

FINANCIAL INFORMATION

*You should read the following discussion and analysis with our audited consolidated financial information as of and for the Track Record Period, including the notes thereto, included in the Accountant’s Report in Appendix I to this document (“**Historical Financial Information**”). The consolidated financial information has been prepared in accordance with IFRS. [REDACTED] should read the whole Historical Financial Information and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical events, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Past performance is no guarantee of future results. In evaluating our business, you should carefully consider the information provided in this document, including, but not limited to, the sections headed “Risk Factors” and “Business.”*

OVERVIEW

We are a specialized provider of intelligent information security solutions in China. According to Frost & Sullivan, in terms of revenue in 2025, we ranked first among China’s specialized security vendors in providing data security platforms with a market share of 9.7%, seventh among China’s specialized security vendors in providing data security with a market share of 3.8% and thirteenth among China’s specialized security vendors in providing information security, with a market share of 1.8%. Our solutions, covering (i) data security; (ii) cybersecurity; and (iii) others, serve customers across the telecommunications, energy and power as well as government and public sectors. During the Track Record Period, we maintained long-term relationships with all three national telecommunications network operators in China, serving their headquarters, provincial subsidiaries and affiliates. In terms of financial performance, in 2023, 2024 and 2025, our revenue was RMB516.2 million, RMB659.1 million and RMB707.7 million, and our gross profits was RMB193.5 million, RMB230.3 million and RMB301.6 million, with gross profit margins of 37.5%, 34.9% and 42.6%, respectively.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Set forth below are certain key factors which have historically affected our results of operations and may continue to impact on our results in the future:

Market demand for our solutions

Our results of operations are shaped by the market demand for our data security solutions, cybersecurity solutions and other solutions. Within each of our data security and cybersecurity solutions, we provide three types of solutions, namely (i) platforms; (ii) standardized software; and (iii) specialized services. Together, they reflect the evolving needs of our customers in a rapidly digitizing economy.

In recent years, demand for data security solutions has been propelled by the increasing regulatory focus on data protection and privacy in China. The introduction and enforcement of comprehensive laws such as the Cybersecurity Law, Data Security Law and Personal Information Protection Law of the PRC have compelled enterprises and public sector organizations to invest in robust data security platforms, specialized software and managed services. As organizations

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accelerate their digital transformation, the volume and sensitivity of data being generated, transmitted and stored have grown substantially. This trend has heightened the need for advanced data security solutions that can ensure compliance, mitigate risks and safeguard critical information assets. As a result, we have observed sustained growth in customer inquiries and project engagements for our data security offerings, particularly among sectors with stringent compliance requirements such as telecommunications, finance and government.

The market for cybersecurity solutions is similarly dynamic, shaped by the ongoing evolution of cyber threats and the increasing complexity of IT environments. The proliferation of cloud computing, 5G networks, industrial internet and AI has expanded the attack surface for organizations, making cybersecurity a top priority for both public and private sector customers. Customers are seeking integrated cybersecurity platforms, next-generation firewalls and managed security services that can address sophisticated and persistent threats. Our ability to deliver comprehensive cybersecurity solutions that adapt to emerging technologies and threat vectors has positioned us to capture opportunities as organizations modernize their infrastructure and prioritize resilience against cyberattacks.

Our other solutions integrate hardware, software and services into a unified, multi-layered and dynamically coordinated security framework that meets our customers’ comprehensive requirements. Demand for our other solutions tends to be driven by changes in industry standards, the introduction of new compliance requirements, or the adoption of innovative business models by our customers.

Overall, the market demand for our solutions is closely linked to the broader trends of digital transformation, regulatory tightening and the increasing sophistication of cyber threats. Our customers’ procurement patterns are also influenced by budget cycles, with a significant portion of annual sales typically recognized in the fourth quarter. While the macroeconomic environment and external shocks, such as the COVID-19 pandemic, have at times affected customer budgets and project timelines, the underlying drivers of demand for data and cybersecurity remain robust. Looking ahead, we expect that continued regulatory support, technological advancement and the growing importance of information security will sustain and potentially accelerate demand across all our key business segments.

Our ability in customer acquisition and retention

Our results of operations are influenced by our ability to maintain strong relationships with our existing customers while also expanding our customer base. Historically, our core customer group has comprised major Chinese telecommunications network operators reflecting the high level of satisfaction and trust that our solutions and services have earned within this sector. This is the result of our proactive engagement strategy, which emphasizes regular communication with customers to understand their evolving business needs and challenges. By closely aligning our R&D efforts and product roadmap with customer feedback, we are able to deliver timely and relevant solutions that support their ongoing digital transformation and operational objectives. As our telecommunications network operator customers continue to modernize and expand their service offerings, we are well positioned to cross-sell additional software products and services that help them reinvent their business models and enhance end-user experience. In addition to serving established telecom customers, we are actively engaging with newly established specialized companies and divisions within the telecommunications sector, promoting products and services designed to accelerate their business growth and address emerging security and compliance requirements.

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Beyond the telecommunications industry, our revenue growth increasingly depends on our ability to acquire new customers in China’s broader enterprise software and services market. We have implemented a range of initiatives to expand our presence in non-telecommunications sectors, including energy and power as well as government and public sector. Our marketing and promotional efforts are tailored to highlight the advantages of our solutions and we actively showcase our technical capabilities and successful track record to prospective customers outside the telecommunications sector.

Our sales and marketing teams play a critical role in both customer retention and acquisition. They are responsible for initiating and nurturing relationships with current and potential customers, ensuring that our solutions remain top-of-mind as organizations evaluate their security and digital transformation needs. Regular meetings are held to analyze customer feedback and complaints and our dedicated customer service team ensures that any issues are addressed promptly and effectively. This commitment to customer satisfaction is reflected in our track record of minimal complaints and high renewal rates.

Our ability to sustain and grow our business depends on our continued success in retaining existing customers, particularly large-scale telecommunications network operators and in acquiring new customers across a diverse range of industries. With our high quality products and technologies, we aim to strengthen our market position and drive long-term revenue growth.

Our ability in employee recruitment and retention

Our business performance and long-term success are closely tied to our ability to recruit, develop and retain a highly skilled workforce. Staff costs have historically represented a major portion of our total revenue. In a rapidly evolving digital landscape, we are committed to investing in our people and expanding our talent pool to maintain our competitive edge. We have established a range of incentive programs and professional development opportunities designed to attract and retain key talent across all levels of the organization. We continuously review our compensation structures, workforce planning and operational processes to ensure that we remain an attractive employer while maintaining cost discipline. Our ability to sustain growth and deliver high-quality solutions depends on our ongoing success in attracting, motivating and retaining talented employees in a highly competitive market.

The success of our R&D initiatives

Our results of operations are closely linked to our ongoing investment in R&D, which is fundamental to our ability to innovate and remain competitive in the rapidly evolving data security and cybersecurity industries. Continuous innovation enables us to anticipate customer needs, deliver differentiated solutions and maintain our technological leadership. We have established advanced product planning and R&D capabilities that allow us to enhance existing solutions and incubate new technologies, ensuring that we can respond effectively to changes in customer requirements and emerging market trends.

Our commitment to R&D is reflected in the substantial investments we made each year. These investments have enabled us to accumulate a robust portfolio of proprietary technologies, patents and software copyrights, which form the foundation of our competitive advantage. In 2023, 2024 and 2025, our R&D expenses represented 23.2%, 15.2% and 14.4% of our total revenue, respectively. We expect to continuously invest in R&D, which is essential for maintaining our market position, supporting our customers’ digital transformation and delivering long-term value to our stakeholders.

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Our operating efficiency

Our results of operations are influenced by our ability to enhance operating efficiency and leverage the scale of our business. The success of our business depends, in part, on our ongoing efforts to reduce operating costs and expenses while improving the overall efficiency of our operations. As our business has grown in scale, we have implemented a series of initiatives aimed at streamlining internal processes and maximizing resource utilization. While we anticipate that our operating costs will continue to increase in line with our overall business growth, we believe that our ability to realize economies of scale will become increasingly significant as our operations expand. By continuously refining our organizational structure and operational processes, we are better positioned to manage costs, improve productivity and support sustainable long-term growth.

BASIS OF PREPARATION

Our Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the Historical Financial Information throughout the Track Record Period.

Our Historical Financial Information has been prepared under the historical cost convention, except for wealth management products and structural deposits, which have been measured at fair value.

For ordinary shares issued to [REDACTED] investors, pursuant to the supplemental agreements entered into between the [REDACTED] Investors and us in relation to the termination of certain of special rights granted by us, including redemption rights, which are void ab initio as described in Note 29 to the Accountants’ Report included in Appendix I to this document, and having taken into account the legal and regulatory framework of our jurisdiction and the governing law of the supplemental agreements, our Directors considered that it is appropriate to present the [REDACTED] investments as equity throughout the Track Record Period. See Note 29 to the Accountants’ Report in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of our Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. See Notes 2.3 and 3 to the Accountants’ Report in Appendix I to this document.

Revenue recognition

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

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The following is a description of accounting policy for the revenue streams of our Group:

Platforms

Revenue from our data security solutions and cybersecurity solutions provided through our platforms, including customized development of software products based on the requirements of our customers, is recognized upon the completion of the project and satisfactory acceptance by the counterparty as per contractual agreements.

Standardized software

Revenue from standardized products generated mainly from the provision of data security solutions and cybersecurity solutions. Revenue is recognized upon the completion of products to the counterparty as per contractual agreements. For those requiring installation and commissioning, sales revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as stipulated in the contract.

Specialized services

Revenue from service-related products generated from the provision of data security solutions and cybersecurity solutions. Revenue from these services including rendering regular maintenance service to customers. The Group provides product maintenance for customers, or delivers corresponding regular maintenance services in accordance with customer requirements and contractual agreements and revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as per contractual agreements.

Other solutions

Revenue from other solutions generated from customized solutions to clients through the integration of proprietary and third-party products and services based on specific industry needs, such as construction of intelligent computing centers, establishing comprehensive protection and monitoring systems, etc. Revenue is recognized upon the completion of the project and satisfactory acceptance by the counterparty as per contractual agreements. Certain sales contracts have sourcing obligation terms that the consideration payable to a customer associated with the satisfactory of sourcing obligation, which give rise to variable amount.

Other income

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

Taxation

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which our Group operates.

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Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the relevant periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the relevant periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the relevant periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if our Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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RESULTS OF OPERATIONS

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

	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	516,199	100.0	659,136	100.0	707,655	100.0
Cost of sales	(322,679)	(62.5)	(428,858)	(65.1)	(406,073)	(57.4)
Gross profit	193,520	37.5	230,278	34.9	301,582	42.6
Other income and gains	26,946	5.2	12,090	1.8	15,737	2.2
Selling and marketing expenses	(139,919)	(27.1)	(141,488)	(21.5)	(108,558)	(15.3)
Administrative expenses	(79,989)	(15.5)	(80,516)	(12.2)	(71,576)	(10.1)
R&D expenses	(119,922)	(23.2)	(100,146)	(15.2)	(101,890)	(14.4)
Impairment losses on financial and contract assets, net	(1,675)	(0.3)	(7,296)	(1.1)	(9,417)	(1.3)
Other expenses	(1,872)	(0.4)	(2,861)	(0.4)	(1,550)	(0.2)
Finance costs	(2,542)	(0.5)	(3,804)	(0.6)	(4,175)	(0.6)
(Loss)/Profit before tax	(125,453)	(24.3)	(93,743)	(14.2)	20,153	2.8
Income tax expense	–	–	–	–	–	–
(Loss)/Profit for the year	(125,453)	(24.3)	(93,743)	(14.2)	20,153	2.8

Non-IFRS measures

We define adjusted (loss)/profit (non-IFRS measure) as (loss)/profit for the year by adding back share-based payment expenses and [REDACTED].

To supplement our consolidated financial statements, we also use adjusted (loss)/profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted (loss)/profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS Accounting Standards measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

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The following table sets out a reconciliation from (loss)/profit for the year to adjusted net (loss)/profit (non-IFRS measure) for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
(Loss)/profit for the year	(125,453)	(93,743)	20,153
Add:			
Share-based payments ⁽¹⁾	2,042	3,485	1,779
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted loss/(profit) for the year (non-IFRS measure)	(123,411)	(90,258)	28,529

Note:

- (1) Share-based payment expenses mainly represent non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

Revenue

During the Track Record Period, we derived our revenue from data security solutions, cybersecurity solutions and other solutions. The following table sets forth a summary of our revenue by the types of solutions for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Data security solutions						
– Platforms	84,242	16.3	127,325	19.4	148,520	21.0
– Standardized software	62,165	12.0	46,321	7.0	31,522	4.5
– Specialized services	73,129	14.2	108,170	16.4	117,172	16.5
Subtotal	219,536	42.5	281,816	42.8	297,214	42.0
Cybersecurity solutions						
– Platforms	45,513	8.8	88,195	13.4	90,597	12.8
– Standardized software	25,165	4.9	44,263	6.7	36,911	5.2
– Specialized services	183,441	35.6	195,933	29.7	212,175	30.0
Subtotal	254,119	49.3	328,391	49.8	339,683	48.0
Other solutions	42,544	8.2	48,929	7.4	70,758	10.0
Total	516,199	100.0	659,136	100.0	707,655	100.0

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Our revenue increased by 27.7% from RMB516.2 million in 2023 to RMB659.1 million in 2024, and further increased by 7.4% to RMB707.7 million in 2025, primarily due to (i) the continued growth in the overall market size driven by policy support and accelerated digital transformation; (ii) an increase in revenue generated from platforms, owing to large-scale customers opting for platform solutions to ensure compliance with changes in the regulatory environment and our focus on platforms as one of our key strategies; and (iii) an increase in sales to customers in the telecommunications sector.

Cost of sales

Our cost of sales mainly comprised (i) direct labor; (ii) software and hardware costs; (iii) outsourced services; and (iv) implementation costs. In 2023, 2024 and 2025, our cost of sales represented 62.5%, 65.1% and 57.4% of our total revenue, respectively.

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

	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Direct labor	61,273	19.0	77,975	18.2	101,537	25.0
Software and hardware	64,224	19.9	73,804	17.2	39,998	9.8
Outsourced services	184,823	57.3	257,497	60.0	239,185	59.0
Implementation costs	12,359	3.8	19,582	4.6	25,353	6.2
Total	322,679	100.0	428,858	100.0	406,073	100.0

The following table sets forth a summary of our cost of sales by the types of solutions for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Data security solutions						
– Platforms	54,439	16.9	71,645	16.7	83,452	20.6
– Standardized software	33,751	10.5	21,300	5.0	14,848	3.7
– Specialized services	50,442	15.6	66,643	15.5	73,157	18.0
Subtotal	138,632	43.0	159,588	37.2	171,457	42.3
Cybersecurity solutions						
– Platforms	20,250	6.3	44,405	10.4	45,705	11.2
– Standardized software	11,878	3.7	14,714	3.4	14,420	3.6
– Specialized services	120,171	37.2	127,191	29.7	144,703	35.6
Subtotal	152,299	47.2	186,310	43.5	204,828	50.4
Other solutions	31,748	9.8	82,960	19.3	29,788	7.3
Total	322,679	100.0	428,858	100.0	406,073	100.0

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Our cost of sales increased by 32.9% from RMB322.7 million in 2023 to RMB428.9 million in 2024, primarily due to our overall business growth, which led to a corresponding increase in costs for labor and outsourced services. Despite an increase in revenue, our cost of sales decreased to RMB406.1 million in 2025, primarily due to our proactive strategic adjustments and business structure optimization across two key areas: (i) we strategically exited projects involving system integration to focus on platforms, eliminating the high procurement and outsourcing costs associated with such operations; and (ii) we secured more favorable pricing from our suppliers through the scaled expansion of our platforms and unlocked greater economies of scale, while containing the rapid increase in outsourcing costs by narrowing the outsourcing scope and renegotiating unit prices. As a result, our shift towards platforms, which generally carry lower outsourcing and third-party procurement costs per unit compared to projects involving system integration, delivered structural cost savings.

Gross profit and gross profit margin

Our gross profit represents revenue less cost of sales. The following table sets forth a summary of our gross profit and gross profit margin by the types of solutions for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Data security solutions						
– Platforms	29,803	35.4	55,680	43.7	65,068	43.8
– Standardized software	28,414	45.7	25,021	54.0	16,674	52.9
– Specialized services	22,687	31.0	41,527	38.4	44,015	37.6
Subtotal	80,904	36.9	122,228	43.4	125,757	42.3
Cybersecurity solutions						
– Platforms	25,263	55.5	43,790	49.7	44,892	49.6
– Standardized software	13,287	52.8	29,549	66.8	22,491	60.9
– Specialized services	63,270	34.5	68,742	35.1	67,472	31.8
Subtotal	101,820	40.1	142,081	43.3	134,855	39.7
Other solutions	10,796	25.4	(34,031)	(69.6)	40,970	57.9
Total	193,520	37.5	230,278	34.9	301,582	42.6

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Our gross profit increased by 19.0% from RMB193.5 million in 2023 to RMB230.3 million in 2024, primarily due to improved sales mix, where that had been increased in the proportion from platforms and specialized services with enhanced gross profit margins. Our gross loss margin for other solutions in 2024 was (69.6)%, primarily due to our failure to meet our customer sourcing target by December 31, 2024 as the Intelligent Computing Project represented our first foray into the AI and computing power sector, which offset against RMB44.3 million in revenue, resulting in a gross loss. See “Business—Our Solutions—Other Solutions—The Intelligent Computing Project.” Our gross profit further increased by 31.0% to RMB301.6 million in 2025, primarily due to (i) an improvement in sales mix with increased proportions from platforms and decreased proportions from projects involving integration; and (ii) RMB64.9 million of revenue that we recognized from the Intelligent Computing Project as we (a) completed and delivered the second phase of the Intelligent Computing Project; and (b) entered into a letter of intent with a customer for its subscription of computing power from the Cloud Computing Power Center.

Our gross profit margin was 37.5%, 34.9% and 42.6% in 2023, 2024 and 2025, respectively. In general, changes in our gross profit margin were primarily due to improved cost control and a favorable shift in project mix towards platforms, as well as our expansion into emerging sectors, including the AI and computing power sectors.

Other income and gains

Our other income and gains mainly comprised government grants, VAT refunds on software, interest income and fair value gains on fair value through profit or loss (“FVTPL”), net. In 2023, 2024 and 2025, our other income and gains represented 5.2%, 1.8% and 2.2% of our revenue, respectively. The following table sets forth a summary of our other income and gains for the years indicated:

Item	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Government grants	15,868	58.9	6,646	55.0	13,180	83.7
Value-added Tax (“VAT”) refund on software products	1,685	6.3	267	2.2	99	0.6
Interest income	5,697	21.1	2,654	21.9	584	3.7
Investment income from financial assets at FVTPL	2,012	7.5	2,173	18.0	1,551	9.9
Others ⁽¹⁾	1,684	6.2	350	2.9	323	2.1
Total	26,946	100.0	12,090	100.0	15,737	100.0

Note:

- (1) Primarily included write-back of accounts payable with no further payment obligation, compensation received from litigation matters and proceeds received from arbitration settlements.

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Our other income and gains decreased from RMB26.9 million in 2023 to RMB12.1 million in 2024, primarily due to (i) a reduction in government grants received, reflecting variations in the timing of milestones and acceptance of government-subsidized projects; (ii) a notable decrease in VAT refunds on software products due to lower sales of standardized softwares products as we strategically adjusted our business focus towards platforms; and (iii) lower interest income as a result of the maturity and non-renewal of certificates of deposits. Our other income and gains increased to RMB15.7 million in 2025, primarily due to an increase in government grants we received following the completion and acceptance of certain government-subsidized projects.

Selling and marketing expenses

Our selling and marketing expenses mainly comprised staff costs, business development expenses, advertising and marketing expenses and other expenses. In 2023, 2024 and 2025, our selling and marketing expenses represented 27.1%, 21.5% and 15.3% of our total revenue, respectively. The following table sets forth a summary of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Staff costs	88,123	63.0	87,402	61.8	73,650	67.8
Business development expenses	16,646	11.9	13,674	9.7	10,729	9.9
Advertising and marketing expenses	15,414	11.0	22,343	15.8	10,637	9.8
Rental and property management expenses	5,297	3.8	5,270	3.7	3,284	3.0
Traveling expenses	3,986	2.8	2,229	1.6	2,248	2.1
Share-based payment	640	0.5	640	0.5	640	0.6
Others ⁽¹⁾	9,813	7.0	9,930	6.9	7,370	6.8
Total	139,919	100.0	141,488	100.0	108,558	100.0

Note:

- (1) Primarily included pre-sales expenses associated with promotional activities, the procurement of technical support and the tendering process.

Our selling and marketing expenses increased from RMB139.9 million in 2023 to RMB141.5 million in 2024, primarily due to our organization and sponsorship of a series of large-scale marketing and industry-related events and the newly launched marketing campaign in Guangzhou. Our selling and marketing expenses decreased to RMB108.6 million in 2025, primarily due to (i) a decrease in staff costs, mainly attributable to our continuous cost control efforts, including headcount optimisation; (ii) a decrease in advertising and marketing expenses driven by a reduction in large-scale marketing events during the year; and (iii) a decrease in business development expenses as a part of our continuous cost control efforts.

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Administrative expenses

Our administrative expenses mainly comprised staff costs, depreciation and amortization and office expenses. In 2023, 2024 and 2025 our administrative expenses represented 15.5%, 12.2% and 10.1% of our total revenue, respectively. The following table sets forth a summary of our administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Staff costs	52,177	65.2	49,763	61.8	38,430	53.7
Depreciation and amortization	9,499	11.9	8,036	10.0	6,267	8.8
Office expenses	3,701	4.6	3,191	4.0	2,435	3.4
Rental and property management expenses	3,171	4.0	2,694	3.3	2,004	2.8
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Business development expenses	3,086	3.9	3,103	3.9	2,251	3.1
Professional service fees	1,504	1.9	3,195	4.0	2,443	3.4
Traveling expenses	1,267	1.6	1,135	1.4	1,277	1.8
Share-based payment	836	1.0	2,279	2.8	573	0.8
Others ⁽¹⁾	4,748	5.9	7,120	8.8	9,299	12.9
Total	79,989	100.0	80,516	100.0	71,576	100.0

Note:

- (1) Primarily included one-off renovation expenditures, headhunting fees, utilities, vehicle parking and maintenance expenses as well as bank service fees.

Our administrative expenses remained relatively stable at RMB80.0 million and RMB80.5 million between 2023 and 2024. Our administrative expenses decreased to RMB71.6 million in 2025, primarily due to (i) a decrease in staff costs due to staff restructuring as part of our cost control measures; (ii) a decrease in business development expenses, which was driven by a reduction in corporate events in 2025; and (iii) a decrease in professional service fees, primarily attributable to reduced procurement of consulting services and employee training materials.

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R&D expenses

Our R&D expenses mainly comprised staff costs, outsourced R&D costs and direct investment, amortization and depreciation. In 2023, 2024 and 2025, our R&D expenses represented 23.2%, 15.2% and 14.4% of our total revenue, respectively. The following table sets forth a summary of our R&D expenses for the years indicated:

Item	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Staff costs	89,107	74.3	71,398	71.3	76,948	75.5
Outsourced R&D expenses ⁽¹⁾	21,593	18.0	23,883	23.8	17,069	16.8
Depreciation and amortization	4,394	3.7	1,857	1.9	1,247	1.2
Direct investment expenses	2,416	2.0	833	0.8	4,128	4.1
Share-based payment	525	0.4	525	0.5	525	0.5
Others ⁽²⁾	1,887	1.6	1,650	1.7	1,973	1.9
Total	119,922	100.0	100,146	100.0	101,890	100.0

Notes:

- (1) Primarily included customized development services for certain functionality. See “Business—R&D—Outsourced R&D.”
- (2) Primarily included expenses for the certification, appraisal, review and acceptance of R&D deliverables, administrative fees in connection with intellectual property applications for R&D outcomes, annual maintenance fees for granted patents and rental and property management fees for R&D staff.

Our R&D expenses decreased by 16.5% from RMB119.9 million in 2023 to RMB100.1 million in 2024, primarily due to (i) a reduction in staff costs as a result of staff restructuring, being part of our cost control measures; (ii) lower direct investment expenses following the completion of several large-scale R&D projects in the year ended December 31, 2023; and (iii) decreased depreciation and amortization expenses as certain R&D-related assets completed their depreciation cycles. Our R&D expenses remained relatively stable between 2024 and 2025.

Impairment losses on financial and contract assets, net

Our impairment losses on financial and contract assets, net, mainly comprised provisions for expected credit losses on trade receivables and other financial assets. In 2023, 2024 and 2025, our impaired losses on financial assets, net represented 0.3%, 1.1% and 1.3% of our revenue, respectively.

Other expenses

Our other expenses mainly comprised donations and penalties that we paid for early termination of some of our lease agreements. In 2023, 2024 and 2025, our other expenses represented 0.4%, 0.4% and 0.2% of our total revenue, respectively.

FINANCIAL INFORMATION

Finance costs

Our finance costs mainly comprised interest on bank borrowings and lease liabilities. In 2023, 2024 and 2025, our finance costs represented 0.5%, 0.6% and 0.6% of our total revenue, respectively. The following table sets forth a summary of our finance costs for the years indicated:

Item	Year ended December 31,					
	2023		2024		2025	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Interest on bank and other borrowings	1,637	64.4	3,094	81.3	3,410	81.7
Interest on lease liabilities	905	35.6	710	18.7	765	18.3
Total	2,542	100.0	3,804	100.0	4,175	100.0

Our finance costs increased by 49.6% from RMB2.5 million in 2023 to RMB3.8 million in 2024, primarily because a substantial portion of borrowings obtained in 2023 remained outstanding during 2024 and generated interest expenses throughout the year. Our finance costs further increased by 9.7% to RMB4.2 million in 2025, primarily due to a higher balance of short-term borrowings.

Income tax expense

Our income tax expense mainly comprised current and deferred income tax recognized for the year. We did not have tax expense in 2023, 2024 and 2025.

Our subsidiaries incorporated in the PRC are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on January 1, 2008, except for these subject to tax preferential. We were granted the qualification of High and New Technology Enterprise (“HNTTE”) and were entitled to a preferential corporate income tax rate of 15% from 2023 to 2025. Certain of our subsidiaries were eligible for a 75% reduction in annual taxable income under the Small Minimal Profit Corporate Income Tax Preferential Policy announced by the State Administration of Taxation, enjoying a reduced tax rate of 20%. See Note 10 to the Accountants’ Report in Appendix I to this document.

(Loss)/Profit for the year

We recorded loss for the year of RMB(125.5) million and RMB(93.7) million, representing a net loss margin of (24.3)% and (14.2)%, respectively, in 2023 and 2024. In 2025, we recorded a profit for the year of RMB20.2 million, representing a net profit margin of 2.8%.

Adjusted (loss)/profit for the year (non-IFRS measure)

We recorded adjusted loss for the year of RMB(123.4) million and RMB(90.3) million, representing an adjusted net loss margin of (23.9)% and (13.7)%, respectively, in 2023 and 2024. In 2025, we recorded an adjusted profit for the year of RMB28.5 million, representing an adjusted net profit margin of 4.0%.

FINANCIAL INFORMATION

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

2025 as compared to 2024

Revenue

Our overall revenue increased by 7.4% from RMB659.1 million in 2024 to RMB707.7 million in 2025, primarily because:

- Our revenue from data security solutions increased by 5.5% from RMB281.8 million in 2024 to RMB297.2 million in 2025, primarily attributable to the continued growth in platforms and specialized services, reflecting our ongoing strategic focus on platform solutions;
- Our revenue from cybersecurity solutions increased by 3.4% from RMB328.4 million in 2024 to RMB339.7 million in 2025, primarily due to the sustained demand from our major customers for platforms and the continued expansion of specialized services; and
- Our revenue from other solutions increased by 44.8% from RMB48.9 million in 2024 to RMB70.8 million in 2025, primarily attributed to our continued efforts to expand into the AI and computing power sectors and the completion and delivery of the related projects during the year.

Cost of sales

Our cost of sales decreased by 5.3% from RMB428.9 million in 2024 to RMB406.1 million in 2025, primarily due to our improved cost control and lower hardware procurement costs.

Gross profit and gross profit margin

Our gross profit increased by 31.0% from RMB230.3 million in 2024 to RMB301.6 million in 2025 and our gross profit margin increased from 34.9% in 2024 to 42.6% in 2025, primarily because:

- Our gross profit from data security solutions increased from RMB122.2 million in 2024 to RMB125.8 million in 2025, while our gross profit margin for data security solutions decreased slightly from 43.4% in 2024 to 42.3% in 2025, primarily due to changes in our project mix and pricing of certain platform projects;
- Our gross profit from cybersecurity solutions decreased by 5.1% from RMB142.1 million in 2024 to RMB134.9 million in 2025, and our gross profit margin for cybersecurity solutions decreased from 43.3% in 2024 to 39.7% in 2025, reflecting increased labor and implementation costs associated with larger-scale platform deployments; and
- We recorded a gross profit of RMB41.0 million in 2025 as compared to the gross loss of RMB(34.0) million in 2024, and our gross profit margin for other solutions improved from a gross profit margin of (69.6)% in 2024 to 57.9% in 2025, primarily attributable to the completion of the Intelligent Computing Project in 2025, which led to a significant increase in revenue.

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Other income and gains

Our other income and gains increased by 29.8% from RMB12.1 million in 2024 to RMB15.7 million in 2025, primarily attributable to an increase in government grants.

Selling and marketing expenses

Our selling and marketing expenses decreased by 23.3% from RMB141.5 million in 2024 to RMB108.6 million in 2025, primarily due to (i) reduced staff costs as a result of staff restructuring; (ii) lower advertising and marketing expenses driven by a reduction in large-scale marketing events during the year; and (iii) reduced business development expenses as a part of our continuous cost control efforts.

Administrative expenses

Our administrative expenses decreased by 11.1% from RMB80.5 million in 2024 to RMB71.6 million, primarily due to (i) a decrease in staff costs due to our ongoing cost control efforts, including scaled-back workforce cuts, optimized base salaries and reduced employee welfare expenses; (ii) a decrease in business development expenses as we participated in fewer conferences and meetings; and (iii) a decrease in professional service fees as a result of our reduced procurement of consulting services and employee training materials.

R&D expenses

Our R&D expenses remained relatively stable at RMB100.1 million and RMB101.9 million in 2024 and 2025, respectively.

Impairment losses on financial and contract assets, net

Our impairment losses on financial and contract assets, net, increased by 28.8% from RMB7.3 million in 2024 to RMB9.4 million in 2025, primarily due to an increase in impairment losses on trade receivables.

Other expenses

Our other expenses remained relatively stable at RMB2.9 million and RMB1.6 million in 2024 and 2025, respectively.

Finance costs

Our finance costs increased by 10.5% from RMB3.8 million in 2024 to RMB4.2 million in 2025.

Income tax expense

Our income tax expense was nil for 2024 and 2025 as we recorded losses before tax in 2024 and had available tax losses for offset in 2025.

Profit/(loss) for the year

For the reasons stated above, we turned our loss of RMB(93.7) million in 2024 to a profit of RMB20.2 million in 2025, representing an improvement from net loss margin of 14.2% to net profit margin of 2.8% between 2024 and 2025.

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2024 as compared to 2023

Revenue

Our revenue increased by 27.7% from RMB516.2 million in 2023 to RMB659.1 million in 2024, mainly due to a larger market driven by a more stringent data security regulatory environment, which resulted in more organizations adopting digital solutions, especially platforms. In the meantime, increased sales of platforms to our customers in the telecommunication sector, as well as new customers in sectors like energy and power, also contributed to this revenue growth.

- Our revenue from data security solutions increased by 28.4% from RMB219.5 million in 2023 to RMB281.8 million in 2024, primarily due to an increased sales for our data security platforms, reflecting our strategic focus on platforms.
- Our revenue from cybersecurity solutions increased by 29.2% from RMB254.1 million in 2023 to RMB328.4 million in 2024, primarily due to an increase in orders from major customers, as well as securing large-scale platform projects.
- In terms of our revenue from other solutions, our revenue remained relatively stable at RMB42.5 million and RMB48.9 million in 2023 and 2024, respectively.

Cost of sales

Our cost of sales increased by RMB106.2 million, or 32.9%, from RMB322.7 million in 2023, to RMB428.9 million in 2024, which was generally in line with our revenue growth.

Gross profit and gross profit margin

Our gross profit increased by 19.0% from RMB193.5 million in 2023 to RMB230.3 million in 2024, mainly due to a greater share of revenue coming from sales of data security solutions and cybersecurity solutions that generally have higher margins, as well as improved efficiency in project delivery and cost management. Our gross profit margin remained relatively stable at 37.5% and 34.9%, respectively, in 2023 and 2024. In terms of our gross profit and gross profit margins by types of solutions:

- Our gross profit from data security solutions increased by 51.1% from RMB80.9 million in 2023 to RMB122.2 million in 2024, and our gross profit margin for data security solutions increased from 36.9% in 2023 to 43.4% in 2024, primarily driven by the combined effect of the revenue growth and a more favourable pricing that we have secured in the procurement of IT equipment.
- Our gross profit from cybersecurity solutions increased by 39.5% from RMB101.8 million in 2023 to RMB142.1 million in 2024, which was in line with the relevant revenue growth in cybersecurity platform solutions with higher gross profit margin, reflecting our strategic focus on platform offerings. Our gross profit margin for cybersecurity solutions increased from 40.1% in 2023 to 43.3% in 2024, primarily due to the revenue growth and our management of the rapid increase in procurement and outsourcing costs.

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- We recorded a gross profit of RMB10.8 million in 2023 and a gross loss of RMB(34.0) million in 2024 from our other solutions. We had a gross profit margin for other solutions of 25.4% in 2023 and a gross loss margin of (69.6)% in 2024, primarily due to an unfulfilled customer sourcing obligation for the Intelligent Computing Project as it represented our first foray into the AI and computing power sectors, which offset against RMB44.3 million in revenue, resulting in a loss.

Other income and gains

Our other income and gains decreased by 55.0% from RMB26.9 million in 2023 to RMB12.1 million in 2024, primarily due to (i) a reduction in government grants received; and (ii) lower interest income as a result of the maturity and non-renewal of certificates of deposits.

Selling and marketing expenses

Our selling and marketing expenses remained relatively stable at RMB139.9 million and RMB141.5 million in 2023 and 2024, respectively.

Administrative expenses

Our administrative expenses remained relatively stable at RMB80.0 million and RMB80.5 million in 2023 and 2024, respectively.

R&D expenses

Our R&D expenses decreased by 16.5% from RMB119.9 million in 2023 to RMB100.1 million in 2024, primarily due to (i) a reduction in R&D staff costs as a result of team restructuring; (ii) lower direct investment expenses following the completion of several large-scale R&D projects; and (iii) decreased depreciation and amortization expenses as certain R&D-related assets completed their depreciation cycles.

Impairment losses on financial and contract assets, net

We recorded losses on financial and contract assets, net of RMB1.7 million and RMB7.3 million in 2023 and 2024, respectively.

Other expenses

Our other expenses remained relatively stable at RMB1.9 million and RMB2.9 million in 2023 and 2024, respectively.

Finance costs

Our finance costs remained relatively stable at RMB2.5 million and RMB3.8 million in 2023 and 2024, respectively.

Income tax expense

We did not have any tax expense in 2023 and 2024, because we recorded loss before tax in both years.

Loss for the year

For the reasons stated above, our losses for the year were RMB(125.5) million in 2023 and RMB(93.7) million in 2024, at net loss margins of (24.3)% and (14.2)%.

FINANCIAL INFORMATION

DISCUSSION OF SELECTED ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Current assets and current liabilities

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)
<i>Current assets</i>				
Contract fulfillment costs	223,293	163,165	108,016	161,881
Trade and bills receivables	112,547	281,890	318,620	295,931
Contract assets	7,327	8,210	3,312	4,665
Prepayments, other receivables and other assets	19,851	27,253	23,190	7,929
Financial assets at fair value through profit or loss	108,910	55,661	37,212	31,475
Debt investment measured at amortized cost	88,237	44,173	–	–
Time deposits	–	–	20,000	10,000
Restricted cash	1,116	1,745	15,840	15,483
Cash and cash equivalents	71,232	91,392	155,818	85,774
Total current assets	632,513	673,489	682,008	613,138
<i>Current liabilities</i>				
Trade and bills payables	179,261	269,420	331,333	304,489
Other payables and accruals	88,074	117,469	66,000	55,812
Contract liabilities	164,866	90,031	49,039	67,153
Interest-bearing bank borrowings	78,361	119,294	138,878	138,808
Lease liabilities	8,228	9,494	6,948	5,084
Total current liabilities	518,790	605,708	592,198	571,346
Net current assets	113,723	67,781	89,810	41,792

Our net current assets decreased from RMB113.7 million as of December 31, 2023 to RMB67.8 million as of December 31, 2024, mainly attributable to decreases in (i) contract fulfillment costs, reflecting the completion and delivery of projects (ii) financial assets at fair value through profit or loss due to the redemption of certain investments. These decreases were partly offset by increases in (i) trade and bills receivables, which primarily resulted from higher sales; and (ii) cash and cash equivalents.

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Our net current assets increased from RMB67.8 million as of December 31, 2024 to RMB89.8 million as of December 31, 2025, primarily due to (i) an increase in trade and bills receivables; (ii) movements in time deposits; and (iii) movements in financial assets at fair value through profit or loss, partially offset by an increase in cash and cash equivalents.

As of March 31, 2026, our net current assets were RMB41.8 million.

Contract fulfillment costs

Our contract fulfillment costs comprised mainly contract fulfillment costs less impairment. The following table sets forth a summary of our contract fulfillment costs:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Contract fulfillment costs	229,206	168,633	114,621
Less: impairment of contract fulfillment costs	(5,913)	(5,468)	(6,605)
Total	223,293	163,165	108,016

Our contract fulfillment costs decreased by 26.9% from RMB223.3 million as of December 31, 2023 to RMB163.2 million as of December 31, 2024 and further to RMB108.0 million as of December 31, 2025, primarily attributable to (i) our continuous implementation and completion of the projects during 2024 and 2025 and related contract fulfillment costs were recognised as cost of sales upon customer acceptance; and (ii) a reduction in our undertaking of projects involving integration in 2025, which resulted in a decline in both hardware and software equipments.

As of March 31, 2026, RMB9.2 million, or 8.5%, of our contract fulfillment costs balance amount as of December 31, 2025 had been subsequently sold or utilized.

Trade and bills receivables and contract assets

Trade and bills receivables represent amounts due to us from customers for the sale of goods and services, as well as commercial and bank acceptance bills received in the ordinary course of business. These receivables are a core component of our working capital and reflect the credit we extend to customers as part of our commercial relationships. While some customers are required to pay in advance, we also grant a credit term ranging from 15 to 180 days to other customers. This credit policy is designed to support sales growth and maintain strong customer relationships, while also managing the risk of non-payment.

We do not hold any collateral or other credit enhancements over its trade receivable balances and these receivables are non-interest-bearing. To manage credit risk, we maintain a dedicated credit control department that closely monitors outstanding receivables and regularly reviews overdue balances. Senior management is actively involved in this process, ensuring that any potential risks are identified and addressed promptly. Overdue balances are subject to regular review and we take a proactive approach to collections and risk mitigation.

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Contract assets represent unbilled revenue from ongoing projects where we have performed work but is not yet entitled to bill the customer under the terms of the contract. Our contract assets amounted to RMB8.5 million, RMB9.5 million and RMB8.2 million as of December 31, 2023, 2024 and 2025, respectively. Our contract assets arise primarily from the timing differences between when services are performed and when invoicing is permitted.

From an accounting perspective, we apply the simplified approach under IFRS 9 to calculate expected credit losses (“ECLs”) for trade receivables, bank acceptance bills and contract assets. Under this approach, rather than tracking changes in credit risk over time, we recognize a loss allowance based on lifetime ECLs at each reporting date. Receivables and contract assets from customers with known financial difficulties or where there is significant doubt about collection are assessed individually for impairment. The remaining receivables and contract assets are grouped and collectively assessed using a provision matrix, which is based on historical default rates and adjusted for forward-looking information and current economic conditions. The provision rates increase with the age of receivables, reflecting the higher risk of non-collection as receivables become more overdue.

We typically write off uncollectable, past due trade receivables that are not subject to enforcement activity. This conservative approach ensures that the balance sheet reflects only those receivables that are reasonably expected to be collected. Our credit policy, risk management practices and regular review of overdue balances are designed to ensure that trade and bills receivables are managed prudently.

The following table sets forth a summary of our trade and bills receivables and contract assets:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Contract assets	1,336	1,470	4,941
Less: Impairment losses	(120)	(152)	(51)
Subtotal	1,216	1,318	4,890
Current:			
Trade receivables	107,986	288,013	336,788
Contract assets	7,333	8,259	3,344
Commercial acceptance bills	7,054	1,678	392
Bank acceptance notes	–	483	–
	122,373	298,433	340,524
Less: Impairment losses	(2,499)	(8,333)	(18,592)
Subtotal	119,874	290,100	321,932
Total	121,090	291,418	326,822

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Our trade and bills receivables increased by 150.5% from RMB112.5 million as of December 31, 2023 to RMB281.9 million as of December 31, 2024, and further increased by 13.0% to RMB318.6 million in 2025, primarily due to the revenue growth during the years.

The following table sets forth an aging analysis of our trade and bills receivables and contract assets:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Within three months	70,561	230,039	210,502
Over three months and within six months	9,557	15,406	47,575
Over six months and within one year	15,781	13,070	7,244
Over one year and within two years	22,812	16,342	48,398
Over two years and within three years	2,379	16,561	5,103
Over three years	–	–	8,000
Total	121,090	291,418	326,822

Most of our trade and bills receivables aged within 1 year, the amount of which increased from RMB95.9 million as of December 31, 2023 to RMB258.5 million as of December 31, 2024, and further to RMB265.3 million as of December 31, 2025, which aligned with the increase in our sales and our business expansion.

Our trade and bills receivables turnover days, which is calculated by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by revenue and multiplying by 365 days, increased from 71 days in 2023 to 109 days in 2024, and further to 155 days in 2025, reflecting the timing of project delivery and customer acceptance as well as a higher proportion of telecommunication customers which typically have longer payment cycles.

To strengthen our collection and management of outstanding trade and bills receivables, we have implemented a comprehensive set of standardized internal control measures: (i) maintain dedicated receivables ledgers to ensure timely, accurate and complete ledger information; and (ii) formalize periodic reconciliation protocols. Our finance department issues receivables ledgers quarterly, and the sales team completes internal reviews and customer reconciliation at least quarterly with cross-departmental coordination and our operation team issues regular collection reminders to our sales team, which conducts ongoing follow-ups and sends formal confirmation letters at least twice annually. For customers that are unable to complete formal reconciliation, our sales team obtains supporting documents to secure enforceable claims and continuously analyze customer credit sales balances, receivables aging and fluctuation trends, while monitoring customer operational conditions, overdue status and contractual compliance.

As of March 31, 2026, RMB46.3 million, or 14.2%, of our trade and bills receivables balance amount as of December 31, 2025 had been subsequently settled.

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Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represent short-term investments held by us, which are measured at fair value and whose changes in value are recognized directly in profit or loss. These assets typically include investments in financial instruments such as wealth management products or other marketable securities that are not held for long-term strategic purposes. Our financial assets at fair value through profit or loss decreased from RMB108.9 million as of December 31, 2023 to RMB55.7 million as of December 31, 2024, primarily due to the redemption of certain short-term wealth-management and investment products during the year, as well as fair value changes in the remaining portfolio. The balance further declined to RMB37.2 million as of December 31, 2025, mainly attributable to additional redemptions made during the year along with further fair value movements in the investments that remained outstanding.

We typically allocate and deploy our capital in a centralized manner after comprehensively weighing capital safety, liquidity and profitability to optimize our capital turnover efficiency and strengthen our overall risk resilience. We primarily hold low-risk, short-term wealth management instruments to meet our daily liquidity needs, and deploy surplus long-term capital into medium- to long-term fixed income products to secure stable and favorable returns, while ensuring sufficient capital buffers and emergency reserves in place.

Prepayments, other receivables and other assets

Prepayments, other receivables and other assets represent amounts paid or receivable by us in advance of receiving goods or services, as well as various deposits, tax recoverables and other miscellaneous receivables. These items are important for supporting our ongoing operations and ensuring that we can secure necessary supplies and services in a timely manner.

The following table sets forth a summary of our prepayments, other receivables and other assets:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Non-current:			
Prepayments for lease improvements	–	3,800	–
Deposits	1,688	1,724	1,056
Total	1,688	5,524	1,056
Current:			
Prepayments to suppliers	13,270	6,941	16,059
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other tax recoverable	75	38	–
Deposits	7,968	8,345	7,142
Loans to third party	–	14,760	–
Other receivables	–	–	616
Less: Impairment allowance	(1,462)	(2,831)	(1,791)
Total	19,851	27,253	23,190

FINANCIAL INFORMATION

As of December 31, 2023, 2024 and 2025, our prepayments, other receivables and other assets amounted to RMB19.9 million, RMB27.3 million and RMB23.2 million, respectively. The increase from RMB19.9 million as of December 31, 2023 to RMB27.3 million as of December 31, 2024 was primarily attributable to the rise in other receivables, mainly comprising an interest-free loan that we provided to one of our suppliers under certain strategic cooperation arrangements, which was partially offset by the decrease in prepayments to suppliers, being the refunds or reversals of certain advances where strategic cooperation did not proceed as planned. Our prepayments, other receivables and other assets decreased from RMB27.3 million as of December 31, 2024 to RMB23.2 million as of December 31, 2025, primarily due to the repayment of the interest-free loan, which was partially offset by the increase in prepayments made to suppliers in connection with market expansion initiatives and joint effort to enter new industry verticals or geographic markets.

Trade and bill payables

Our trade and bill payables comprised mainly amounts due to suppliers for goods and services received. The main components of trade and bill payables include payables for hardware and software, service and payables under bank acceptance notes.

Our trade and bill payables increased from RMB179.3 million as of December 31, 2023 to RMB269.4 million as of December 31, 2024, and further to RMB331.3 million as of December 31, 2025, primarily attributable to (i) a year-end procurement surge as we prepared for anticipated sales growth in 2025, including procurement for hardware, software and service-based projects; and (ii) our active efforts to negotiate longer payment terms with suppliers to optimize cash flow and support working capital management. Our procurement mix includes both hardware, software and service contracts. Service-related procurement, particularly for project-based engagements, may involve extended payment terms depending on acceptance milestones, which contributed to higher payables. In addition, the greater use of bank acceptance notes as part of a supply-chain financing strategy helped extend actual settlement cycles while maintaining supplier relationships.

Our trade and bill payables are classified as current liabilities, even for balances with an aging of more than two years, as these are expected to be settled in the normal operating cycle. The aging structure of our trade and bill payables shifted in 2024, with an increase in balances within one year and a moderate increase in balances aged over two years, reflecting the timing of project settlements and supplier negotiations.

The following table sets forth an aging analysis of our trade and bills payables:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Within one year	129,164	212,217	224,466
One year to two years	35,523	29,787	76,845
Two years to three years	10,919	20,405	16,794
Over three years	3,655	7,011	13,228
Total	179,261	269,420	331,333

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Our trade and bills payables due within one year to two years increased from RMB29.8 million as of December 31, 2024 to RMB76.8 million as of December 31, 2025, primarily because in 2025 we re-negotiated our credit period with certain suppliers to improve our financial flexibility and optimize our operating cash flow and liquidity.

Our trade and bill payables turnover days, which is calculated by dividing the arithmetic mean of the opening and closing balances of trade and bills payables for the relevant period by total purchases and multiplying by 365 days, decreased from 217 days in the year ended December 31, 2023 to 191 days in the year ended December 31, 2024, reflecting stable procurement cycles during the year and timely settlements with major suppliers to strengthen cooperation. In 2025, our turnover days increased to 270 days, primarily due to our procurement for large-scale projects, which had longer performance cycles and longer settlement periods, and our expanded use of bank acceptance notes.

As of March 31, 2026, RMB81.0 million, or 25.0%, of our trade and bills payables balance amount as of December 31, 2025, had been subsequently settled.

Other payables and accruals

Our other payables and accruals comprised mainly payroll payable, other tax payables and accrued expenses. The following table sets forth a summary of our other payables and accruals:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Payroll payable	50,683	34,450	27,212
Other tax payables	24,322	25,661	14,304
Accrued expenses	6,016	8,574	5,764
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]
Consideration payable	–	44,340	8,764
Others	7,053	4,444	6,782
Total	88,074	117,469	66,000

Note:

- (1) Primarily included government grants pending confirmation, provision for potential arbitration liabilities and amounts payable to third-party agencies. See “Risk Factors – Risks Relating to Our Business and Industry – Failure to make adequate contributions to various employee benefit plans may subject us to penalties.”

Our other payables and accruals increased from RMB88.1 million as of December 31, 2023 to RMB117.5 million as of December 31, 2024 and decreased to RMB66.0 million as of December 31, 2025, primarily attributable to reductions in payroll payables and tax payables, reflecting our continued workforce optimization and operational streamlining initiatives.

Payroll payables decreased from RMB50.7 million as of December 31, 2023 to RMB34.5 million as of December 31, 2024 and further to RMB27.2 million as of December 31, 2025, mainly due to ongoing staff optimization efforts and cost-control measures implemented during 2023 and 2024, including a strategic reduction in headcount.

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Other tax payables, comprising primarily withholding individual income tax payable and VAT payables, remained relatively stable at RMB24.3 million and RMB25.7 million as of December 31, 2023 and 2024, respectively, before decreasing to RMB14.3 million as of December 31, 2025. The reduction in VAT payables as of December 31, 2025 was linked to the completion of projects during the year and the associated decrease in contract liabilities, which reduced VAT accruing but not yet paid.

Accrued expenses increased from RMB6.0 million as of December 31, 2023 to RMB8.6 million as of December 31, 2024, mainly due to the resumption of business activities following the end of the COVID-19 pandemic which led to a sales improvement that prompted more employee travelling. Our accrued expenses decreased from RMB8.6 million as of December 31, 2024 to RMB5.8 million as of December 31, 2025, primarily because of our tightened spending controls on business development reimbursements in 2025, being part of our cost control measures.

Consideration payable decreased from RMB44.3 million as of December 31, 2024 to RMB8.8 million as of December 31, 2025, primarily due to settlement payments for an unfulfilled customer sourcing obligation for the Intelligent Computing Project.

Others decreased from RMB7.1 million as of December 31, 2023 to RMB4.4 million as of December 31, 2024, primarily due to the decrease in government grant payables following the completion and acceptance of certain government-subsidized projects, and subsequently increased to RMB6.8 million as of December 31, 2025, primarily attributed to social insurance premiums payable to third-party agencies and provision for potential liabilities in connection with two ongoing arbitration proceedings. See “Risk Factors—Risks Relating to Our Business and Industry—Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle and could result in negative publicity.”

Contract liabilities

Our contract liabilities comprised mainly advances from customers for goods and services not yet delivered. The following table sets forth a summary of our contract liabilities by the types of solutions provided to customers:

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
<i>Non current:</i>			
Platforms	253	108	–
Standardized software	1,298	1,556	28
Specialized services	5,581	3,077	254
Subtotal	7,132	4,741	282
<i>Current:</i>			
Platforms	102,552	58,189	25,137
Standardized software	49,728	19,968	7,194
Specialized services	12,586	11,874	16,708
Subtotal	164,866	90,031	49,039
Total	171,998	94,772	49,321

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Our contract liabilities decreased from RMB172.0 million as of December 31, 2023 to RMB94.8 million as of December 31, 2024 and to RMB49.3 million as of December 31, 2025, primarily due to the fulfillment of performance obligations and the corresponding recognition of revenue as we delivered solutions and completed project milestones during the year. As more projects reached completion and acceptance, the advances previously received from customers were carried forward to revenue, resulting in a lower year-end contract liabilities balance.

Non-current assets and non-current liabilities

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

	As of December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
<i>Non-current assets</i>			
Property, plant and equipment	11,150	7,949	6,698
Right-of-use assets	18,748	9,680	9,979
Other intangible assets	5,321	1,395	1,849
Prepayments, other receivables and other assets	1,688	5,524	1,056
Debt investments measured at amortized cost	42,741	–	–
Contract assets	1,216	1,318	4,890
Total non-current assets	80,864	25,866	24,472
<i>Non-current liabilities</i>			
Lease liabilities	11,972	3,681	6,843
Contract liabilities	7,132	4,741	282
Total non-current liabilities	19,104	8,422	7,125

Property, plant and equipment

Our property, plant and equipment mainly comprised machinery (such as servers), vehicles, electronic devices and leasehold improvements. We apply the straight-line method for depreciation, with a typical useful life of three years for equipment, which is consistent with industry practice. There have been no significant changes to our depreciation policy or estimates in recent years and no major acquisitions or disposals of assets are planned for the near future.

Our property, plant and equipment decreased from RMB11.2 million as of December 31, 2023 to RMB7.9 million as of December 31, 2024, primarily due to depreciation and disposals. The reduction reflects our ongoing asset optimization and cost control initiatives, as the majority of new purchases were limited to office electronic equipment, while the prior year’s procurement had already satisfied most R&D equipment needs. Additionally, as several R&D projects are completed, we disposed of certain servers, resulting in a further reduction million in the net book value. Our property, plant and equipment then decreased to RMB6.7 million as of December 31, 2025, primarily due to the typical amortization of expenses involved.

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Right-of-use assets

Our right-of-use assets comprised mainly leased buildings for office and operational use, which amounted to RMB18.7 million, RMB9.7 million and RMB10.0 million as of December 31, 2023, 2024 and 2025, respectively. Our right-of-use assets decreased from RMB18.7 million as of December 31, 2023 to RMB9.7 million as of December 31, 2024, primarily due to the expiration of certain leases before the end of the year. Our right-of-use assets increased to RMB10.0 million as of December 31, 2025, primarily due to a supplementary lease agreement that we entered into for the extension of the lease for our Shanghai office.

Other intangible assets

Our other intangible assets mainly comprised software, patents and licenses, which amounted to RMB5.3 million, RMB1.4 million and RMB1.8 million as of December 31, 2023, 2024 and 2025, respectively. Our other intangible assets decreased from RMB5.3 million as of December 31, 2023 to RMB1.4 million as of December 31, 2024, primarily due to the disposal of underutilized software under our cost optimization initiatives and higher amortization of software and patent usage rights. Our other intangible assets then increased to RMB1.8 million in 2025, primarily due to our new software purchases to support the development of a new project.

Debt investments measured at amortized cost

Our debt investments measured at amortized cost amounted to RMB42.7 million as of December 31, 2023, which primarily represented the principal of a certificate of deposit and accrued interest. Our debt investments measured at amortized cost decreased to nil as of December 31, 2024 following the maturity and non-renewal of the certificate of deposit.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have historically funded our cash requirements principally from proceeds from our business operations, capital contributions from shareholders and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the [REDACTED] from the [REDACTED]. We do not anticipate any changes in the availability of financing to fund our operations in the future.

Cash flows analysis

The following table sets forth selected cash flow statement information from our consolidated cash flow statements for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Net cash flows (used in)/ from operating activities	(162,137)	(130,636)	32
Net cash flows (used in)/ from investing activities	(124,536)	121,909	57,265
Net cash flows (used in)/ from financing activities	(3,702)	28,887	7,129
Cash and cash equivalents at beginning of year	361,607	71,232	91,392
Cash and cash equivalents at end of year	71,232	91,392	155,818

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Net cash flows (used in)/from operating activities

In 2023, we had net cash used in operating activities of RMB162.1 million. This net outflow primarily reflected our loss before income tax of RMB125.5 million, adjusted by non-cash items including depreciation of right-of-use assets of RMB11.9 million, depreciation of property, plant and equipment of RMB9.7 million, amortization of other intangible assets of RMB2.5 million and finance costs of RMB2.5 million. Significant movements in working capital included a decrease in trade and bill payables of RMB25.0 million, a decrease in other payables and accruals of RMB32.2 million and a decrease in contract liabilities of RMB10.7 million.

In 2024, we recorded net cash used in operating activities of RMB130.6 million. This net outflow was mainly attributable to our loss before income tax of RMB93.7 million, adjusted by non-cash items such as depreciation of right-of-use assets of RMB10.3 million, depreciation of property, plant and equipment of RMB7.1 million, impairment losses on financial and contract assets of RMB7.3 million and finance costs of RMB3.8 million. Key working capital movements included an increase in trade and bills receivables of RMB175.1 million and a decrease in contract liabilities of RMB77.2 million, partially offset by an increase in trade and bill payables of RMB90.2 million and a decrease in contract fulfillment costs of RMB56.1 million.

In 2025, our net cash flows from operating activities were RMB32.0 thousand, representing a significant improvement compared to the previous year. This net inflow primarily reflected our profit before income tax of RMB20.2 million, adjusted by non-cash items including depreciation of right-of-use assets of RMB7.9 million, impairment loss on contract fulfillment costs of RMB6.6 million and depreciation of property, plant and equipment of RMB6.1 million. Significant movements in working capital included an increase in trade and bills receivables of RMB47.0 million, a decrease in other payables and accruals of RMB51.9 million and a decrease in contract liabilities of RMB45.5 million, partially offset by an increase in trade and bills payables of RMB61.9 million and a decrease in contract fulfillment costs of RMB48.5 million.

Net cash flows (used in)/from investing activities

In 2023, our net cash flow used in investing activities was RMB124.5 million. This net outflow was primarily attributable to purchase of financial assets at fair value through profit or loss of RMB381.4 million and placement of debt investments measured at amortized cost of RMB10.9 million, partially offset by proceeds from financial assets at fair value through profit or loss of RMB274.5 million.

In 2024, our net cash flow from investing activities was RMB121.9 million, representing a net inflow compared to the previous year. This positive cash flow was mainly due to proceeds from financial assets at fair value through profit or loss of RMB457.2 million and proceeds from debt investments measured at amortized cost of RMB89.0 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB401.8 million and loans to third party of RMB14.8 million.

In 2025, our net cash from investing activities was RMB57.3 million. This positive cash flow was mainly due to proceeds from financial assets at fair value through profit or loss of RMB519.4 million, proceeds from debt investments measured at amortized cost of RMB44.3 million and receipt of repayment from loans granted to suppliers of RMB24.4 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB499.4 million.

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Net cash flows (used in)/from financing activities

In 2023, our net cash used in financing activities was RMB3.7 million. This net outflow was primarily attributable to repayments of interest-bearing bank borrowings totaling RMB85.9 million and lease payments of RMB11.4 million, partially offset by new interest-bearing bank borrowings of RMB95.2 million.

In 2024, our net cash generated from financing activities was RMB28.9 million, representing a shift to a net inflow compared to the previous year. This inflow was mainly attributable to new interest-bearing bank borrowings of RMB134.6 million, partially offset by repayments of interest-bearing bank borrowings of RMB93.8 million and lease payments of RMB9.0 million.

In 2025, our net cash from financing activities was RMB7.1 million. This inflow was mainly attributable to new interest-bearing bank borrowings of RMB163.2 million, partially offset by repayments of interest-bearing bank borrowings of RMB143.6 million and lease payments of RMB8.4 million.

Sufficiency of working capital

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

INDEBTEDNESS

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
<i>Current:</i>				
– Bank and other borrowing	78,361	119,294	138,878	138,808
– Lease liabilities	8,228	9,494	6,948	5,084
<i>Sub-total</i>	86,589	128,788	145,826	143,892
<i>Non-current:</i>				
– Lease liabilities	11,972	3,681	6,843	6,069
Total	98,561	132,469	152,669	149,961

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

Bank and other borrowings

Our current bank and other borrowings amounted to RMB78.4 million, RMB119.3 million, RMB138.9 million and RMB138.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. There were no non-current bank borrowings during the Track Record Period, which means all of our bank debt was classified as short-term. This significant increase reflects a notable change in our financing needs or strategy. The rise in short-term borrowings may be attributed to increased working capital requirements to support business growth, higher inventory levels, or a rise in trade receivable.

As of March 31, 2026, our unutilized banking facilities amounted to RMB230.1 million.

Lease liabilities

Our total lease liabilities, including both current and non-current portions, decreased significantly from RMB20.2 million as of December 31, 2023 to RMB13.2 million as of December 31, 2024, primarily due to repayments on existing lease obligations and the absence of new lease arrangements of significant value during the year. Our total lease liabilities increased to RMB13.8 million as of December 31, 2025 and RMB11.2 million as of March 31, 2026.

Contingent liabilities

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we did not have any material contingent liabilities. Our Directors confirm that there had been no material change in our contingent liabilities since January 31, 2026 and up to the Latest Practicable Date.

Indebtedness statement

Except as disclosed in this section, as of March 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. Our Directors have confirmed that there had been no material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any outstanding off-balance sheet commitments or arrangements.

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CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures were primarily used for the acquisition of property, plant and equipment, including office renovations, machinery and electronic equipment. In 2023, 2024 and 2025, our capital expenditures amounted to RMB7.3 million, RMB8.6 million and RMB1.1 million, respectively. These expenditures were mainly funded by cash generated from our business operations.

CAPITAL COMMITMENTS

We had no capital commitment for the purchase of property, plant and equipment as of December 31, 2023, 2024 and 2025.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had transactions with certain related parties. See Note 32 to the Accountants’ Report in Appendix I to this document. Our Directors confirm that these transactions were conducted on arm’s length basis and entered into in the ordinary course of business and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios:

	As of/For the year ended December 31,		
	2023	2024	2025
Gross profit margin (%)	37.5	34.9	42.6
Net (loss)/profit margin (%)	(24.3)	(14.2)	2.8
Adjusted net (loss)/profit margin (non-IFRS measure) (%)	(23.9)	(13.7)	4.0
Current ratio ⁽¹⁾	1.2	1.1	1.2

Note:

(1) Current ratio is calculated by dividing our Group’s total current assets by its total current liabilities.

Our gross profit margin decreased from 37.5% in 2023 to 34.9% in 2024, primarily because the first phase of our customer sourcing target for the Intelligent Computing Project was not met on December 31, 2024 as it represented our first foray into the AI and computing power sectors. Our gross profit margin then increased to 42.6%, primarily due to (i) changes in our project mix with a strategic shift of focus on platforms; and (ii) our completion and delivery of the second phase of the Intelligent Computing Project in 2025.

Our net (loss) margin improved from (24.3)% in 2023 to (14.2)% in 2024, and further improved to a net profit margin of 2.8% in 2025, primarily due to (i) our improved cost control; (ii) our strategic shift in project mix towards platforms; and (iii) our expansion into emerging sectors, including the AI and computing power sectors.

Our current ratio remained relatively stable during the Track Record Period.

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DIVIDEND

Subject to our constitutional documents and the Company Law, we may declare dividends by way of cash dividends, stock dividends, or a combination of cash and stock dividends. There is no guarantee, representation or indication that our Directors must or will recommend and that we must or will declare and pay dividends at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. During the Track Record Period, we did not declare or pay any dividends to our Shareholders.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we recorded an accumulated losses of RMB942.9 million.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

[REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. Assuming the [REDACTED] is not exercised and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range for the [REDACTED], [REDACTED] to be borne by our Company are estimated to be HK\$[REDACTED], comprising: (i) [REDACTED] related expense of HK\$[REDACTED]; (ii) fees and expenses of legal advisers and accountants of HK\$[REDACTED]; and (iii) other fees and expenses of HK\$[REDACTED]. Amongst the [REDACTED], HK\$[REDACTED] was charged or is expected to be charged to our consolidated statements of profit or loss and HK\$[REDACTED] is expected to be deducted from equity upon the completion of the [REDACTED]. The [REDACTED] are expected to represent approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only and the actual amount may differ from this estimate.

FINANCIAL RISK MANAGEMENT

We are exposed to a variety of financial risks, including credit risk and liquidity risk. These risks and the manner in which we seek to mitigate them are summarized below and described in more details in Note 33 to the Accountants’ Report included in Appendix I to this document for more details. See “Risk Factors—Risks Relating to Our Business and Industry—We are exposed to credit risks of customers” and “Risk Factors—Risks Relating to Our Business and Industry—We may not be able to obtain financing on favorable terms, or at all, to support our operations and expansion.”

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Credit risk

Our Group trades only with recognised and creditworthy third parties. It is our Group’s approach that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we analyze customer credit sales balances, receivables aging and fluctuation trends on an ongoing basis.

Liquidity risk

Our Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

Our Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans.

Capital management

The primary objectives of our Group’s capital management are to safeguard our Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants’ Report as set out in Appendix I to this document and there is no event since December 31, 2025, which would materially affect the information in the Accountants’ Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

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