [REDACTED] and the [REDACTED] and (ii) the increase in staff cost of RMB14.2 million resulting from recruitment of additional administrative personnel, including (a) finance personnel to support the preparation for the [REDACTED]; and (b) administrative personnel to support the commencement of operations at our Nanjing production facility.

Comparison between 2024 and 2023. Our administrative expenses increased from RMB22.5 million in 2023 to RMB30.9 million in 2024, primarily attributable to the increase in staff cost of RMB4.8 million resulting from the increased number of our administrative personnel to support our business expansion.

Reversal of Impairment/(Impairment) of Financial Assets, Net

We recorded net impairment of financial assets of RMB2.0 million and RMB2.8 million in 2024 and 2025, respectively. We recorded net reversal of impairment of financial assets of RMB5.4 million in 2023.

These amounts were primarily in connection with impairment and collection of our trade receivables. We apply the expected credit losses, or ECL, model for financial assets that are subject to impairment. ECLs are provided for credit losses based on possibility-weighted estimates, and a financial asset will be written off when there is no reasonable expectation of recovering the contractual cash flows. A reversal of impairment on financial assets is recognized when the outstanding contractual amount is collected.

FINANCIAL INFORMATION

Other Expenses and Losses

The following table sets forth a breakdown of our other expenses and losses, in absolute amounts and as percentages of our total other expenses and losses, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Exchange differences, net . . .	2,612	20.0	7,327	96.9	4,284	44.4
Impairment of items of property, plant and equipment.	10,459	80.0	—	—	—	—
Others	1	(0.0)	232	3.1	5,369	55.6
Total	13,072	100.0	7,559	100.0	9,653	100.0

Our other expenses and losses decreased from RMB13.1 million in 2023 to RMB7.6 million in 2024, primarily attributable to the decrease in impairment of items of property, plant and equipment of RMB10.5 million. Our other expenses and losses increased from RMB7.6 million in 2024 to RMB9.7 million in 2025, primarily attributable to the occurrence of others of RMB5.4 million in connection with the relocation of our Company.

Finance Costs

The following table sets forth a breakdown of our finance costs, in absolute amounts and as percentages of our total finance costs, for the periods indicated.

	Year Ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Interest on bank and other borrowings	3,050	93.8	8,466	99.2	18,589	97.2
Interest on lease liabilities. . .	202	6.2	71	0.8	537	2.8
Total	3,252	100.0	8,537	100.0	19,126	100.0

Our finance costs increased from RMB3.3 million in 2023 to RMB8.5 million in 2024, and further increased to RMB19.1 million in 2025. Such upward trend of our finance costs was primarily due to the increase in interest on bank and other borrowings as we raised additional borrowings to support our business expansion.

Fair Value Gains/(Losses) on Derivative Financial Instruments

We did not record fair value gains/(losses) on derivative financial instruments in 2024 and 2025. We recorded fair value losses on derivative financial instruments of RMB0.3 million in 2023, primarily in relation to our forward foreign exchange contract as a result of exchange rate fluctuations. Our fair value losses on derivative financial instruments decreased from RMB0.3 million in 2023 to nil in 2024, primarily due to our structural adjustment and discontinuation of the forward foreign exchange contract.

FINANCIAL INFORMATION

Income Tax Expenses

We did not record any income tax expenses in 2023 and 2025. We recorded income tax expenses of RMB0.2 million in 2024, primarily because our Singapore subsidiary generated taxable profit in 2024. Our effective tax rate in 2024 (calculated as income tax expenses divided by profit before tax) was 0.9%. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 83.5% from RMB108.6 million in 2023 to RMB17.9 million in 2024. Our loss for the year increased significantly from RMB17.9 million in the 2024 to RMB100.1 million in 2025.

SHARE CAPITAL

We entered into respective shareholders’ agreements with various Pre-[REDACTED] Investors and issued 48,559,313 ordinary shares for a total net cash proceed of approximately RMB787,139,000 (collectively the “Pre-[REDACTED] Investments”) with the respective par value being recorded as share capital and the remainder as reserves. Pursuant to the agreements, the Pre-[REDACTED] Investors were granted by the Company with special rights which included redemption rights, anti-dilution rights and liquidation preference rights.

On October 23, 2025, our Company and the Pre-[REDACTED] Investors entered into the Termination Agreement that the redemption rights granted by our Company to Pre-[REDACTED] Investors have been irrecoverably terminated and shall be void ab initio. Prior to the execution of the Termination Agreement, there had been no exercise of redemption rights granted by our Company to the Pre-[REDACTED] investors, and the only special rights exercised by certain Shareholders were the rights to nominate directors and board observers and the right to information. Taking into account the legal and regulatory framework of our Company’s jurisdiction and the governing law of the supplemental agreements, our Director considered that it is appropriate to present the Pre-[REDACTED] Investments as equity.

Had the special rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at fair value of the redemption amount prior to entering into the supplemental agreements, (i) the redemption financial liabilities, total current liabilities, net current (liabilities)/assets and net (liabilities)/assets would have been as follows:

	As of December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial liabilities at fair value through profit or loss	1,175,523	1,224,433	—
Total current liabilities	1,413,679	1,907,131	1,070,501
Net current (liabilities)/assets	(1,142,875)	(1,129,967)	416,454
Net (liabilities)/assets	(1,014,799)	(1,012,770)	585,747

FINANCIAL INFORMATION

and (ii) the changes in the carrying amounts of redemption liabilities, the net loss for the year, basic and diluted loss per share would have been:

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fair value losses on financial liabilities at			
fair value through profit or loss	44,359	48,910	16,257
Total net loss	(152,923)	(66,805)	(116,395)
Loss per share			
Basic and diluted (<i>RMB</i>)	(2.50)	(1.08)	(1.61)

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations, bank borrowings and shareholder contributions. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the [REDACTED] from the [REDACTED], and other future equity or debt financings. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB33.0 million, RMB75.0 million and RMB334.0 million as of December 31, 2023, 2024 and 2025, respectively.

Working Capital Sufficiency

Taking into account the [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents, cash flows from operating activities and available banking facilities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows used in operating activities . . .	(91,042)	(254,808)	(359,097)
Net cash flows generated from/(used in)			
investing activities	(98,804)	(106,912)	(111,032)
Net cash flows generated from financing			
activities	71,747	411,366	733,376
Net increase/(decrease) in cash and cash			
 equivalents	(118,099)	49,646	263,247
Cash and cash equivalents at the beginning of			
the year	153,677	32,967	74,963
Cash and cash equivalents at the end of			
 the year	32,967	74,963	334,040

FINANCIAL INFORMATION

Net Cash Flows Used in Operating Activities

Our cash flows used in operating activities reflect our loss before tax adjusted for: (i) non-cash or non-operating items, such as impairment of inventories and depreciation of property, plant and equipment; and (ii) the effects of movement in working capital, such as (increase)/decrease in inventories, increase in trade and bills receivables and (decrease)/increase in trade and bills payables.

In 2025, we had net cash flows used in operating activities of RMB359.1 million, which primarily consisted of loss before tax of RMB100.1 million, as adjusted for (i) non-cash or non-operating items, which mainly comprised impairment of inventories of RMB73.6 million and depreciation of property, plant and equipment of RMB24.9 million; (ii) the effect of movements in working capital, which mainly reflected the increase in inventories of RMB366.0 million and the increase in trade and bills receivables of RMB166.9 million, partially offset by the increase in trade and bills payables of RMB134.5 million.

In view of our net operating cash outflows in 2025, we have implemented various measures to improve our operating cash flow position, these measures include (i) strengthening our trade and bills receivables management by refining our customer credit assessment mechanism, enhancing aging-based monitoring and collection efforts, and promoting advance payment arrangements to accelerate cash collection; (ii) optimizing our trade and bills payables management by negotiating with suppliers to extend payment terms, leveraging our commercial reputation, stable procurement scale and long-standing supplier relationships; (iii) reducing capital tied up in inventory by tightening control over inventories stocking levels and periodically disposing of slow-moving and obsolete inventories; (iv) strengthening cost expenditure controls by closely monitoring non-essential administrative, selling and marketing and R&D expenses; and (v) optimizing our business operating structure by focusing on high-quality orders with shorter credit terms and faster turnover, refining our product mix and promoting higher-margin new products to enhance profitability and broaden our operating cash inflow channels.

In 2024, we had net cash flows used in operating activities of RMB254.8 million, which primarily consisted of loss before tax of RMB17.7 million, as adjusted for (i) non-cash or non-operating items, which mainly comprised impairment of inventories of RMB35.9 million and depreciation of property, plant and equipment of RMB21.2 million; (ii) the effect of movements in working capital, which mainly reflected the increase in inventories of RMB234.1 million and the increase in trade and bills receivables of RMB212.3 million, partially offset by the increase in trade and bills payables of RMB136.2 million.

In 2023, we had net cash flows used in operating activities of RMB91.0 million, which primarily consisted of loss before tax of RMB98.1 million, as adjusted for (i) non-cash or non-operating items, which mainly comprised impairment of inventories of RMB41.5 million and depreciation of property, plant and equipment of RMB18.0 million; (ii) the effect of movements in working capital, which mainly reflected the increase in inventories of RMB107.7 million.

FINANCIAL INFORMATION

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

Our cash inflows from investing activities primarily consisted of proceeds from disposals of financial assets at fair value through profit or loss. Our cash outflows from investing activities primarily consist of purchases of financial assets at fair value through profit or loss and purchases of items of property, plant and equipment.

In 2025, our net cash flows used in investing activities was RMB111.0 million, which consisted primarily of purchases of financial assets at fair value through profit or loss of RMB675.0 million and purchases of items of property, plant and equipment of RMB124.1 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB676.5 million.

In 2024, our net cash flows used in investing activities was RMB120.2 million, which consisted primarily of purchases of financial assets at fair value through profit or loss of RMB122.0 million and purchases of items of property, plant and equipment of RMB110.9 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB133.3 million.

In 2023, our net cash flows used in investing activities was RMB46.3 million, which consisted primarily of purchases of financial assets at fair value through profit or loss of RMB444.0 million, partially offset by proceeds from disposals of financial assets at fair value through profit or loss of RMB431.7 million.

Net Cash Flows Generated from Financing Activities

Our cash inflows from financing activities primarily consisted of new bank loan and other borrowings and capital paid in shareholders of our Company. Our cash outflows from financing activities primarily consisted of repayment of bank loans and other borrowings.

In 2025, our net cash flows generated from financing activities was RMB733.4 million, which consisted primarily of new bank loan and other borrowings of RMB878.2 million and capital paid in shareholders of RMB460.0 million, partially offset by repayment of bank loans and other borrowings of RMB573.7 million.

In 2024, our net cash flows generated from financing activities was RMB411.4 million, which consisted primarily of new bank loan and other borrowings of RMB536.7 million, partially offset by repayment of bank loans and other borrowings of RMB173.5 million.

In 2023, our net cash flows generated from financing activities was RMB71.7 million, which consisted primarily of new bank loan and other borrowings of RMB142.5 million, partially offset by repayment of bank loans and other borrowings of RMB64.9 million.

FINANCIAL INFORMATION

SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Current assets				
Inventories	126,340	324,591	616,988	587,383
Trade and bills receivables	63,816	275,033	438,685	620,392
Prepayments, other receivables and other assets . . .	29,260	68,772	94,952	170,916
Financial assets at fair value through profit or loss.	12,018	—	—	—
Time deposits	—	30,480	2,290	—
Pledged deposits	6,403	3,325	—	—
Cash and cash equivalents	32,967	74,963	334,040	374,879
Total current assets	270,804	777,164	1,486,955	1,753,570
Current liabilities				
Trade and bills payables	56,849	193,719	328,203	397,584
Other payables and accruals	51,824	57,186	50,529	260,634
Contract liabilities	—	4,997	2,417	3,172
Deferred income	1,355	1,635	626	—
Interest-bearing bank and other borrowings	124,598	420,042	680,838	785,280
Lease liabilities	3,042	3,290	6,636	9,204
Provision	488	1,671	1,252	—
Tax payable	—	158	—	—
Total current liabilities	238,156	682,698	1,070,501	1,445,874
NET CURRENT ASSETS	32,648	94,466	416,454	297,696

For details on the accounting treatment of redemption rights, see “Financial Information — Share Capital” and Note 29 to the Accountants’ Report set out in Appendix I to this document.

Our net current assets increased from RMB32.6 million as of December 31, 2023 to RMB94.5 million as of December 31, 2024, primarily due to (i) the increase in trade and bills receivables, and (ii) the increase in inventories, partially offset by the increase in interest-bearing bank and other borrowings.

Our net current assets increased from RMB94.5 million as of December 31, 2024 to RMB416.5 million as of December 31, 2025, primarily due to (i) the increase in the cash and cash equivalents, and (ii) the increase in inventories, partially offset by the increase in (i) interest-bearing bank and other borrowings and (ii) trade and bills payables.

Our net current assets decreased from RMB416.5 million as of December 31, 2025 to RMB297.7 million as of May 31, 2026, primarily due to (i) the increase in other payables and accruals and (ii) an increase in interest-bearing bank and other borrowings, partially offset by (i) an increase in trade and bills receivables and (ii) an increase in prepayments, other receivables and other assets.

FINANCIAL INFORMATION

Inventories

Our inventories consist of (i) raw materials, (ii) work in progress, and (iii) finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	107,272	189,462	239,414
Work in progress	12,911	26,108	19,404
Finished goods	71,028	181,496	445,138
Impairments	(64,871)	(72,475)	(86,968)
Total	126,340	324,591	616,988

Our inventory increased from RMB126.3 million as of December 31, 2023 to RMB324.6 million as of December 31, 2024, and further increased from RMB324.6 million as of December 31, 2024 to RMB617.0 million as of December 31, 2025, primary attributable to our continued increase of finished goods which was generally in line with our business expansion and the increase in our sales volume and in anticipation of the growing customer demand for our products.

We believe that by maintaining optimal inventory levels, we can meet our customers’ demand and ensure their satisfaction without compromising our liquidity. To this end, we have put in place a set of policies and procedures to manage our inventories. See “Business — Procurement and Supply Chain Management — Inventory Management.”

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

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	140,408	343,184	664,913
1 to 2 years	27,483	16,314	9,025
2 to 3 years	21,961	17,189	7,694
Over 3 years	1,359	20,379	22,324
	191,211	397,066	703,956
Impairments	(64,871)	(72,475)	(86,968)
Total	126,340	324,591	616,988

The following table sets forth our inventory turnover days for the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	255.8	141.3	180.8

Note:

(1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year or period divided by cost of sales for that corresponding year or period and multiplied by 365 days for 2023, 2024 and 2025.

FINANCIAL INFORMATION

Our inventory turnover days decreased from 255.8 days in 2023 to 141.3 days in 2024, primarily because the growth in our cost of sales outpaced the increase in our average inventory balance during the year. This was driven by the significant expansion in our sales volume in 2024, supported by the surge in downstream demand for AI computing infrastructure and the expansion of our production capacity. Our inventory turnover days increased from 141.3 days in 2024 to 180.8 days in 2025, primarily due to an increase in finished goods as we built up inventory to meet anticipated demand from key customers. As a result, the growth in our average inventory balance outpaced the increase in our cost of sales during the year.

As of May 31, 2026, RMB534.6 million, or 81.4%, of our inventories as of December 31, 2025 had been sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables consist of (i) trade receivables and (ii) bills receivables, including commercial acceptance bills and bank acceptance bills. The following table sets forth our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	64,494	176,376	376,013
Impairment	(678)	(1,778)	(5,049)
Trade receivables, net	63,816	174,598	370,964
Bills receivables			
Commercial bills	—	90,980	—
Bank bills	—	9,455	67,721
	—	100,435	67,721
Trade and bills receivables	63,816	275,033	438,685

Our trade and bills receivables increased from RMB63.8 million as of December 31, 2023 to RMB275.0 million as of December 31, 2024, and further increased from RMB275.0 million as of December 31, 2024 to RMB438.7 million as of December 31, 2025, in line with our business growth.

The following table sets forth the aging analysis of the trade receivables based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	64,483	176,314	371,606
1 to 2 years	2	51	4,357
2 to 3 years	9	2	50
Over 3 years	—	9	—
Total	64,494	176,376	376,013

FINANCIAL INFORMATION

We believe there was no recoverability issue for the trade receivables aged over one year and that sufficient provisions have been made, for the following reasons: (i) as at December 31, 2025, trade receivables aged over one year amounted to RMB4.4 million, representing only approximately 1.2% of the total trade receivables, and therefore constituted a minor portion of the total balance; (ii) we closely monitor the balances of trade and bills receivables and regularly assess the recoverability of overdue amounts. Our finance department analyses the ageing profile of trade and bills receivables on a regular basis, identifies potential risks, and takes appropriate collection measures. Provisions for impairment are made on a quarterly basis, with different provision rates applied to different ageing categories; (iii) we have adopted an impairment policy in accordance with IFRS 9, under which trade and bills receivable are grouped by similar credit risk characteristics and collectively assessed for expected credit losses, taking into account historical credit loss experience and forward-looking information. We apply the simplified approach to measure expected credit losses throughout the life of the financial assets from initial recognition. We conduct regular reviews of our impairment estimates and adjust the carrying amounts of trade and bills receivables and the related impairment losses as appropriate, to ensure that the provisions accurately reflect the current status of our trade and bills receivables; and (iv) our customers generally enjoy good credit quality and we have not had any material collection issues with our customers during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth our trade receivables turnover days during the periods indicated.

	Year Ended December 31,		
	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	117.3	51.0	82.6

Note:

(1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables less allowance for impairment for the relevant year, divided by the revenue for the same year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade receivables turnover days further decreased from 117.3 days in 2023 to 51.0 days in 2024, primarily due to the increases in our revenue. Our trade receivables turnover days increased from 51.0 days in 2024 to 82.6 days in 2025, primarily due to (i) the increase in the average balance of trade receivables and (ii) longer credit periods granted to new customers in 2025 to secure long-term business collaboration.

During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables, and the fluctuation in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

As of May 31, 2026, RMB287.7 million, or 65.6%, of our trade and bills receivables as of December 31, 2025, had been settled.

FINANCIAL INFORMATION

Prepayments, Other Receivables and Other Assets – Current

Our current prepayments, other receivables and other assets primarily consist of (i) other tax recoverable, (ii) prepayments, (iii) other receivables, (iv) deposits, (v) advances to employees, (vi) due from a director, (vii) deferred [REDACTED] expenditures, and (viii) others. The following table sets forth our current prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other tax recoverable	19,894	36,488	49,001
Prepayments	8,120	25,320	35,376
Rebate receivables from suppliers	—	—	3,696
Deposits paid	2,122	7,397	4,314
Advances to employees	439	685	1,009
Due from a director	—	1,012	—
Deferred [REDACTED] expenditures	—	—	[REDACTED]
Others	—	58	21
	30,575	70,960	96,624
Impairment allowance	(1,315)	(2,188)	(1,672)
Total	29,260	68,772	94,952

Our current prepayments, other receivables and other assets increased from RMB29.3 million as of December 31, 2023 to RMB68.8 million as of December 31, 2024, primarily due to (i) the increase in other tax recoverable of RMB21.7 million, as we increased our purchase amount to support our business growth, which led to an increase in input VAT, and (ii) the increase in prepayments of RMB17.2 million as we purchased more raw materials from our suppliers in line with our business expansion.

Our current prepayments, other receivables and other assets increased from RMB68.8 million as of December 31, 2024 to RMB95.0 million as of December 31, 2025, primarily due to (i) the increase in other tax recoverable of RMB12.5 million as we increased our purchase amount to support our business growth, which led to an increase in input VAT and (ii) the increase in prepayments of RMB10.1 million was primarily attributable to increased prepayments for equipment purchases.

As of May 31, 2026, RMB78,023.0 million, or 82.2%, of our current 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 represent our investments in wealth management products. We did not record any financial assets at fair value through profit or loss as of December 31, 2024 and 2025. Our financial assets at fair value through profit or loss decreased from RMB12.0 million as of December 31, 2023 to nil as of December 31, 2024, primarily due to the redemption of wealth management products to support our production expansion.

Under our investment policy on the purchase of such financial assets, we employ a comprehensive set of internal policies and guidelines to manage our investments in order to monitor the investment risks associated with our portfolio of financial assets. According to our internal capital management policy, payments for investment operations shall be processed following the relevant approval authority including the finance manager and the general manager. Additionally, under our investment policy, we monitor the levels of idle cash and bank balances and use idle cash to increase our returns based on our

FINANCIAL INFORMATION

working capital requirements at the relevant time. Under our internal control policies, our finance department is responsible for making annual plan and specific decisions to purchase financial assets, as well as managing and monitoring the risks associated with our portfolio of financial assets. We also periodically evaluate the fair value of our financial assets. This assessment includes measuring fair value, assessing profitability and considering risk conditions related to our investments. Our Board and senior management collectively possess extensive industry experience and financial management expertise, which enable them to effectively oversee these investments. For details, see the section headed “Directors, Supervisors, and Senior Management.” In addition, these investments will be subject to compliance with the applicable requirements under Chapter 14 of the Listing Rules upon the [REDACTED].

Time Deposits — Current

Our current time deposits increased from nil as of December 31, 2023 to RMB30.5 million as of December 31, 2024. Our current time deposits decreased from RMB30.5 million as of December 31, 2024 to RMB2.3 million as of December 31, 2025, primarily due to the maturity of certain time deposits during 2025. The fluctuations of our current time deposits was primarily attributable to our fund management decisions made after taking into account our cash flow position and the characteristics of the available financial products.

Pledged Deposits

Our pledged deposits represent deposits pledged to banks as collateral for issuance of bank acceptance bills. Our pledged deposits decreased from RMB6.4 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024, and further decreased from RMB3.3 million as of December 31, 2024 to nil as of December 31, 2025, primarily due to the maturity of bills and the release of related deposits.

Cash and Cash Equivalents

Our cash and cash equivalents increased from RMB33.0 million as of December 31, 2023 to RMB75.0 million as of December 31, 2024, and further increased from RMB75.0 million to RMB334.0 million as of December 31, 2025. For more details, see “— Liquidity and Capital Resource — Cash Flows Analysis” in this section.

Trade and Bills Payables

Our trade and bills payables mainly represent the outstanding balances due to our suppliers for raw materials, and are non-interest-bearing in nature. Our trade and bills payables increased from RMB56.8 million as of December 31, 2023 to RMB193.7 million as of December 31, 2024, and further increased from RMB193.7 million as of December 31, 2024 to RMB328.2 million as of December 31, 2025, mainly attributable to the increase in our procurement of raw materials to support our business growth.

FINANCIAL INFORMATION

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

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 years	55,575	192,413	326,951
1 to 2 years	1,110	354	981
2 to 3 years	133	862	53
Over 3 years	31	90	218
Total	56,849	193,719	328,203

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

	Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	63.1	53.1	81.9

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by our cost of sales for the relevant year and multiplied by 365 days for 2023, 2024 and 2025.

Our trade payables turnover days were 63.1 days, 53.1 days and 81.9 days in 2023, 2024 and 2025. Our relatively higher trade payables turnover days in 2023 were primarily due to our relatively low total cost of sales. The relatively low trade payables turnover days in 2024 were mainly because we procured an increased portion of raw materials from overseas suppliers, who generally granted us shorter credit terms. Our trade payables turnover days increased from 53.1 days in 2024 to 82.0 days in 2025, primarily due to extended credit terms we obtained from our suppliers as we increased our procurement volume.

As of May 31, 2026, RMB296.1 million, or 89.9%, of total trade and bills payables as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist of (i) other payables for addition of property, plant and equipment, (ii) payroll and welfare payable, (iii) other tax payables, (iv) accrued expenses for [REDACTED] and (v) other payables. The following table sets forth our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables for acquisition of property, plant and equipment	42,005	36,172	21,902
Payroll and welfare payable	6,247	10,271	15,931
Other tax payables	313	633	1,816
Accrued expenses for [REDACTED].	—	—	[REDACTED]
Other payables	3,259	10,110	3,233
Total	51,824	57,186	50,529

FINANCIAL INFORMATION

Our other payables and accruals increased from RMB51.8 million as of December 31, 2023 to RMB57.2 million as of December 31, 2024, primarily due to the increase in other payables of RMB6.9 million, mainly attributable to the increase in our product sales.

Our other payables and accruals decreased from RMB57.2 million as of December 31, 2024 to RMB50.5 million as of December 31, 2025, primarily due to a decrease in other payables for acquisition of property, plant and equipment of RMB14.3 million, mainly attributable to the settlement of outstanding payables in respect of previous asset purchases.

Non-current Assets/Liabilities

The following table sets out our non-current assets and liabilities as of the dates indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Non-current assets				
Property, plant and equipment	132,367	175,641	231,617	269,692
Right-of-use assets	14,633	21,325	35,121	41,695
Intangible assets	175	174	113	260
Prepayments, other receivables and other assets . . .	8,215	36,630	55,067	55,744
Time deposits	10,930	930	21,140	20,000
Total non-current assets	166,320	234,700	343,058	387,391
Non-current liabilities				
Deferred income	2,231	6,995	7,376	22,999
Interest-bearing bank and other borrowings	35,700	103,609	147,655	105,133
Lease liabilities	—	6,195	17,001	23,403
Provision	313	704	1,733	2,331
Total non-current liabilities	38,244	117,503	173,765	153,866

Property, Plant and Equipment

Our property, plant and equipment consist of (i) office and other equipment, (ii) electronic devices, (iii) machinery equipment, (iv) motor vehicles, (v) leasehold improvements, and (vi) construction in progress. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Office and other equipment	523	373	394
Electronic devices	1,433	1,746	2,292
Machinery equipment	49,778	98,007	132,611
Motor vehicles	151	65	537
Leasehold improvements	10,196	4,811	32,054
Construction in progress	70,286	70,639	63,729
Total	132,367	175,641	231,617

FINANCIAL INFORMATION

Our property, plant and equipment increased from RMB132.4 million as of December 31, 2023 to RMB175.6 million as of December 31, 2024, primarily due to the increase in machinery equipment of RMB48.2 million as we purchased additional equipment to expand our production capacity.

Our property, plant and equipment increased from RMB175.6 million as of December 31, 2024 to RMB231.6 million as of December 31, 2025, primarily due to (i) the increase in machinery equipment of RMB34.6 million as we purchased additional equipment to expand our production capacity and (ii) the increase in leasehold improvements of RMB27.2 million attributable to the renovation of factory premises to support production expansion.

Right-of-use Assets

Our right-of-use assets consist of (i) office buildings, and (ii) leasehold land. The following table sets forth our right-of-use assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Office buildings	2,678	9,623	23,672
Leasehold land	11,955	11,702	11,449
Total	14,633	21,325	35,121

Our right-of-use assets increased from RMB14.6 million as of December 31, 2023 to RMB21.3 million as of December 31, 2024, primarily due to the increase in office buildings of RMB6.9 million, mainly attributable to our renewal of our Suzhou office lease agreement in 2024. Our right-of-use assets increased from RMB21.3 million as of December 31, 2024 to RMB35.1 million as of December 31, 2025, primarily due to the increase in office buildings of RMB14.0 million resulted from addition of new production facilities in Nanjing and Beijing.

Intangible Assets

Our intangible assets consist of (i) software, and (ii) patents and license. The following table sets forth our intangible assets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Software	175	174	113
Patents and license	—	—	—
Total	175	174	113

Our intangible assets remained relatively stable at RMB175 thousand as of December 31, 2023 and RMB174 thousand as of December 31, 2024. Our intangible assets decreased from RMB174 thousand as of December 31, 2024 to RMB113 thousand as of December 31, 2025. Such downward trend of our intangible assets during the Track Record Period was primarily attributable to amortization.

Prepayments, Other Receivables and Other Assets — Non-current

Our non-current prepayments, other receivables and other assets represent our prepayments for acquisition of property and equipment. Our non-current prepayments, other receivables and other assets increased from RMB8.2 million as of December 31, 2023 to RMB36.6 million as of December 31,

FINANCIAL INFORMATION

2024, and further increased from RMB36.6 million as of December 31, 2024 to RMB55.1 million as of December 31, 2025. Such upward trend of our non-current prepayments, other receivables and other assets during the Track Record Period was primarily attributable to the prepayments for the construction of facility and purchase of equipment in our Nanjing and Suzhou production bases.

As of May 31, 2026, RMB15.7 million, or 28.5%, of our non-current prepayments, other receivables and other assets as of December 31, 2025, had been settled.

Time Deposits — Non-current

Our non-current time deposits decreased from RMB10.9 million as of December 31, 2023 to RMB0.9 million as of December 31, 2024, and increased from RMB0.9 million as of December 31, 2024 to RMB21.1 million as of December 31, 2025. The fluctuations of our non-current time deposits was primarily attributable to our fund management decisions made after taking into account our cash flow position and the characteristics of the available financial products.

Deferred Income — Non-current

Our non-current deferred income represents government grants that we received in support of our business operations and research and development projects. Our non-current deferred income increased from RMB2.2 million as of December 31, 2023 to RMB7.0 million as of December 31, 2024, primarily attributable to government grants we received in connection with certain projects and as rewards for our technological innovation, which were one-off in nature. Our non-current deferred income remained relatively stable at RMB7.0 million as of December 31, 2024 and RMB7.4 million as of December 31, 2025.

Provision

Our provision mainly represents warranty provisions for after-sales services of our products. Our provision increased from RMB0.3 million as of December 31, 2023 to RMB0.7 million as of December 31, 2024, and further increased from RMB0.7 million as of December 31, 2024 to RMB1.7 million as of December 31, 2025, primarily attributable to the higher warranty provisions in line with our increased sales volume.

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	May 31,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
Current				
Interest-bearing bank and other borrowings	124,598	420,042	680,838	785,280
Lease liabilities	3,042	3,290	6,636	9,204
Non-current				
Interest-bearing bank and other borrowings	35,700	103,609	147,655	105,133
Lease liabilities	—	6,195	17,001	23,403
Total	163,340	533,136	852,130	923,020

FINANCIAL INFORMATION

Interest-bearing Bank and Other Borrowings

During the Track Record Period, our interest-bearing bank and other borrowings continued to grow from RMB160.3 million as of December 31, 2023 to RMB828.5 million as of December 31, 2025, mainly representing bank loans to meet the capital need for our business expansion. During the Track Record Period, our bank borrowings are all denominated in RMB with fixed and variable interest rates ranging from 2.25% to 4.40% per annum. For further information regarding our interest-bearing bank and other borrowings, see Note 25 to the Accountants’ Report in Appendix I to this document.

We did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there was no default in payments of our liabilities, and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, our committed unutilized banking facilities amounted to RMB1,050.7 million. As of May 31, 2026, we have committed unutilized banking facilities amounted to RMB1,050.7 million.

We are subject to certain restrictive covenants under the terms of our bank loans, which are commonly found in loan arrangements with financial institutions in China, and may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds of the bank loans, incurring or prepaying indebtedness, providing guarantees or security to third parties and our ability to engage in change-in-control transactions.

Lease Liabilities

During the Track Record Period, our lease liabilities were mainly in relation to our leased production facility and offices. As of December 31, 2023, 2024, 2025 and May 31, 2026, our lease liabilities, including current and non-current portion, amounted to RMB3.0 million, RMB9.5 million, RMB23.6 million and RMB32.6 million. Our lease liabilities increased from RMB3.0 million as of December 31, 2023 to RMB9.5 million as of December 31, 2024, primarily attributable to the renewal of our remaining lease of our production facility in Suzhou and newly leased office in Beijing. Our lease liabilities increased from RMB9.5 million as of December 31, 2024 to RMB23.6 million as of December 31, 2025, primarily due to increase in finance lease arrangements for equipment. Our lease liabilities increased from RMB23.6 million as of December 31, 2025 to RMB32.6 million as of May 31, 2026, primarily newly leased office in Beijing. For the maturity analysis and other detailed information regarding our lease liabilities, see Note 14(b) and 39 to the Accountants’ Report in Appendix I to this document.

No Other Outstanding Indebtedness

Except as disclosed above, as of May 31, 2026, being the latest 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. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since May 31, 2026.

FINANCIAL INFORMATION

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

CAPITAL EXPENDITURE

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of items of property, plant and equipment	91,291	98,953	124,109
Purchases of items of intangible assets	—	96	43
Total	91,291	99,049	124,152

We expect to fund our capital expenditures with our operating cash flows as well as our own funds or other funds raised. We may adjust our capital expenditures for any given period 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, our capital commitments amounted to RMB204.8 million, RMB192.6 million and RMB493.4 million, primarily in connection with capital expenditure contracted for but not yet provided for (i) purchases of items of property, plant and equipment and (ii) cooperation agreements with local government authorities or their industrial park management committees in Chinese mainland. See “Business — Cooperation with Local Government” for details.

The following table sets forth our capital commitments for the years indicated:

	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:			
Purchases of items of property, plant and equipment	11,126	10,861	36,923
Cooperation agreements with local government authorities or their industrial park management committees in Chinese Mainland	193,696	181,693	456,495
Total	204,822	192,554	493,418

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	As of December 31,		
	2023	2024	2025
Current ratio ⁽¹⁾	1.1	1.1	1.4
Quick ratio ⁽²⁾	0.6	0.7	0.8
Debt-to-equity ratio ⁽³⁾	99.7%	247.4%	141.4%
Gearing ratio ⁽⁴⁾	1.0	2.5	1.4
	For the year Ended December 31,		
	2023	2024	2025
Gross profit margin ⁽⁵⁾	(17.9)%	11.8%	9.0%

Notes:

- (1) Current ratio is calculated using total current assets divided by total current liabilities.
- (2) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.
- (3) Debt-to-equity ratio is calculated using total debt (being the carrying balance of the interest-bearing bank and other borrowings) divided by total equity and multiplied by 100%.
- (4) Gearing ratio equals to total indebtedness (being interest-bearing bank and other borrowings and lease liabilities) divided by total equity.
- (5) Gross profit margin represents gross profit as a percentage of total revenue.

See “— Results of Operations” in this section for a discussion of the factors affecting our gross profit margin during the relevant periods.

Current Ratio and Quick Ratio

Our current ratio remained relatively stable at 1.1 as of December 31, 2023 and 1.1 as of December 31, 2024, and our quick ratio remained relatively stable at 0.6 as of December 31, 2023 and 0.7 as of December 31, 2024.

Our current ratio increased from 1.1 as of December 31, 2024 to 1.4 as of December 31, 2025, primarily due to an increase in our current assets. Our quick ratio remained relatively stable at 0.7 as of December 31, 2024 and at 0.8 as of December 31, 2025.

Debt-to-equity Ratio

Our debt-to-equity ratio increased from 99.7% as of December 31, 2023 to 247.4% as of December 31, 2024. These increases were primarily due to the increases in our current and non-current bank and other borrowings. Our debt-to-equity ratio decreased significantly from 247.4% as of December 31, 2024 to 141.4% as of December 31, 2025, primarily due to an increase in our total equity.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an

FINANCIAL INFORMATION

unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 35 to the Accountants' Report included in Appendix I. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Our Board reviewed and agreed the following risk management policies. For a detailed description of our financial risk management, see Note 39 to the Accountants' Report in Appendix I to this document.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. Our policy is to manage our interest cost using a mix of fixed and variable rate debts.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. We adopt the method of purchasing forward foreign exchange contracts to maintain the principle of exchange rate neutrality.

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. For more details of our credit risk, please also see Note 39 to the Accountants' Report set out in Appendix I to this document.

Liquidity Risk

Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our objective is to maintain a balance for continuity of funding to finance our working capital needs as well as capital expenditure. For details of the remaining contractual maturity of our financial liabilities, please also see Note 39 to the Accountants' Report set out in Appendix I to this document.

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 in order to support our business and maximise shareholders' value. We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the

FINANCIAL INFORMATION

capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital management. For more details of our credit risk, please also see Note 39 to the Accountants’ Report set out in Appendix I to this document.

DIVIDENDS

No dividends have been paid or declared by us during the Track Record Period.

We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Pursuant to the Articles of Association, any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. In our company, our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders’ interests and any other conditions that our Board may deem relevant. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future. Under applicable PRC laws, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory capital reserve funds. As advised by our PRC Legal Advisor, we cannot pay dividends to our Shareholders as there is no distributable profits in view of the accumulated losses. Furthermore, in the future, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. See “Risk Factors — Risks Relating to our Business and Industry — There can be no assurance as to whether and when we will declare and distribute any dividends.” In addition, our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

DISTRIBUTABLE RESERVES

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

[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately of [REDACTED]% of our gross [REDACTED]. Among such estimated total [REDACTED] expenses, we expect to pay [REDACTED]-related expenses of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our gross [REDACTED], was or is expected to be expensed through the statement of profit or loss and the remaining amount of HK\$[REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED]. Approximately HK\$[REDACTED] of [REDACTED] was charged to our consolidated statements of profit or loss in 2025.

FINANCIAL INFORMATION

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the date of our latest audited financial statements, and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.