The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this document.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2023, 2024 and 2025 refer to the years ended December 31, 2023, 2024 and 2025, respectively.

OVERVIEW

We are a provider of high-performance precision metal connection wires, primarily focusing on the R&D, production and sales of precision cable conductors. Leveraging our in-house techniques in respect of precision cable conductors, our product offerings have further extended into precision metal filaments and ropes such as tendon ropes and medical guidewires. During the Track Record Period, our products are widely applied in fields including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment.

During the Track Record Period, we achieved steady growth in our revenue, gross profit and net profit, which was generally in line with our continual business expansion. Our revenue was RMB172.2 million, RMB206.3 million and RMB303.4 million in 2023, 2024 and 2025, respectively. During the same years, our net profit was RMB32.0 million, RMB41.9 million and RMB47.1 million, respectively, and our adjusted net profit (non-IFRS measure) was RMB32.4 million, RMB43.4 million and RMB51.1 million, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 3 to the Accountants' Report included in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and operating results are impacted by general factors affecting the industries in which we operate, which include:

- overall economic growth and condition, and changes in geopolitical landscape;
- technological development in the markets where we operate;
- competition we face in the markets where we operate;
- condition of the downstream markets we serve and resulting changes in customer demand; and
- relevant laws and regulations, and government policies and initiatives.

Our results of operations are also affected by certain industry and company-specific factors, including:

Market Demand

We manufacture (i) precision cable conductors and (ii) precision metal filaments and ropes, and derive revenue primarily from the sales of such products. Accordingly, our results of operations depend significantly on customer demand.

According to the F&S Report, the global fine and ultra-fine cable conductors market increased from USD3.5 billion in 2019 to USD4.8 billion in 2025, at a CAGR of 5.2%, and is expected to reach USD11.7 billion by 2035, at a CAGR of 7.0% from 2025 to 2030, and 11.7% from 2030 to 2035.

Our products are widely deployed in emerging and fast-growing technology sectors, including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. Therefore, shifts in growth trends of such downstream markets could affect customer demand for our products, and accordingly materially impact on our results of operations.

In particular, according to the F&S Report, these downstream markets are often characterized by the constant evolution of technologies and continual expansion in the use cases of our customers' products. Our ability to timely and accurately identify market trends and develop innovative products that satisfy the evolving demand in such downstream markets is therefore crucial to our continued success. In response, we have been continually iterating and upgrading our key technologies, including our production equipment and production techniques, to reinforce our market leadership and support new product commercialization. For details, see "Business — Research and Development — Production Equipment" and "Business — Research and Development — Production Techniques."

Product Mix

Our financial performance is influenced by the mix of products we sell. We have a diverse portfolio of products, differentiated by conductor structure, diameter range, plating, mechanical properties and performance specifications, and is tailored to the technical requirements of different downstream applications. Accordingly, our wide range of products have different unit prices and average selling prices, resulting in differences in our gross profit margins by product category.

For example, our ultra-fine products generally had relatively higher gross profit margins compared to our fine products and regular products during the Track Record Period, largely attributable to our strong bargaining power over pricing terms. In general, ultra-fine products are characterized by high perceived value and technical barriers, as their production requires sophisticated manufacturing techniques, specialized equipment and extensive knowhow to ensure high conductivity, stability and durability for performance-critical use cases at small dimensions. As a result, they are supplied by a limited number of manufacturers globally. For details, see "Business — Our Products — Diameter." In contrast, demand from downstream markets, especially the technology sectors, for ultra-fine products has increased significantly over the past few years and is expected to continue to grow. According to the F&S Report, the global ultra-fine cable conductors market increased from USD36.3 million in 2019 to USD89.8 million in 2025, at a CAGR of 16.3%, and is expected to reach USD0.4 billion by 2030 and USD2.3 billion by 2035, at a CAGR of 36.9% from 2025 to 2030 and 44.9% from 2030 to 2035. Leveraging our precision manufacturing capabilities, proprietary process know-how and self-developed equipment, we are able to deliver high-performance ultra-fine products that satisfy customers' stringent, diversified and evolving needs. This high product differentiation of our ultra-fine products has fostered customer loyalty and given us strong bargaining power over pricing terms. Our gross profit margin of ultra-fine products was 50.3%, 47.8% and 45.4% in 2023, 2024 and 2025, respectively, compared to our overall gross profit margin of 29.4%, 30.4% and 25.1%, respectively. For details, see "— Gross Profit and Gross Profit Margin."

In addition, we may continue to diversify our product offerings, including introducing new and upgrading existing products, which may have varied gross profit margins. As a result, shifts in our product mix may continually affect our results of operations.

Application Scenarios

Our products are designed for applications across a broad spectrum of downstream application markets, including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. The development and market acceptance of the relevant end products within these markets can have a significant and direct impact on our business and results of operations. These markets are characterized by rapid technological advancement and largely driven by the evolving needs and technical requirements of the end-users and end-customers.

The continuous innovation and evolution of the relevant end products often introduce new and more complex technical requirements for our products. For example, the expansion of AI infrastructure in recent years has driven increasing demand for high-speed data transmission solutions, which in turn created significant demand for our regular products deployed in such end market. In addition, the emergence of humanoids has generated new demand for our ultra-fine products, which are used in precision signal transmission and motion control components. These developments have contributed to significant growth in our revenue during the Track Record Period. To maintain our competitive position in this dynamic environment, we have been proactively developing and launching products that address these evolving downstream requirements, leveraging our precision manufacturing capabilities and proprietary process know-how. For details on our product offerings and their application scenarios, see "Business — Our Products." Conversely, a decline in demand for certain end products or a shift in downstream technology trends could lead to reduced orders for our products, which may adversely affect our business and results of operations.

Raw Material Costs

Our principal raw materials are copper, silver and tin, where silver and tin are primarily for plating purposes. Fluctuations in the price of these raw materials can directly affect our costs of sales and product pricing, which may in turn materially impact on our results of operations. In 2023, 2024 and 2025, direct materials costs contributed to the majority of our cost of sales, accounting for 82.6%, 78.2% and 78.1%, respectively.

In terms of product pricing, during the Track Record Period, we primarily adopted either a fixed unit price or a dynamic pricing model, with the dynamic pricing model being the primary model adopted. Under the dynamic pricing model, the raw materials prices are determined with reference to the prevailing market prices of relevant raw materials, primarily copper, at the time of order placement, plus the processing fees charged in accordance with pre-determined ranges, such that fluctuations in raw material prices are reflected in the total price on a real-time basis. Under the fixed unit price model, which is typically applied to products for which processing fees account for a relatively higher proportion of the total price, the raw material prices may be pre-agreed on between the parties and are generally not adjusted in tandem with real-time market movements. The market prices of raw materials are primarily referenced to daily published prices on the Shanghai Metals Market. In particular, in response to significant volatility in the market prices of raw materials in the second half of 2025, we further expanded the adoption of the dynamic pricing model to better align our product prices with fluctuating raw material costs.

According to the F&S Report, the market prices of our principal raw materials experienced an overall upward trend from 2020 to 2025, with the average market price of copper increasing from approximately RMB48,000 to RMB79,000 per ton, silver increasing from approximately RMB4,690,000 to RMB9,820,000 per ton, and tin increasing from approximately RMB141,000 to RMB266,000 per ton. In 2023, 2024 and 2025, our direct materials costs were RMB100.3 million, RMB112.3 million and RMB177.4 million, respectively. In particular, we experienced a 58.0% increase in direct materials costs in 2025 compared to 2024, compared to a 12.0% increase in 2024 compared to 2023, primarily due to the fluctuations in the market prices of the relevant raw materials such as copper, silver and tin in 2025.

The following sensitivity analysis illustrates the effects of hypothetical fluctuations in our direct materials costs on our profit before income tax for the years indicated, assuming all other factors affecting our financial performance had remained unchanged and that material price fluctuations cannot be passed on to customers:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Change in direct materials costs			
–/+5%	5,016	5,616	8,482
–/+10%	10,032	11,231	16,964
–/+15%	15,048	16,847	25,447
–/+20%	20,064	22,463	33,929

In response to the price fluctuations of raw materials, we have historically taken and will continue to take effective supply chain management measures. For example, we source our raw materials from a combination of PRC suppliers and overseas suppliers, while maintaining close contact with our major suppliers. Furthermore, we monitor the market prices of commodities to anticipate and manage the price volatility of our raw materials, and mitigate the impact of such volatility by (i) dynamically adjusting our sourcing strategies, (ii) keeping safety stock, (iii) entering into framework agreements with our suppliers, (iv) timely securing the price of subsequent orders through advance payments when the market price of a raw material fluctuates significantly, and (v) procuring from diversified channels, including procurement through our Thailand subsidiary when appropriate. For details, see "Business — Our Supply Chain — Procurement and Suppliers of Raw Materials."

R&D Capabilities and Operational Efficiency

Our ability to provide innovative and customer-tailored products is important to maintaining our competitive edge and achieving long-term success. The industries where we and our customers operate are characterized by rapid technological advancement. We have made strategic R&D investments to enhance our technological and technical capabilities. In particular, to support our R&D and validation activities, we have established multiple R&D and testing facilities at our production bases. Our R&D activities focus on materials, equipment and techniques, through which we continually develop in-house production equipment, techniques and accumulate knowledge in various materials, in order to meet emerging, high-end and performance-critical demands and varied customization requirements from customers across our downstream application industries, including smart terminals, precision medical devices, low-altitude economy and robotics, computing centers, and NEVs and other equipment. We also actively engage in strategic collaborations with a top academic institution globally and a national research laboratory to enhance our R&D capabilities. In 2023, 2024 and 2025, our research and development expenses were RMB4.4 million, RMB5.1 million, and RMB8.3 million, respectively, representing 2.6%, 2.5% and 2.7% of our revenue, respectively. Such expenses mainly consisted of procurement costs of raw materials in relation to our R&D activities and employee benefit expenses for our R&D staff. Our R&D activities also included (i) development of our in-house production equipment, which are accounted for in our property, plant and equipment and the depreciation of which is reflected in our profit or loss, and (ii) sample trial production, from which we generated sales revenue. During the Track Record Period, we provided product design proposals for over 4,500 models to customers for validation.

In addition, our R&D efforts have greatly contributed to our manufacturing capabilities, which has enabled us to enhance our operational efficiency for cost optimization, thereby improving our profitability. For example, we benefit from our core technologies to achieve high manufacturing yield and minimize raw material waste during the production process without compromising product quality and consistency. For details, see "Business — Research and Development — Key R&D Achievements."

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies and accounting judgments and estimates that we believe are significant to the preparation of our consolidated financial statements. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and the exercise of management's judgment in applying our accounting policies. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Our material accounting policies and critical accounting estimates, which are important for understanding our financial condition and results, are set forth in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this document. These include policies and estimates relating to revenue recognition, government grants, property, plant and equipment and depreciation, investments and other financial assets and impairment of inventories.

PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table summarizes our results of operations for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Revenue	172,176	206,308	303,443
Cost of sales	(121,512)	(143,646)	(227,242)
Gross profit	**50,664**	**62,662**	**76,201**
Other income and gains	1,817	5,295	5,573
Selling and marketing expenses	(2,222)	(2,922)	(3,888)
Administrative expenses	(7,342)	(9,295)	(14,686)
Research and development expenses	(4,416)	(5,082)	(8,254)
Provision for impairment losses on financial assets	(10)	(18)	(50)
Other expenses	(554)	(428)	(516)
Finance costs	(891)	(1,034)	(929)
Profit before tax	**37,046**	**49,178**	**53,451**
Income tax expense	(5,089)	(7,235)	(6,347)
Profit for the year	**31,957**	**41,943**	**47,104**
Non-IFRS Measure:			
Adjusted net profit	32,375	43,436	51,052

Non-IFRS Measure

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure), which is not required by, or presented in accordance with, IFRS.

We believe that this measure provides useful information to investors and others in understanding and evaluating our consolidated statements of profit or loss in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool and, as such, it should not be considered in isolation from, or as a substitute for analysis of, our consolidated statements of comprehensive income or financial position as reported under IFRS. In addition, the non-IFRS measure may be defined differently from similar terms used by other companies.

We define adjusted net profit (non-IFRS measure) as profit for the year adjusted for items of share-based payment expenses and [REDACTED] expenses. We adjusted these items because share-based payment expenses are non-cash expenses arising from granting equity-settled award to the Directors and our employees, and [REDACTED] expenses are expenses arising from activities in relation to the [REDACTED]. The following table reconciles our adjusted net profit (non-IFRS measure) to our profit for the year presented in accordance with IFRS, for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	**31,957**	**41,943**	**47,104**
Add: Share-based payment expenses	418	1,493	2,472
Add: [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure)	**32,375**	**43,436**	**51,052**

Revenue

Revenue by Application Scenario

The following table sets forth a breakdown of our revenue by application scenario in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Smart terminals	96,446	56.1%	116,652	56.5%	166,412	54.9%
Precision medical devices	49,885	29.0%	67,923	32.9%	86,113	28.4%
Low-altitude economy and robotics	7,108	4.1%	8,828	4.3%	17,380	5.7%
Computing centers	7,784	4.5%	3,430	1.7%	10,417	3.4%
NEVs and other equipment	4,198	2.4%	2,125	1.0%	3,332	1.1%
Others[(1)]	6,755	3.9%	7,350	3.6%	19,789	6.5%
Total	**172,176**	**100.0%**	**206,308**	**100.0%**	**303,443**	**100.0%**

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

During the Track Record Period, our products deployed in the smart terminals sector were the largest revenue contributor, accounting for 56.1%, 56.5% and 54.9% of our total revenue in 2023, 2024 and 2025, respectively, followed by the precision medical devices sector, which accounted for 29.0%, 32.9% and 28.4% during the same years, respectively. In particular:

- Revenue from our products deployed in the smart terminals sector increased by 21.0% from RMB96.4 million in 2023 to RMB116.7 million in 2024, and further increased by 42.7% to RMB166.4 million. Such increases throughout the Track Record Period were primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector, which led to higher sales volumes to our key downstream customers. The sales volume of our products deployed in the smart terminals sector was approximately 489.0 tons, approximately 524.3 tons and approximately 889.1 tons, respectively, in 2023, 2024 and 2025.

- Revenue from our products deployed in precision medical devices sector increased by 36.2% from RMB49.9 million in 2023 to RMB67.9 million in 2024, and further by 26.8% to RMB86.1 million in 2025. Such increases throughout the Track Record Period were primarily driven by the continued expansion in the deployment of our fine products in the precision medical devices sector such as ultrasound imaging equipment and endoscopes, which led to higher sales volumes to the relevant downstream customers. The sales volume of our products deployed in the precision medical devices sector was approximately 116.2 tons, approximately 158.5 tons and approximately 216.2 tons, respectively, in 2023, 2024 and 2025.

- Revenue from our products deployed in the low-altitude economy and robotics sector increased by 24.2% from RMB7.1 million in 2023 to RMB8.8 million in 2024, and further by 96.9% to RMB17.4 million in 2025. The increase in 2024 compared to 2023 was primarily driven by growing end-market demand in respect of drones, which led to higher sales volumes to the relevant customers. The further increase in 2025 compared to 2024 reflected the continued end-market demand in respect of drones together with emerging demand in respect of humanoids. The sales volume of our products deployed in the low-altitude economy and robotics sector was approximately 7.4 tons, approximately 10.0 tons and approximately 26.4 tons, respectively, in 2023, 2024 and 2025.

- Revenue from our products deployed in the computing centers sector decreased by 55.9% from RMB7.8 million in 2023 to RMB3.4 million in 2024, and significantly increased to RMB10.4 million in 2025. The decrease in 2024 compared to 2023 was primarily because we reduced sales of our products deployed in the computing centers sector that had relatively lower processing fees. The increase in 2025 compared to 2024 was primarily driven by strong demand for conductors products deployed in high-speed copper cables in relation to the computing centers sector. The sales volume of our products deployed in the computing centers sector was approximately 37.5 tons, approximately 14.8 tons and approximately 37.3 tons, respectively, in 2023, 2024 and 2025.

- Revenue from our products deployed in the NEVs and other equipment sector decreased by 49.4% from RMB4.2 million in 2023 to RMB2.1 million in 2024, before increasing by 56.8% to RMB3.3 million in 2025. The decrease in 2024 compared to 2023 was primarily because we reduced sales of our products deployed in the NEVs and other equipment sector that had relatively lower processing fees. The increase in 2025 compared to 2024 primarily reflected expansion in the deployment of our products in applications in the NEVs and other equipment sector, with corresponding increases in sales volumes to the relevant downstream customers. The sales volume of our products deployed in the NEVs and other equipment sector was approximately 22.4 tons, approximately 13.6 tons and approximately 18.3 tons, respectively, in 2023, 2024 and 2025.

Revenue by Product Diameter

Our products generally span a diameter range of 0.008 mm to 0.5 mm, broadly categorized into ultra-fine products (≤0.03 mm), fine products (>0.03 mm, <0.1 mm) and regular products (≥0.1 mm). The following table sets forth a breakdown of our revenue by product diameter in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Fine products	109,293	63.5%	129,460	62.8%	179,132	59.0%
Ultra-fine products	44,962	26.1%	61,263	29.7%	83,744	27.6%
Regular products	11,166	6.5%	8,235	4.0%	20,778	6.8%
Others(1)	6,755	3.9%	7,350	3.5%	19,789	6.6%
Total	**172,176**	**100.0%**	**206,308**	**100.0%**	**303,443**	**100.0%**

Note: (1) Others primarily comprised sales of scrap materials generated during our R&D and production processes, including off-cuts, defective products and R&D-related material waste, among which scrap copper accounted for the majority.

During the Track Record Period, our fine products were the largest revenue contributor, accounting for 63.5%, 62.8% and 59.0% of our total revenue in 2023, 2024 and 2025, respectively, followed by ultra-fine products, which accounted for 26.1%, 29.7% and 27.6% during the same years, respectively. In particular:

- Revenue from our fine products increased by 18.5% from RMB109.3 million in 2023 to RMB129.5 million in 2024, and further by 38.4% to RMB179.1 million in 2025. Such increases throughout the Track Record Period were primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector, together with growing demand for fine products used in the NEVs and other equipment sector in 2025.

- Revenue from our ultra-fine products increased by 36.3% from RMB45.0 million in 2023 to RMB61.3 million in 2024, and further by 36.7% to RMB83.7 million in 2025. Such increases throughout the Track Record Period were primarily driven by the continued expansion in the deployment of our products in the precision medical devices sector, such as ultrasound imaging equipment and endoscopes, and in drones of the low-altitude economy and robotics sector, along with emerging demand in respect of humanoids in 2025.

- Revenue from our regular products decreased by 26.2% from RMB11.2 million in 2023 to RMB8.2 million in 2024. The decrease in 2024 compared to 2023 was primarily because we reduced the sales volume of our regular products that had relatively lower processing fees. Revenue from such products subsequently increased significantly to RMB20.8 million in 2025, primarily driven by the launch of our new conductors products for high-speed copper cables in the computing centers sector, in light of the growing demand from downstream AI infrastructure end-markets.

- Revenue from our other business, which mainly comprised scrap copper generated as a by-product of our production processes, remained relatively stable at RMB6.8 million in 2023 and RMB7.4 million in 2024, and increased significantly to RMB19.8 million in 2025 compared to 2024. Such increases during the Track Record Period primarily reflected the expansion of our production scale. The significant increase in 2025 compared to 2024 was also driven by the upward trend in market prices of non-ferrous metals in 2025, by reference to which we sold our scrap materials.

The table below sets forth a breakdown of the sales volume and average selling price of our products by product diameters for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	(Sales volume is expressed in tons. Average selling price is expressed in RMB per kg)					
Fine products	568.7	192.2	609.1	212.5	984.2	182.0
Ultra-fine products	44.9	1,001.4	62.0	988.1	100.1	836.6
Regular products	58.9	189.6	50.2	164.0	103.1	201.5

During the Track Record Period, the sales volume of our products generally experienced a steady increase across different product diameters, primarily driven by growing demand from our downstream customers.

Meanwhile, our average selling price of ultra-fine products experienced a general declining trend during the Track Record Period, decreasing from RMB1,001.4 per kg in 2023 to RMB988.1 per kg in 2024 and further to RMB836.6 per kg in 2025, primarily due to: (i) fast growth in the sales volume of ultra-fine products with a relatively larger diameter than that of those with a relatively smaller diameter in light of the development of the smart terminals sector, where larger-diameter ultra-fine products typically had relatively lower average selling prices; and (ii) our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale.

Our average selling price of fine products increased from RMB192.2 per kg in 2023 to RMB212.5 per kg in 2024, primarily due to the introduction of our higher value-added fine products in response to iteration of certain smart terminals end-products in 2024. The average selling price subsequently declined to RMB182.0 per kg in 2025, primarily reflecting our adoption of more competitive pricing to deepen our relationships with key customers and to solidify our market share, which was enabled by our improved economies of scale, achieved through expansion in the sales volume of our fine products in 2025.

Our average selling price of regular products decreased from RMB189.6 per kg in 2023 to RMB164.0 per kg in 2024, primarily because we reduced sales of regular products that had relatively higher average selling prices but relatively lower processing fees, which resulted in a decline in the sales volume of our regular products. The average selling price subsequently increased to RMB201.5 per kg in 2025, primarily reflecting our newly launched conductors products for high-speed copper cables in relation to the applications of AI data centers, which were higher value-added products and had relatively higher average selling prices.

Revenue by Geographic Location

During the Track Record Period, we derived a significant majority of our revenue from Chinese Mainland, particularly from customers located in the Pearl River Delta and Yangtze River Delta regions. Meanwhile, we experienced gradual increases in revenue from Thailand and other overseas markets in the same period, reflecting our continual business expansion in the overseas markets. In particularly, we established our Thailand subsidiary in 2024 and commenced its mass production in 2025. In 2024 and 2025, we generated revenue of RMB5.4 million and RMB34.2 million from the Thailand market, respectively. The table below sets forth a breakdown of our revenue by geographical location for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Chinese Mainland	167,127	97.1%	192,559	93.3%	260,765	85.9%
Thailand	—	—	5,352	2.6%	34,209	11.3%
Others[1]	5,049	2.9%	8,397	4.1%	8,469	2.8%
Total	**172,176**	**100.0%**	**206,308**	**100.0%**	**303,443**	**100.0%**

Note:

(1) Others mainly included revenue from Vietnam.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of direct materials costs, manufacturing costs and direct labor costs. The table below sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Direct materials costs	100,319	82.6%	112,315	78.2%	177,445	78.1%
Manufacturing costs	15,742	13.0%	23,305	16.2%	36,296	16.0%
Direct labor costs	5,451	4.4%	8,026	5.6%	13,501	5.9%
Total	**121,512**	**100.0%**	**143,646**	**100.0%**	**227,242**	**100.0%**

In 2023, 2024 and 2025, our cost of sales was RMB121.5 million, RMB143.6 million and RMB227.2 million, respectively. The increase in our cost of sales in 2024 compared to 2023 was generally in line with the growth in our revenue. The increase in our cost of sales in 2025 compared to 2024 was primarily attributable to (i) an increase in our direct materials costs driven by the growth in our sales volume and the upward trend in raw material market prices in the same year, and (ii) the ramp-up of production at our Thailand Production Base, which led to significant increases in our manufacturing costs and direct labor costs accordingly.

During the Track Record Period, direct materials costs were the largest component of our cost of sales, accounting for 82.6%, 78.2% and 78.1% in 2023, 2024 and 2025, respectively. The decreases in the proportion of our direct materials costs during the Track Record Period mainly reflected our expanded production capacity, which led to increases in the proportions of our manufacturing costs and direct labor costs, except that in 2025 compared to 2024, such decrease was partially offset by an increase in our direct materials costs, primarily due to increases in the market prices of the relevant raw materials in 2025. For details, see "Business — Our Production."

Gross Profit and Gross Profit Margin

Our gross profit was RMB50.7 million, RMB62.7 million and RMB76.2 million in 2023, 2024 and 2025, respectively. Our gross profit margin was 29.4%, 30.4% and 25.1% during the same years, respectively. The table below sets forth a breakdown of our gross profit and gross profit margin by product diameter 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 in thousands, except for percentages)					
Before impairment losses on inventories						
Fine products	28,711	26.3%	33,597	26.0%	39,431	22.0%
Ultra-fine products	22,600	50.3%	29,286	47.8%	37,983	45.4%
Regular products	1,618	14.5%	1,314	16.0%	2,983	14.4%
Others	(2,140)	(31.7%)	(1,499)	(20.4%)	(1,688)	(8.5%)
Subtotal	**50,789**	**29.5%**	**62,698**	**30.4%**	**78,709**	**25.9%**
Less: impairment losses on inventories[1]	(125)		(36)		(2,508)	
Total	**50,664**	**29.4%**	**62,662**	**30.4%**	**76,201**	**25.1%**

Note:

(1) We present impairment losses on inventories as a separate line item to provide a clearer view of our gross profit margin by product diameter. Inventories are stated at the lower of cost and net realizable value. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The impairment losses on inventories require the use of estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

Our gross profit margin of fine products remained relatively stable at 26.3% in 2023 and 26.0% in 2024. It decreased to 22.0% in 2025, primarily due to the upward trend in raw material market prices in the same year, which drove up our direct materials costs and outpaced the growth in the relevant revenue.

Our gross profit margin of ultra-fine products decreased during the Track Record Period, from 50.3% in 2023, to 47.8% in 2024 and 45.4% in 2025, mainly reflecting: (i) our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale; and (ii) an increase in our direct materials costs primarily due to the upward trend in the market prices of the relevant raw materials in 2025, which were not fully passed on to our customers for products that were priced pursuant to fixed-price model. In response, we further expanded the adoption of the dynamic pricing model starting from the second half of 2025 to better align our product prices with fluctuating raw material costs.

Our gross profit margin of regular products increased from 14.5% in 2023 to 16.0% in 2024, primarily because we reduced sales of regular products that had relatively higher average selling prices but relatively lower processing fees. It decreased to 14.4% in 2025, mainly reflecting an increase in our direct materials costs primarily due to the upward trend in the market prices of the relevant raw materials in 2025.

During the Track Record Period, we recorded gross loss and gross loss margins with respect to our other business. The gross loss margin improved from 31.7% in 2023 to 20.4% in 2024 and further to 8.5% in 2025, primarily driven by higher selling prices of scrap materials as a result of the increases in market prices of the relevant non-ferrous metals during the Track Record Period.

Other Income and Gains

Our other income and gains consisted primarily of: (i) fair value gains on financial investments, mainly in relation to our investments in structured deposits and other wealth management products, details of which are set forth in "— Discussion of Selected Items from Consolidated Statements of Financial Position — Financial Assets at Fair Value through Profit or Loss"; (ii) interest income arising from our deposits in banks; (iii) additional VAT deduction, representing the amount that the tax authority allows certain advanced manufacturing enterprises (including some of our subsidiaries) to deduct an additional 5% of their deductible input VAT payables; and (iv) government grants. In particular, during the Track Record Period, our government grants primarily included tax returns, subsidies, rewards and financial assistance in relation to our contribution to the local economy and our production facilities. The income-related government grants were mainly financial incentives provided by local government authorities in the PRC. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognized in profit or loss over the useful lives of relevant assets. There are no unfulfilled conditions or contingencies relating to these grants.

The table below sets forth a breakdown of our other income and gains for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Fair value gains on financial investments	49	1,437	2,428
Interest income	171	298	1,209
Additional VAT deduction	859	957	1,111
Government grants(1)	714	2,196	754
Gain on disposal of items of property, plant and equipment and right-of-use assets	14	225	68
Others	10	182	3
Total	**1,817**	**5,295**	**5,573**

Note:

(1) Government grants comprised income-related and asset-related government grants. The income-related government grants were mainly financial incentives provided by local government authorities in the PRC. The asset-related government grants are related to purchases of property, plant and equipment. The grants related to assets were recognized in profit or loss over the useful lives of relevant assets. There are no unfulfilled conditions or contingencies relating to these grants. In 2023, 2024 and 2025, our income-related government grants amounted to RMB0.7 million, RMB2.0 million and RMB0.5 million, respectively, and our asset-related government grants amounted to nil, RMB0.2 million and RMB0.2 million, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses consisted primarily of: (i) employee benefit expenses; (ii) business development expenses; (iii) advertising and promotion expenses; (iv) customs clearance and agency fees; and (v) travelling expenses. The general increases in our selling and marketing expenses during the Track Record Period were primarily in line with our business growth. The table below sets forth a breakdown of our selling and marketing expenses for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	(RMB in thousands, except for percentages)					
Employee benefit expenses	748	33.7%	1,425	48.8%	1,712	44.0%
Business development expenses	832	37.4%	583	20.0%	695	17.9%
Advertising and promotion expenses	262	11.8%	423	14.4%	538	13.8%
Customs clearance and agency fees	26	1.2%	98	3.3%	477	12.3%
Travelling expenses	192	8.6%	303	10.4%	349	9.0%
Others[(1)]	162	7.3%	90	3.1%	117	3.0%
Total	**2,222**	**100.0%**	**2,922**	**100.0%**	**3,888**	**100.0%**

Note:

(1) Others mainly included office expenses and inspection fees.

Administrative Expenses

Our administrative expenses consisted primarily of: (i) employee benefit expenses; (ii) professional service fees; (iii) depreciation and amortization expenses; and (iv) office expenses. The general increases in our administrative expenses during the Track Record Period were primarily in line with our business growth. The table below sets forth a breakdown of our administrative expenses for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	(RMB in thousands, except for percentages)					
Employee benefit expenses	2,912	39.6%	3,956	42.6%	6,920	47.1%
Professional service fees	1,671	22.7%	1,373	14.8%	2,829	19.3%
Depreciation and amortization expenses	953	13.0%	1,761	18.9%	1,421	9.7%

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Office expenses	674	9.2%	720	7.7%	1,121	7.6%
Business development expenses	111	1.5%	200	2.2%	605	4.1%
Office renovation expenses	305	4.2%	214	2.3%	565	3.9%
Others[(1)]	716	9.8%	1,071	11.5%	1,225	8.3%
Total	**7,342**	**100.0%**	**9,295**	**100.0%**	**14,686**	**100.0%**

Note:

(1) Others mainly included traveling expenses, property management expenses and bank handling fees.

Research and Development Expenses

Our research and development expenses consisted primarily of: (i) raw material procurement costs; and (ii) employee benefit expenses. The general increases in our research and development expenses during the Track Record Period reflected our continual focus on R&D activities. The table below sets forth a breakdown of our research and development expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	(RMB in thousands, except for percentages)					
Employee benefit expenses	2,007	45.5%	2,884	56.7%	4,323	52.4%
Raw material procurement costs	2,364	53.5%	2,076	40.9%	3,216	39.0%
Others[(1)]	45	1.0%	122	2.4%	715	8.6%
Total	**4,416**	**100.0%**	**5,082**	**100.0%**	**8,254**	**100.0%**

Note:

(1) Others mainly included depreciation and amortization expenses, and outsourced research and development expenses.

Finance Costs

Our finance costs consisted primarily of interest expenses arising from our bank borrowings. In 2023, 2024 and 2025, our finance costs remained relatively stable at RMB0.9 million, RMB1.0 million and RMB0.9 million, respectively.

Income Tax Expense

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Under the EIT Law and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below:

- Our Company was qualified as a High and New Technology Enterprise and is entitled to a preferential tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years.
- Jiangxi Tongya was qualified as a Micro and Small Enterprise pursuant to the PRC tax regulations and entitled to a preferential tax rate of 5% in 2023, 2024 and 2025.

Our subsidiary incorporated in Singapore was subject to Singapore income tax at a rate of 17% on any estimated assessable profits arising in Singapore during the Track Record Period. Under the current laws of Thailand, our subsidiary incorporated in Thailand was subject to corporate income tax at the standard rate of 20% on net profits, except where exemptions apply under the investment promotion privileges granted to our Thailand subsidiary by the Board of Investment of Thailand during the Track Record Period.

Our income tax expense was RMB5.1 million, RMB7.2 million and RMB6.3 million, respectively, in 2023, 2024 and 2025. During the same years, our effective income tax rate (calculated as income tax expense divided by profit before tax) was 13.7%, 14.7% and 11.9%, respectively. During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we had not been subject to any tax investigation, enquiries, penalties or surcharges, and we were not aware of any outstanding or potential disputes with such tax authorities.

RESULTS OF OPERATIONS

Comparisons between 2025 and 2024

Revenue

Our revenue increased by 47.1% from RMB206.3 million in 2024 to RMB303.4 million in 2025, primarily attributable to growth in revenue across all diameter categories. In particular,

- Revenue from our fine products increased by 38.4% from RMB129.5 million in 2024 to RMB179.1 million in 2025, primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector, together with growing demand for fine products used in the NEVs and other equipment sector. The sales volume of our fine products increased from approximately 609.1 tons in 2024 to approximately 984.2 tons in 2025.
- Revenue from our ultra-fine products increased by 36.7% from RMB61.3 million in 2024 to RMB83.7 million in 2025, primarily driven by the continued expansion in the deployment of our products in the precision medical devices sector, such as ultrasound imaging equipment and endoscopes, and in drones of the low-altitude economy and robotics sector, along with emerging demand in respect of humanoids. The sales volume of our ultra-fine products increased from approximately 62.0 tons in 2024 to approximately 100.1 tons in 2025.

- Revenue from our regular products increased significantly from RMB8.2 million in 2024 to RMB20.8 million in 2025, primarily driven by the launch of our new conductors products for high-speed copper cables in the computing centers sector, in light of the growing demand from downstream AI infrastructure end-markets.
- Revenue from our other business increased significantly from RMB7.4 million in 2024 to RMB19.8 million in 2025, primarily reflecting the expansion of our production scale, and the upward trend in market prices of non-ferrous metals in 2025, by reference to which we sold our scrap materials.

Cost of Sales

Our cost of sales increased by 58.2% from RMB143.6 million in 2024 to RMB227.2 million in 2025, primarily attributable to (i) an increase in our direct materials costs driven by the growth in our sales volume and the upward trend in raw material market prices in the same year, and (ii) the ramp-up of production at our Thailand Production Base, which led to significant increases in our manufacturing costs and direct labor costs accordingly.

Gross Profit and Gross Profit Margin

Our gross profit increased by 21.6% from RMB62.7 million in 2024 to RMB76.2 million in 2025. Our gross profit margin decreased from 30.4% in 2024 to 25.1% in 2025, mainly due to decreases in the gross profit margins across all three of our diameter categories, partially offset by a narrowing of the gross loss margin of our other business. In particular:

- Gross profit margin of our fine products decreased from 26.0% in 2024 to 22.0% in 2025, primarily due to the upward trend in raw material market prices in the same year, which drove up our direct materials costs and outpaced the growth in the relevant revenue.
- Gross profit margin of our ultra-fine products decreased from 47.8% in 2024 to 45.4% in 2025, mainly reflecting: (i) our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale; and (ii) the foregoing increase in direct materials costs, which were not fully passed on to our customers for products priced under the fixed-price model.
- Gross profit margin of our regular products decreased from 16.0% in 2024 to 14.4% in 2025, as the foregoing increase in direct materials costs outpaced the growth in the relevant revenue.
- Gross loss margin of our other business improved from 20.4% in 2024 to 8.5% in 2025, primarily driven by higher selling prices of scrap materials as a result of the increases in market prices of the relevant non-ferrous metals in the same year.

Other Income and Gains

Our other income and gains remained relatively stable at RMB5.3 million in 2024 and RMB5.6 million in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 33.1% from RMB2.9 million in 2024 to RMB3.9 million in 2025. Such increase was primarily attributable to (i) an increase of RMB0.4 million in customs clearance and agency fees, mainly due to the growth in our export sales volume, and (ii) an increase of RMB0.4 million in employee benefit expenses, as a result of the expansion of our sales team to support business growth.

Administrative Expenses

Our administrative expenses increased by 58.0% from RMB9.3 million in 2024 to RMB14.7 million in 2025. Such increase was primarily attributable to (i) an increase of RMB3.0 million in employee benefit expenses, mainly due to the expansion of our management team, and (ii) an increase of RMB1.5 million in professional service fees mainly in relation to the proposed [REDACTED].

Research and Development Expenses

Our research and development expenses increased by 62.4% from RMB5.1 million in 2024 to RMB8.3 million in 2025. Such increase was primarily attributable to (i) an increase of RMB1.1 million in raw material procurement costs in connection with increased research and product development activities, (ii) an increase of RMB1.4 million in employee benefit expenses, mainly due to the expansion of our R&D team, and (iii) an increase of RMB0.5 million in outsourced research and development expenses owing to the collaboration with external research partners.

Provision for Impairment Losses on Financial Assets

Our provision for impairment losses on financial assets remained relatively stable at RMB0.02 million in 2024 and RMB0.05 million in 2025.

Other Expenses

Our other expenses remained relatively stable at RMB0.4 million in 2024 and RMB0.5 million in 2025.

Finance Costs

Our finance costs remained relatively stable at RMB1.0 million in 2024 and RMB0.9 million in 2025.

Income Tax Expense

Our income tax expense decreased by 12.3% from RMB7.2 million in 2024 to RMB6.3 million in 2025, mainly due to the increased effect of different tax rates applicable to subsidiaries and a higher super deduction for research and development expenses, which more than offset the increase in statutory tax on our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 12.3% from RMB41.9 million in 2024 to RMB47.1 million in 2025. Our net profit margin decreased from 20.3% in 2024 to 15.5% in 2025.

Comparisons between 2024 and 2023

Revenue

Our revenue increased by 19.8% from RMB172.2 million in 2023 to RMB206.3 million in 2024. Such increase was primarily attributable to growth in revenue from our fine and ultra-fine products, partially offset by a decrease in revenue from our regular products. In particular:

- Revenue from our fine products increased by 18.5% from RMB109.3 million in 2023 to RMB129.5 million in 2024, primarily driven by the continued growth in market demand for fine products used in electronic products of the smart terminals sector. The sales volume of our fine products increased from approximately 568.7 tons in 2023 to approximately 609.1 tons in 2024.

- Revenue from our ultra-fine products increased by 36.3% from RMB45.0 million in 2023 to RMB61.3 million in 2024, primarily driven by the continued expansion in the deployment of our products in the precision medical devices sector, such as ultrasound imaging equipment and endoscopes, and in drones of the low-altitude economy and robotics sector. The sales volume of our ultra-fine products increased from approximately 44.9 tons in 2023 to approximately 62.0 tons in 2024.

- Revenue from our regular products decreased by 26.2% from RMB11.2 million in 2023 to RMB8.2 million in 2024, primarily because we reduced the sales volume of our regular products that had relatively lower processing fees in 2024.

- Revenue from our other business remained relatively stable at RMB6.8 million in 2023 and RMB7.4 million in 2024.

Cost of Sales

Our cost of sales increased by 18.2% from RMB121.5 million in 2023 to RMB143.6 million in 2024, which was generally in line with the growth in our revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 23.7% from RMB50.7 million in 2023 to RMB62.7 million in 2024. Our gross profit margin increased slightly from 29.4% in 2023 to 30.4% in 2024, mainly reflecting a combination of the following factors: (i) an increase in the revenue contribution of ultra-fine products in 2024, which generally carried a relatively higher gross profit margin compared to our other diameter categories; and (ii) a narrowing of the gross loss margin of our other business. In particular:

- Gross profit margin of our fine products remained relatively stable at 26.3% in 2023 and 26.0% in 2024.

- Gross profit margin of our ultra-fine products decreased slightly from 50.3% in 2023 to 47.8% in 2024, generally driven by our adoption of competitive pricing strategies to secure market share, in light of an increase in our sales volume enabled by improved economies of scale.

- Gross profit margin of our regular products increased from 14.5% in 2023 to 16.0% in 2024, primarily because we reduced sales of regular products that had relatively higher average selling prices but relatively lower processing fees.

- Gross loss margin of our other business improved from 31.7% in 2023 to 20.4% in 2024, primarily driven by higher selling prices of scrap materials as a result of the increases in market prices of the relevant non-ferrous metals in the same year.

Other Income and Gains

Our other income and gains increased significantly from RMB1.8 million in 2023 to RMB5.3 million in 2024. Such increase was mainly attributable to (i) an increase in government grants of RMB1.5 million, primarily in relation to certain government subsidies targeted at innovative enterprises that we received in 2024, and (ii) an increase in fair value gains on financial investments of RMB1.4 million, in relation to our wealth management products.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 31.5% from RMB2.2 million in 2023 to RMB2.9 million in 2024. Such increase was primarily attributable to an increase of RMB0.6 million in employee benefit expenses, mainly due to the expansion of our sales and marketing personnel to support business growth.

Administrative Expenses

Our administrative expenses increased by 26.6% from RMB7.3 million in 2023 to RMB9.3 million in 2024. Such increase was primarily attributable to (i) an increase in employee benefit expenses of RMB1.0 million, driven by an expansion of our management team, and (ii) an increase in depreciation and amortization expenses of RMB0.8 million, attributable to (a) the commencement of amortization of our ERP system and (b) an increase in our right-of-use assets, which primarily represented leased office premises as a result of our business expansion.

Research and Development Expenses

Our research and development expenses increased by 15.1% from RMB4.4 million in 2023 to RMB5.1 million in 2024. Such increase was primarily attributable to an increase of RMB0.9 million in employee benefit expenses mainly due to the expansion of our R&D team for the development of new products such as conductors products for high-speed copper cables in the computing centers sector.

Provision for Impairment Losses on Financial Assets

Our provision for impairment losses on financial assets remained relatively stable at RMB0.01 million in 2023 and RMB0.02 million in 2024.

Other Expenses

Our other expenses remained relatively stable at RMB0.6 million in 2023 and RMB0.4 million in 2024.

Finance Costs

Our finance costs remained relatively stable at RMB0.9 million in 2023 and RMB1.0 million in 2024.

Income Tax Expense

Our income tax expense increased by 42.2% from RMB5.1 million in 2023 to RMB7.2 million in 2024, primarily driven by an increase in our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 31.2% from RMB32.0 million in 2023 to RMB41.9 million in 2024. Our net profit margin increased from 18.6% in 2023 to 20.3% in 2024, mainly as a result of (i) a slight increase in our gross profit margin, and (ii) an increase in our government grants in other income and gains, as certain subsidies we received and recognized in 2024 did not occur in 2023.

DISCUSSION OF SELECTED ITEMS FROM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the components of our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current Assets			
Property, plant and equipment	49,655	63,150	92,212
Right-of-use assets	10,440	9,029	6,203
Intangible assets	111	1,962	2,054
Prepayments, other receivables and other assets	2,961	3,316	3,577
Equity investments designated at fair value through other comprehensive income	—	—	3,000
Time deposits	—	30,780	—
Total non-current assets	**63,167**	**108,237**	**107,046**
Current Assets			
Inventories	31,990	42,869	85,931
Trade and notes receivables	92,204	108,013	169,065
Prepayments, other receivables and other assets	2,123	3,742	8,213
Financial assets at fair value through profit or loss	20,000	189,932	4,548
Time deposits	—	—	91,813
Cash and cash equivalents	31,262	41,066	65,368
Total current assets	**177,579**	**385,622**	**424,938**
Current Liabilities			
Trade payables	9,054	19,359	27,608
Other payables and accruals	20,817	15,407	13,030
Interest-bearing bank and other borrowings	20,523	30,028	16,013
Lease liabilities	3,298	4,369	2,433
Tax payable	6,800	5,556	5,068
Total current liabilities	**60,492**	**74,719**	**64,152**
Non-current Liabilities			
Lease liabilities	4,936	2,456	1,237
Deferred tax liabilities	765	473	318
Deferred income	—	1,647	1,439
Total non-current liabilities	**5,701**	**4,576**	**2,994**
Equity			
Paid-capital	14,940	17,901	17,901
Reserves	159,613	396,663	446,937
Total equity	**174,553**	**414,564**	**464,838**

Property, Plant and Equipment

Property, plant and equipment primarily consisted of machinery and equipment, construction in progress and buildings. Our property, plant and equipment increased by 27.2% from RMB49.7 million as of December 31, 2023 to RMB63.2 million as of December 31, 2024, primarily driven by additions to machinery and equipment in connection with our production capacity expansion. It further increased by 46.0% to RMB92.2 million as of December 31, 2025, primarily reflecting continued investment in machinery and equipment as we further expanded our production capacity. For details on our manufacturing bases, see "Business — Our Production — Production Bases."

Right-of-Use Assets

Right-of-use assets primarily consisted of leased plants, land use rights and assets subject to finance lease. Our right-of-use assets decreased from RMB10.4 million as of December 31, 2023 to RMB9.0 million as of December 31, 2024, and further decreased to RMB6.2 million as of December 31, 2025, primarily due to the shorter remaining lease terms of certain lease contracts.

Intangible Assets

Intangible assets primarily consisted of our ERP system and software used in our production equipment. Our intangible assets increased from RMB0.1 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024, primarily due to the implementation of our ERP and MES systems in 2024, as well as the adoption of equipment programs used in our intelligent production lines. Our intangible assets were RMB2.1 million as of December 31, 2025.

Prepayments, Other Receivables and Other Assets

Our non-current and current prepayments, other receivables and other assets primarily consisted of prepayments for the purchase of equipment. Our non-current and current prepayments, other receivables and other assets increased from RMB5.1 million as of December 31, 2023 to RMB7.1 million as of December 31, 2024, and further increased to RMB11.8 million as of December 31, 2025, primarily due to increased advance payments made for equipment and raw materials purchases in connection with the expansion of our production capacity.

Equity Investments Designated at Fair Value through Other Comprehensive Income

We did not have any balance of equity investments designated at fair value through other comprehensive income as of December 31, 2023 and 2024. We recorded RMB3.0 million in equity investments designated at fair value through other comprehensive income as of December 31, 2025, primarily due to a strategic investment we made in 2025.

Inventories

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

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Raw materials	13,285	20,095	34,875
Finished goods	15,419	14,099	32,964
Work in progress	3,286	8,675	18,092
Total	**31,990**	**42,869**	**85,931**

Our inventories increased from RMB32.0 million as of December 31, 2023 to RMB42.9 million as of December 31, 2024, primarily attributable to an increase in inventory levels to support the growth in our sales volume. Our inventories significantly increased to RMB85.9 million as of December 31, 2025. Such increase was primarily attributable to (i) an increase in inventory levels in line with the expansion of our sales scale, and (ii) increases in the prices of raw materials during the same year.

The following is an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within one year	31,241	42,341	85,350
One year to two years	671	249	528
Over two years	78	279	53
Total	**31,990**	**42,869**	**85,931**

The following table sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(days)		
Inventory turnover days(1)	84.9	95.1	103.4

Note:

(1) Calculated based on the average of the beginning and ending balances of inventory for that year divided by cost of sales for that year and multiplied by 365 days.

Our inventory turnover days increased from 84.9 days in 2023 to 95.1 days in 2024, and further increased to 103.4 days in 2025. Such increases were mainly due to faster growth in our inventory levels relative to the growth in our cost of sales during the relevant years. In particular, the increase in our inventory turnover days in 2024 compared to 2023 was primarily due to the increased contribution of ultra-fine products to our total sales volume, which had relatively longer production cycles. The increase in our inventory turnover days in 2025 compared to 2024 was primarily because we proactively increased our inventory levels for raw materials in the second half of 2025, in response to increases in the market prices of the relevant raw materials and in our order volume.

As of April 30, 2026, RMB76.4 million, or 88.9%, of our inventories outstanding as of December 31, 2025 had been sold or utilized. Based on our assessments during the Track Record Period, we have made adequate provisions for our inventories to account for potential uncertainties.

Trade and Notes Receivables

Our trade and notes receivables represented trade receivables, notes receivable and impairment, which represents receivables arising from the sale of products. All bills received by us have a maturity period of less than one year. The following table sets forth the breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade receivables	86,372	99,609	157,611
Notes receivable	5,845	8,435	11,535
Impairment	(13)	(31)	(81)
Total	**92,204**	**108,013**	**169,065**

Our trade and notes receivables increased from RMB92.2 million as of December 31, 2023 to RMB108.0 million as of December 31, 2024, and further increased to RMB169.1 million as of December 31, 2025, which was generally in line with the increase in our revenue for the same years.

The following table sets forth an aging analysis of our trade receivables (net of impairment) based on the date of revenue recognition as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within one year	86,304	99,559	157,496
One to two years	55	1	34
Two to three years	—	18	—
Total	**86,359**	**99,578**	**157,530**

The following table sets forth our trade and notes receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(days)		
Trade and notes receivables turnover days[1]	140.9	177.1	166.6

Note:

(1) Calculated based on the average of the beginning and ending balances of trade and notes receivables for that year divided by revenue for that year and multiplied by 365 days.

The increase in our trade and notes receivables turnover days in 2024 compared to 2023 was mainly because certain of our existing large customers had relatively longer payment cycles than other customers while we derived more revenue from them than from other customers in 2024. The decrease in our trade and notes receivables turnover days in 2025 compared to 2024 was mainly due to an increase in our revenue from overseas customers, where such overseas customers had relatively faster payment cycles.

We closely monitor development of our outstanding receivable and take proactive measures to minimize credit risks, as well as liquidity risks associated therein. In particular, our senior management regularly reviews the recoverability of our outstanding balances and, when appropriate, provides for impairment of these trade and notes receivables. We adopt stringent internal measures to enhance the collection and management of trade and notes receivables.

As of April 30, 2026, RMB114.5 million, or 67.7%, of our trade and notes receivables outstanding as of December 31, 2025 had been settled.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss primarily consisted of structured deposits and other wealth management products issued by well-established commercial banks in China that are principal-protected with guaranteed minimum returns during the Track Record Period. The wealth management products we purchased during the Track Record Period generally had an effective rate of return of 1.55% to 2.55% and a maturity of 30 to 185 days, with the majority having a maturity of no more than 90 days. We purchased such wealth management products to manage our short-term liquidity. When making investment decisions as to wealth management products, we take into account a number of factors, including general economic conditions and market environment, risk control and credit of issuing financial institutions, our own working capital condition and the expected returns or potential loss of the relevant investment. In order to effectively manage our investments in wealth management products, we have established an internal approval process for investment decisions, under which our treasury manager assesses each purchase proposal with regard to our prevailing liquidity position and the expected financial returns of the relevant products, subject to the approval of our chief financial officer and the final authorization of our general manager. We believe that these measures enable us to manage investment risks prudently and ensure that our investment activities are consistent with our liquidity needs, risk appetite and business development plans.

As of December 31, 2023, 2024 and 2025, our balance of financial assets at fair value through profit or loss was RMB20.0 million, RMB189.9 million and RMB4.5 million, respectively. Our financial assets at fair value through profit or loss increased significantly from RMB20.0 million as of December 31, 2023 to RMB189.9 million as of December 31, 2024, primarily due to our purchase of additional wealth management products in 2024, as we completed our Series C Financing by the end of 2024, and used the unutilized portion of its proceeds to purchase the wealth management products for short-term liquidity management purposes. Our financial assets at fair value through profit or loss decreased from RMB189.9 million as of December 31, 2024 to RMB4.5 million as of December 31, 2025, primarily because we disposed of most of our wealth management products in 2025. We will adjust the overall investment scale based on our working capital requirements as our operations expand.

We generally estimated the fair value of our wealth management products by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. For details, see Note 36 to the Accountants' Report in Appendix I to this document.

Time Deposits

Our time deposits primarily consisted of time deposits pledged to banks. We had a balance of non-current time deposits of RMB30.8 million as of December 31, 2024 and current time deposits of RMB91.8 million as of December 31, 2025. We had no time deposits as of December 31, 2023.

Trade Payables

Our trade payables primarily consisted of payables for purchases of raw materials. Our trade payables are non-interest bearing and are normally settled within one year. Our trade payables increased from RMB9.1 million as of December 31, 2023 to RMB19.4 million as of December 31, 2024, primarily because of our increased purchases of raw materials in line with our business expansion. Primarily due to the same reason, our trade payables further increased to RMB27.6 million as of December 31, 2025. The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within one year	9,050	19,265	27,514
One to two years	4	90	58
Two to three years	—	4	36
Total	**9,054**	**19,359**	**27,608**

The following table sets forth our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(days)		
Trade payables turnover days(1)	27.2	36.1	37.8

Note:

(1) Calculated based on the average of beginning and ending balances of trade payables for that year divided by cost of sales for that year and multiplied by 365 days.

Our trade payables turnover days increased from 27.2 days in 2023 to 36.1 days in 2024, and further increased to 37.8 days in 2025. Such increases mainly reflected that we proactively made efforts to obtain longer credit terms from our suppliers with a view to improving our cash flows.

As of April 30, 2026, RMB26.3 million, or 95.2%, of our trade payables outstanding as of December 31 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consisted of other payables for property, plant and equipment, payroll and welfare payables and dividends payables. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Other payables for property, plant and equipment	4,080	785	5,662
Payroll and welfare payables	1,828	2,227	3,738
Dividends payables	10,000	6,500	500
Refund liabilities	287	110	715
Other taxes payable	356	1,741	176
Others	4,266	4,044	2,239
Total	**20,817**	**15,407**	**13,030**

Our other payables and accruals decreased from RMB20.8 million as of December 31, 2023 to RMB15.4 million as of December 31, 2024, primarily due to (i) a decrease in dividends payable of RMB3.5 million as part of the dividends declared to pre-existing shareholders during the year, and (ii) a decrease in other payables for property, plant and equipment of RMB3.3 million, as the outstanding equipment payables from the prior year were settled.

Our other payables and accruals further decreased to RMB13.0 million as of December 31, 2025, primarily due to a decrease of RMB6.0 million in dividends payable as the remaining dividends were substantially paid during the year. This was partially offset by an increase of RMB4.9 million in other payables for property, plant and equipment, reflecting the capital expenditure arising from our production capacity expansion in 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, we financed our operations primarily through equity contributions from our shareholders, proceeds from bank borrowings and cash generated from our operating activities. As of December 31, 2025 and April 30, 2026, we had cash and cash equivalents of RMB65.4 million and RMB114.2 million, respectively.

Working Capital Sufficiency

Taking into account the financial resources available to us, including our cash flows from operating activities, available banking facilities, cash and cash equivalents balance and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital for our present requirements, that is, for at least 12 months from the date of this document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants, during the Track Record Period and up to the date of this document.

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash flows (used in)/from operating activities	(12,903)	37,565	(38,642)
Net cash flows (used in)/from investing activities	(28,354)	(225,341)	90,753
Net cash flows from/(used in) financing activities	66,139	197,551	(28,041)
Net increase in cash and cash equivalents	**24,882**	**9,775**	**24,070**
Cash and cash equivalents at beginning of the year	6,376	31,262	41,066
Effects of foreign exchange rate changes	4	29	232
Cash and cash equivalents at end of year	**31,262**	**41,066**	**65,368**

Net Cash Used in or from Operating Activities

Our cash flows used in and from operating activities reflect our profit before tax adjusted for: (i) non-cash and non-operating items (such as depreciation of property, plant and equipment, depreciation of right-of-use assets, share-based payment expenses and net gain from changes in fair value of financial assets at fair value through profit or loss); (ii) the effects of movement in working capital (such as inventories, trade and notes receivables and trade payables); and (iii) other cash items (such as income tax paid).

We had net cash flows used in operating activities of RMB38.6 million in 2025, which were mainly attributable to our profit before tax of RMB53.5 million, as adjusted by: (i) changes in working capital, primarily comprising an increase in trade and notes receivables of RMB61.1 million and an increase in inventories of RMB45.6 million; and partially offset by (ii) the add-back of non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB9.6 million and depreciation of right-of-use assets of RMB4.3 million.

We had net cash flows from operating activities of RMB37.6 million in 2024, which were mainly attributable to our profit before tax of RMB49.2 million, as adjusted by: (i) the add-back of non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB6.5 million and depreciation of right-of-use assets of RMB3.6 million; and partially offset by (ii) changes in working capital, primarily comprising an increase in trade and notes receivables of RMB15.8 million and an increase in inventories of RMB10.9 million, partially offset by an increase in trade payables of RMB10.3 million.

We had net cash flows used in operating activities of RMB12.9 million in 2023, which were mainly attributable to our profit before tax of RMB37.0 million, as adjusted by: (i) changes in working capital, primarily comprising an increase in trade and notes receivables of RMB51.5 million and an increase in inventories of RMB8.1 million; and partially offset by (ii) the add-back of non-cash and non-operating items, primarily comprising depreciation of property, plant and equipment of RMB4.8 million and depreciation of right-of-use assets of RMB2.8 million.

Net Cash Flows Used in or from Investing Activities

In 2025, we had net cash flows from investing activities of RMB90.8 million, which were primarily attributable to proceeds from disposal of financial assets at fair value through profit or loss of RMB587.8 million, partially offset by purchase of financial assets at fair value through profit or loss of RMB400.0 million.

In 2024, we had net cash flows used in investing activities of RMB225.3 million, which were primarily attributable to purchase of financial assets at fair value through profit or loss of RMB408.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB239.5 million.

In 2023, we had net cash flows used in investing activities of RMB28.4 million, which were primarily attributable to purchase of financial assets at fair value through profit or loss of RMB30.0 million and purchases of items of property, plant and equipment of RMB18.5 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB20.0 million.

Net Cash Flows Used in or from Financing Activities

In 2025, we had net cash flows used in financing activities of RMB28.0 million, which were primarily attributable to repayment of interest-bearing bank and other borrowings of RMB30.0 million and dividends paid of RMB6.0 million, partially offset by additions of interest-bearing bank and other borrowings of RMB16.0 million.

In 2024, we had net cash flows from financing activities of RMB197.6 million, which were primarily attributable to capital contribution from shareholders of RMB200.0 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB20.5 million.

In 2023, we had net cash flows from financing activities of RMB66.1 million, which were primarily attributable to capital contribution from shareholders of RMB66.0 million and additions of interest-bearing bank and other borrowings of RMB20.5 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB10.5 million.

Net Current Assets

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

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
Current Assets				
Inventories	31,990	42,869	85,931	146,180
Trade and notes receivables	92,204	108,013	169,065	234,309
Prepayments, other receivables and other assets	2,123	3,742	8,213	46,777
Financial assets at fair value through profit or loss	20,000	189,932	4,548	5,037
Time deposits	—	—	91,813	30,000
Cash and cash equivalents	31,262	41,066	65,368	114,200
Total current assets	**177,579**	**385,622**	**424,938**	**576,503**

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current Liabilities				
Trade payables	9,054	19,359	27,608	33,058
Other payables and accruals	20,817	15,407	13,030	18,460
Interest-bearing bank and other borrowings	20,523	30,028	16,013	49,833
Lease liabilities	3,298	4,369	2,433	1,098
Tax payable	6,800	5,556	5,068	1,721
Total current liabilities	**60,492**	**74,719**	**64,152**	**104,170**
Net current assets	**117,087**	**310,903**	**360,786**	**472,333**

Our net current assets increased to RMB472.3 million as of April 30, 2026 from RMB360.8 million as of December 31, 2025, primarily due to: (i) an increase in trade and notes receivables of RMB65.2 million, generally in line with our business expansion; (ii) an increase in inventories of RMB60.2 million, primarily attributable to the continued expansion of our business scale, particularly our cable conductors business for high-speed copper cables, which led to a corresponding increase in inventories; and (iii) an increase in cash and cash equivalents of RMB48.8 million. Such changes were partially offset by a decrease in time deposits of RMB61.8 million.

Our net current assets increased to RMB360.8 million as of December 31, 2025 from RMB310.9 million as of December 31, 2024, primarily due to: (i) an increase in time deposits of RMB91.8 million; (ii) an increase in trade and note receivables of RMB61.1 million, generally in line with our business expansion; (iii) an increase in inventories of RMB43.1 million, primarily attributable to (a) an increase in inventory levels in line with the expansion of our sales scale, and (b) increases in the prices of raw materials during the same year; (iv) an increase in cash and cash equivalents of RMB24.3 million; and (v) a decrease in interest-bearing bank and other borrowings of RMB14.0 million. Such changes were partially offset by a decrease in financial assets at fair value through profit or loss of RMB185.4 million, mainly because we disposed of most of our wealth management products in 2025.

Our net current assets increased to RMB310.9 million as of December 31, 2024 from RMB117.1 million as of December 31, 2023, primarily due to: (i) an increase in financial assets at fair value through profit or loss of RMB169.9 million, mainly due to our purchase of additional wealth management products in 2024; and (ii) an increase in trade and notes receivables of RMB15.8 million, generally in line with our business expansion.

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,		
	2023	2024	2025
Gross profit margin(1)	29.4%	30.4%	25.1%
Net profit margin(2)	18.6%	20.3%	15.5%
Return on equity(3)	24.2%	14.2%	10.7%
Current ratio(4)	2.94x	5.16x	6.62x
Quick ratio(5)	2.41x	4.59x	5.28x
Gearing ratio(6)	16.5%	8.9%	4.2%

Notes:

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

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

(3) Return on equity equals profit for the year divided by the average of the beginning and ending balances of total equity for the relevant year and multiplied by 100%.

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

(5) Quick ratio equals total current assets net of inventories divided by total current liabilities as of the relevant date.

(6) Gearing ratio equals total indebtedness (comprising total interest-bearing bank and other borrowings and lease liabilities) divided by total equity as of the relevant date and multiplied by 100%.

Gross Profit Margin

See "— Principal Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" and "— Results of Operations" for a discussion of the factors affecting our gross margin during the Track Record Period.

Net Profit Margin

See "— Results of Operations" for a discussion of the factors affecting our net profit margin during the Track Record Period.

Return on Equity

Our return on equity decreased from 24.2% in 2023 to 14.2% in 2024, primarily due to an increase in total equity of RMB240.0 million driven by capital contributions from shareholders of RMB196.3 million in 2024, which substantially outpaced the increase in our net profit.

Our return on equity decreased from 14.2% in 2024 to 10.7% in 2025, primarily due to an increase of RMB50.3 million in total equity from accumulated retained earnings, which outpaced the increase in our net profit.

Current Ratio

Our current ratio increased from 2.94x as of December 31, 2023 to 5.16x as of December 31, 2024, primarily due to a significant increase in our current assets from RMB177.6 million to RMB385.6 million, driven by our receipt of proceeds from the Series C Financing, which outpaced the increase in our current liabilities.

Our current ratio further increased from 5.16x as of December 31, 2024 to 6.62x as of December 31, 2025, primarily due to (i) a decrease in our current liabilities from RMB74.7 million to RMB64.2 million driven by the repayment of short-term bank loans, and (ii) an increase in our current assets from RMB385.6 million to RMB424.9 million, reflecting growth in trade and notes receivables of RMB61.1 million.

Quick Ratio

Our quick ratio increased from 2.41x as of December 31, 2023 to 4.59x as of December 31, 2024, and increased from 4.59x as of December 31, 2024 to 5.28x as of December 31, 2025. The reasons for such changes are similar to those of the current ratio above.

Gearing Ratio

Our gearing ratio decreased from 16.5% as of December 31, 2023 to 8.9% as of December 31, 2024, primarily due to a substantial increase in our total equity driven by capital contributions from shareholders of RMB196.3 million, which significantly outpaced the increase in our total interest-bearing bank and other borrowings.

Our gearing ratio further decreased from 8.9% as of December 31, 2024 to 4.2% as of December 31, 2025, primarily due to (i) a continued increase in our total equity through the accumulation of retained earnings, and (ii) a decrease in our total interest-bearing bank and other borrowings as we repaid certain short-term bank loans in the same year.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for purchases of property, plant and equipment. Our increasing levels of capital expenditures during the Track Record Period reflect our continual investments in expanding our production capacity. The following table sets forth a breakdown of our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Purchases of items of property, plant and equipment	18,522	27,129	36,417

Following the [REDACTED], we are expected to continually incur capital expenditures to grow our business. In particular, we plan to fund (i) our production capacity expansion, and (ii) digitization upgrade across our production facilities. For details, see "Business — Our Production — Production Expansion Plan." We expect to fund these capital expenditures with our available cash resources and a portion of our net [REDACTED] from the [REDACTED], details of which are set forth in "Future Plans and Use of [REDACTED] — Use of [REDACTED]."

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of nil, RMB2.5 million and RMB9.1 million, respectively. These commitments were largely in relation to our acquisition of property, plant and equipment. During the Track Record Period, we funded our capital commitments primarily by cash generated from our operations and proceeds from bank borrowings. The following table sets forth a breakdown of our capital commitments as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Property, plant and equipment	—	2,467	9,094

INDEBTEDNESS

Our indebtedness mainly consisted of interest-bearing bank and other borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
Current				
Interest-bearing bank and other borrowings	20,523	30,028	16,013	49,833
Lease liabilities	3,298	4,369	2,433	1,098
Non-current				
Lease liabilities	4,936	2,456	1,237	923
Total	**28,757**	**36,853**	**19,683**	**51,854**

Save as otherwise disclosed, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026.

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings were RMB20.5 million, RMB30.0 million, RMB16.0 million and RMB49.8 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. We had banking facilities of RMB158.0 million, of which RMB108.2 million was unutilized, as of April 30, 2026.

Our bank borrowings comprised both secured and unsecured bank loans denominated in Renminbi, with a maturity of less than one year. As of April 30, 2026, the effective interest rate of our bank loans ranges from 1.9% to 3.8% per annum. Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. For details, see Note 26 to the Accountants' Report included in Appendix I to this document. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The aggregate balance of our current and non-current lease liabilities was RMB8.2 million, RMB6.8 million, RMB3.7 million and RMB2.0 million, respectively, as of December 31, 2023, 2024 and 2025 and April 30, 2026. The decreases in our lease liabilities were primarily due to the non-renewal of the lease of a plant located in Guangdong Province in 2024 and the shorter remaining lease terms of certain lease contracts in 2025.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain related party transactions, pursuant to which: (i) we incurred certain amounts from and due to certain related parties; and (ii) we made payments of compensation to key management personnel which are related parties. For details, see Note 33 to the Accountants' Report in Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

Our principal financial instruments comprise bank loans and cash and time deposits, mainly for financing our operations. The main risks arising from our financial instruments are credit risk and liquidity risk. For details, see Note 37 to the Accountants' Report in Appendix I to this document.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Further quantitative data in respect of our exposure to credit risk arising from trade and notes receivables are disclosed in Note 21 to the Accountants' Report in Appendix I to this document.

Concentrations of credit risk are managed by customer and geographical region. There are no significant concentrations of credit risk within us as the customer bases of our trade and notes receivables are widely dispersed in different regions.

Liquidity Risk

We monitor our exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

Our objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans. Our policy is that all the borrowings should be approved by the chief financial officer.

DIVIDEND

We declared a dividend of RMB10.0 million in 2023 and completed the payment. In May 2026, we declared a dividend of RMB5.0 million for the year ended December 31, 2025. Our 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. We currently do not have a dividend policy or a pre-determined dividend payout ratio.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: (i) recovery of accumulated losses, if any; (ii) allocations to the general risk reserve of not less than 10% of our profit after tax; (iii) allocations to the statutory reserve equivalent to 10% of our profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory reserve will be required; and (iv) allocations, if any, to a discretionary common reserve fund that are approved by our Shareholders in a Shareholders' meeting.

Upon completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our retained earnings amounted to RMB159.0 million, which represented our distributable reserves as of the same date.

[REDACTED]

[REDACTED]

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this document for details on our unaudited [REDACTED] adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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