You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

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

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

OVERVIEW

We develop and sell cognitive intelligence products that enable enterprises to operate and optimize their production and business operations. By integrating data with domain knowledge, our products perform reasoning, decision-making, and continuous optimization in complex real-world environments, bringing enterprises' data, expert knowledge, and business processes together into intelligent workflows that allow them to operate more efficiently, allocate resources more effectively, and make better-informed decisions. Our products are built on a unified cognitive intelligence architecture and comprise three categories: our cognitive intelligence algorithm platform, which provides the core infrastructure and capabilities for developing, deploying, and operating cognitive intelligence applications; and, built on that platform, our industrial-grade intelligent agents and operational decision intelligent agents, which extend its capabilities into industrial production and enterprise operations, respectively. Our products are deployed across a diverse range of industries, including industrial manufacturing, cultural tourism, IT services, scientific research, and public services. We experienced significant growth during the Track Record Period, reflecting strong market adoption of our products, with revenue increasing by 105.4% from RMB65.6 million in 2023 to RMB134.7 million in 2024, and by a further 251.7% to RMB473.6 million in 2025.

BASIS OF PRESENTATION

The historical financial information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods. See Note 2.1 to the Accountants' Report as set forth in Appendix I to this Document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

General Factors

Our results of operations are affected by a number of general factors affecting the overall growth and prosperity of the AI industry in China, in particular the cognitive intelligence market, including China's overall economic growth, the ongoing digitalization of China's economy, development of cognitive intelligence technologies, talent and related infrastructure, and awareness and willingness of deployment of cognitive intelligence applications.

Specific Factors Affecting Our Results of Operations

We believe our results of operations are primarily and more directly affected by the following specific factors:

Our Investment in Research and Development

We have made and will continue to make significant investments in research and development to strengthen our market leadership. We intend to continue to invest in attracting more talented research and development personnel and further developing and applying advanced cognitive intelligence technologies to enhance the functionalities and customer experience of our platforms and agents. In 2023, 2024 and 2025, we incurred research and development expenses of RMB83.2 million, RMB107.3 million and RMB114.3 million, respectively, accounting for 126.9%, 79.6% and 24.1% of the revenues for the respective years. Going forward, we plan to continue to prudently invest resources in research and development in a cost-effective manner to support the long-term growth of our business.

Our Ability to Serve Customers and Capture Market Share

Our business performance depends on the growth of market demand for cognitive intelligence technologies as well as our ability to serve customers and capture market share with our cognitive intelligence products. Our management and sales team have extensive industry experience and profound knowledge, allowing us to build our brand and acquire customers in an effective manner. We implement the strategy that targets key industries with high demand and collaborate with large customers in each industry. These selected key industries include industrial manufacturing, cultural tourism, IT services, and scientific research and public services. By serving industry leaders and collaborating with large customers, we understand, identify and prioritize core requirements of target customers in such industries and expect to accelerate market adoption of our cognitive intelligence products and further expand our presence across additional segments in such industries. We have also established strategic partnerships with a variety of companies along the industry value chain to build an active hardware and software ecosystem, amplifying our influence within the industries and expanding our reach to a wider range of potential customers. In addition, we ensure stable and timely deployment of cognitive intelligence products and provide high quality customer support, endeavoring to maintain stable and enduring business relationships with them, which in turn increases our share of customers' requirements and improves our financial performance in the long term.

Our Ability to Enhance Operating Leverage

Our ability to manage and control our operating expenses is critical to the success of our business. We have invested heavily in developing technological capabilities and infrastructure in order to provide highly scalable and flexible systems and models for our customers. Our ability to quickly customize for a particular customer enables us to match customers' demand effectively and efficiently, helping us achieve significant overall cost efficiency. We are thus well positioned to scale up our revenues while achieving significant operating leverage. During the Track Record Period, our selling and marketing expenses as a percentage of our total revenues decreased significantly from 47.7% in 2023 to 13.1% in 2025. Our administrative expenses decreased significantly from 60.3% in 2023 to 8.6% in 2025. Our research and development expenses also decreased significantly from 126.9% in 2023 to 24.1% in 2025. Controlling operating expenses to achieve optimal operating efficiency is important to our success. As our business grows in scale, we expect to have significant operating leverage and realize structural cost savings and compete efficiently.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Provision of cognitive intelligence products

The Group provides cognitive intelligence products to the customers, principally including cognitive intelligence platforms, industrial-grade intelligent agents and operational decision intelligent agents. Cognitive intelligence products are primarily delivered as (i) licensed software installed at the end users' servers, and (ii) all-in-one servers or other related hardware with pre-installed software. Revenue from licensed software and all-in-one server or other related hardware with pre-installed software is recognised at the point in time when control of the asset is transferred to the customer, generally upon acceptance by customers.

(b) Provision of technical and other services

The Group offers technical and other services primarily consist of digitalisation related services, including software development kits ("SDKs"), customized application development, and other technical support services. Revenue from the provision of SDKs and customised application development is recognised at the point in time when the control of services is accepted by the customer. Revenue from the provision of other technical support services is recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group utilises monthly reconciliation statements agreed with the customer as the basis for measuring progress and determining the price. This method most faithfully depicts the simultaneous consumption and delivery of services. At the end of each month, the transaction consideration is fixed based on customers' sales and hence no estimation of the transaction price beyond the reporting period is necessary.

For further details, see Notes 2.3 and 3 to the Accountants' Report included in Appendix I to this document.

DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS ITEMS

The table below sets forth a summary of our consolidated statements of profit or loss, in absolute amounts and as a percentage of our total revenue, for the years indicated derived from our consolidated statements of profit or loss set out in the Accountants' Report included in Appendix I to this Document:

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
REVENUE	65,574	100.0	134,663	100.0	473,615	100.0
Cost of sales	(43,361)	(66.1)	(91,406)	(67.9)	(298,228)	(63.0)
Gross profit	22,213	33.9	43,257	32.1	175,387	37.0
Other income and gains	13,753	21.0	7,685	5.7	7,081	1.5
Selling and marketing expenses	(31,292)	(47.7)	(44,328)	(32.9)	(62,102)	(13.1)
Administrative expenses	(39,570)	(60.3)	(40,638)	(30.2)	(40,613)	(8.6)
Research and development expenses	(83,228)	(126.9)	(107,252)	(79.6)	(114,292)	(24.1)
Impairment losses on financial and contract assets, net	(1,042)	(1.6)	(8,982)	(6.7)	(11,738)	(2.5)
Other expenses	(2)	(0.0)	(135)	(0.1)	(206)	(0.0)
Finance costs	(4,432)	(6.8)	(5,541)	(4.1)	(6,275)	(1.3)
LOSS BEFORE TAX	(123,600)	(188.5)	(155,934)	(115.8)	(52,758)	(11.1)
Income tax expense	–	–	–	–	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(123,600)	(188.5)	(155,934)	(115.8)	(52,758)	(11.1)

Non-IFRS Financial Measure

We use adjusted net loss, a non-IFRS financial measure, in evaluating our operating results and for financial and operational decision-making purposes. We believe that adjusted net loss (non-IFRS) helps identify underlying trends in our business, provides useful information about our results of operations, and enhances the overall understanding of our past performance and future prospects.

Adjusted net loss (non-IFRS measure) should not be considered in isolation or construed as an alternative to loss from operations, net loss or any other measure of performance or as an indicator of our operating performance. Adjusted net loss (non-IFRS measure) presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measures differently, limiting their usefulness as comparative measures to our data. We encourage [**REDACTED**] and others to review our financial information in its entirety and not rely on a single financial measure.

We define our adjusted net loss (non-IFRS measure) by adding back share-based payments. Share-based payments relate to the share-based awards that we granted and are non-cash in nature. We exclude this item because it is not expected to result in future cash payments.

The table below sets forth a reconciliation of our net loss to adjusted net loss (non-IFRS measure) for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of net loss and adjusted net loss (non-IFRS measure)			
Net loss	(123,600)	(155,934)	(52,758)
Add:			
Share-based payments	31,317	34,903	37,546
Adjusted net loss (non-IFRS measure)	**(92,283)**	**(121,031)**	**(15,212)**

Revenue

During the Track Record Period, we primarily derived revenue from offering cognitive intelligence products to our enterprise customers, comprising cognitive intelligence algorithm platforms, industrial-grade intelligent agents, and operational decision intelligent agents. Our products are delivered as toolkits comprising systems, modules and functional components, which can be deployed and integrated into customers' existing systems and workflows.

Our cognitive intelligence products are mainly offered through either software or integrated software-hardware solutions. We adopt a localized deployment model. Given the tailored nature of our products, pricing is generally determined on a case-by-case basis and depends on a number of factors, such as product type, technical sophistication, deployment scale, implementation complexity, degree of customization, and required computing and hardware resources. We generally charge our customers upon their acceptance of the relevant products. We also generate revenue from sales of new and upgraded modules to existing customers to meet their evolving needs of operational, functional, and technological enhancements. See "Business — Our Pricing Model."

The table below sets forth a breakdown of our revenue by product line, in absolute amounts and as percentages of total revenue, for the years indicated. For a detailed discussion of the fluctuations of our revenue during the Track Record Period, see "— Discussion of Results of Operations."

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cognitive intelligence algorithm platforms	20,427	31.2	58,029	43.1	237,927	50.2
Industrial-grade intelligent agents	12,625	19.3	37,640	28.0	118,016	24.9
Operational decision intelligent agents	26,278	40.1	23,562	17.5	111,136	23.5
Technical and other services	6,244	9.5	15,432	11.5	6,536	1.4
Total	**65,574**	**100.0**	**134,663**	**100.0**	**473,615**	**100.0**

- ***Cognitive intelligence algorithm platforms***. Revenue generated from our cognitive intelligence algorithm platforms primarily derived from enterprise customers seeking to establish AI infrastructure for computing resource management and orchestration, enterprise-grade model training and development, and knowledge ontology construction and structuring. Revenue from this segment increased from RMB20.4 million in 2023 to RMB58.0 million in 2024 and then increased significantly to RMB237.9 million in 2025. Demand for these platforms is generally driven by customers' digital transformation initiatives, increasing requirements for intelligent data processing, and growing adoption of AI-enabled operational systems. As cognitive intelligence algorithm platforms often serve as foundational infrastructure for broader AI implementation, larger deployment scope and continued expansion of customer use cases may contribute to revenue growth in this segment.

- ***Industrial-grade intelligent agents***. Revenue generated from our industrial-grade intelligent agents primarily derives from customers in industrial sectors seeking to optimize production efficiency, enhance process control and improve product quality. Revenue from this segment increased from RMB12.6 million in 2023 to RMB37.6 million in 2024 and then increased significantly to RMB118.0 million in 2025. Demand for these agents is generally driven by customers' investments in intelligent manufacturing, operational optimization and production quality enhancement initiatives.

- ***Operational decision intelligent agents***. Revenue generated from our operational decision intelligent agents primarily derives from enterprise customers seeking to enhance organizational efficiency, decision-making capabilities and operational coordination across business functions. In particular, our products and solutions include, but not limited to, enterprise showrooms, industry reception centers, and cultural heritage digitalization. Revenue from this segment decreased from RMB26.3 million in 2023 to RMB23.6 million in 2024 and then increased significantly to RMB111.1 million in 2025. Demand for these agents is generally driven by enterprises' increasing focus on intelligent management, workflow automation and data-driven decision-making. As customers expand intelligent applications across additional business functions and operational scenarios, demand for these agents may increase.

- ***Technical and other services***. Our technical and other services primarily consist of digitalization related services, including software development kits, customized application development, and other technical support services. The pricing of our technical services varies depending on each customer's individual needs. Revenue generated from technical and other services represented a relatively small portion of our total revenue during the Track Record Period. As our strategic focus is on expanding our cognitive intelligence products, we expect revenue generated from technical and other services to continue to decrease as a percentage of our total revenue in the future.

During the Track Record Period, we generated substantially all of our revenue in Chinese Mainland and only a de minimis portion in overseas regions. See Note 4 to the Accountants' Report set forth in Appendix I to this document.

Cost of Sales

Our cost of sales primarily consists of (i) service fees, which primarily represent fees paid to third-party service providers related to delivery, deployment and installation of our products; (ii) labor costs, which primarily represent wages and benefits of our deployment and maintenance personnel; (iii) hardware procurement costs, which primarily represents procurement cost of hardware components from third-party vendors; and (iv) others.

Tasks in relation to service fees are not sophisticated but would require large amounts of manpower. Hence, we decided to outsource third-party services providers to save costs and to allow us to focus on our core technology R&D operations. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of such service providers were Independent Third Parties.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Service fees	17,389	40.1	52,833	57.8	184,171	61.8
Labor costs	20,366	47.0	24,842	27.2	53,395	17.9
Hardware procurement	4,150	9.6	12,029	13.2	57,955	19.4
Others	1,456	3.4	1,702	1.9	2,707	0.9
Total	**43,361**	**100.0**	**91,406**	**100.0**	**298,228**	**100.0**

During the Track Record Period, labor costs as a percentage of cost of sales decreased from 47.0% in 2023 to 27.2% in 2024 and further decreased to 17.9% in 2025, while service fees as a percentage of cost of sales increased from 40.1% in 2023 to 57.8% in 2024 and further to 61.8% in 2025, primarily due to our technology development and reusable architecture, which enhanced operational efficiency.

The following table sets out a breakdown of our cost of sales by product line, in absolute amounts and as a percentage of our total cost of sales, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cognitive intelligence algorithm platforms	13,026	30.0	36,839	40.3	140,534	47.1
Industrial-grade intelligent agents	8,803	20.3	26,959	29.5	81,040	27.2
Operational decision intelligent agents	16,975	39.1	15,498	17.0	70,907	23.8
Technical and other services	4,557	10.5	12,110	13.2	5,747	1.9
Total	**43,361**	**100.0**	**91,406**	**100.0**	**298,228**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit is calculated as total revenue minus cost of sales. Gross profit margin for respective product line represents our gross profit of such product line as a percentage of our revenue from such product line. Our gross profit and gross profit margin have been and will continue to be affected by a number of factors, including the intelligence level of our foundation models, our revenue mix, pricing strategies, and cost efficiency.

The following table sets out a breakdown of our gross profit and gross profit margin by product line for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Cognitive intelligence algorithm platforms	7,401	36.2	21,190	36.5	97,393	40.9

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Industrial-grade agents	3,822	30.3	10,681	28.4	36,976	31.3
Operational decision agents	9,303	35.4	8,064	34.2	40,229	36.2
Technical and other services	1,687	27.0	3,322	21.5	789	12.1
Total	**22,213**	**33.9**	**43,257**	**32.1**	**175,387**	**37.0**

- ***Cognitive intelligence business***. The gross profit margin of our cognitive intelligence business generally increased during the Track Record Period. Such growth was primarily attributable to continued technology development, particularly the modularization and standardization of our cognitive intelligence products. This improved the reusability of our core technologies and reduced incremental delivery costs. The increase was also supported by economies of scale achieved through the expansion of our business.

- ***Technical and other services***. The gross profit margin of our technical and other services gradually decreased from 27.0% in 2023 to 21.5% in 2024 and further to 12.1% in 2025. Such decreases during the Track Record Period were primarily attributable to changes in offering mix and the declining scale of technical services, which generally resulted in lower operating leverage. Technical and other services also generally generated lower gross profit margins than our core cognitive intelligence product lines.

Other Income and Gains

Our other income and gains primarily consist of (i) government grants, which mainly represent non-recurring financial assistance we received from local government authorities as subsidies for our business operation and R&D activities; (ii) bank interest income; (iii) fair value gains on unlisted equity investments, net; and (iv) fair value gains on wealth management products.

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

	For the year ended December 31,		
	2023	2024	2025
		RMB'000	
Other income			
Government grants	6,571	3,621	5,331
Bank interest income	170	128	111
Others	–	–	34
Total other income	**6,741**	**3,749**	**5,476**
Gains			
Fair value gains on unlisted equity investments, net	5,797	3,725	1,058
Fair value gains on wealth management products	1,215	211	547
Total	**13,753**	**7,685**	**7,081**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expenses, (ii) share-based payments, (iii) marketing and promotional expenses, (iv) business travel expenses, and (v) depreciation and amortization.

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

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	14,536	46.5	19,844	44.8	20,256	32.6
Share-based payments	5,922	18.9	10,508	23.7	12,632	20.3
Business travel expenses	2,467	7.9	3,298	7.4	3,234	5.2
Marketing and promotional expenses	4,387	14.0	6,523	14.7	20,809	33.5
Depreciation and amortization	1,652	5.3	1,627	3.7	2,035	3.3
Others	2,328	7.4	2,528	5.7	3,136	5.0
Total	**31,292**	**100.0**	**44,328**	**100.0**	**62,102**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, (ii) share-based payments, (iii) professional service fees, (iv) office expenses, and (v) depreciation and amortization.

The table below sets forth a breakdown of our administrative expenses by nature, in absolute amounts and as percentages of our total administrative expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	14,466	36.6	17,353	42.7	16,397	40.4
Share-based payments	12,148	30.7	11,978	29.5	10,482	25.8
Professional service fees	4,170	10.5	4,042	9.9	5,693	14.0
Office expenses	3,544	9.0	3,259	8.0	2,892	7.1
Depreciation and amortization	1,706	4.3	1,384	3.4	2,370	5.8
Others	3,536	8.9	2,622	6.5	2,779	6.8
Total	**39,570**	**100.0**	**40,638**	**100.0**	**40,613**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, (ii) share-based payments, (iii) computing resources fees, (iv) third-party service fees in relation to non-core and less sophisticated research and development, and (v) depreciation and amortization.

The following table sets forth the breakdown of our research and development expenses by nature, in absolute amount and as percentages of our total research and development expenses, for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Employee benefit expenses	54,939	66.0	66,720	62.2	65,372	57.2
Share-based payments	13,247	15.9	12,417	11.6	14,432	12.6
Computation resources fees	2,749	3.3	5,060	4.7	13,493	11.8
Third-party service fees	6,237	7.5	17,402	16.2	14,599	12.8
Depreciation and amortization	3,998	4.8	3,388	3.2	3,523	3.1
Others	2,058	2.5	2,265	2.1	2,873	2.5
Total	**83,228**	**100.0**	**107,252**	**100.0**	**114,292**	**100.0**

Net Impairment Losses on Financial and Contract Assets

Our net impairment losses on financial assets and contract assets represent the expected credit losses on our trade and bill receivables and contracts assets. We recorded net impairment losses on financial assets and contract assets of RMB1.0 million, RMB9.0 million, and RMB11.7 million in 2023, 2024, and 2025, respectively.

Finance Costs

Our finance costs consist primarily of (i) interest on interest-bearing bank borrowings and other loans and (ii) interest on lease liabilities. See "Indebtedness."

The following table sets forth a breakdown of our finance costs for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
		RMB'000	
Interest on lease liabilities	364	303	530
Interest on interest-bearing bank borrowings and other loans	4,068	5,238	5,745
Total	**4,432**	**5,541**	**6,275**

TAXATION

PRC

We and our subsidiaries in China are generally subject to the statutory PRC corporate income tax ("**CIT**") rate of 25%. We were registered as High and New Technology Enterprises pursuant to the tax regulations of the PRC and were entitled to a preferential income tax rate of 15% during the Track Record Period. Unidt Analytical Technology (Shanghai) Co., Ltd. obtained its "High and New Technology Enterprises" qualification in 2021 and renewed the qualification in 2025, so it was entitled to the preferential tax rate of 15% during the years ended December 31, 2023 and 2025. Additionally, certain subsidiaries that met the criteria for small-scaled and minimal profit enterprises were entitled to a reduced CIT rate of 20% for the period from January 1, 2023, through December 31, 2027.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased significantly by 251.7% from RMB134.7 million in 2024 to RMB473.6 million in 2025. This growth was primarily driven by (i) the successful scaling of our operations to serve greater number of customers, including those with higher average spending per customer in 2025 and (ii) our enhanced market presence and reputation. Specifically,

- ***Cognitive intelligence algorithm platforms***. Revenue from cognitive intelligence algorithm platforms increased significantly from RMB58.0 million in 2024 to RMB237.9 million in 2025. This growth was primarily driven by increasing customer demand, reflected in the increase of our customer base from 15 in 2024 to 57 in 2025.

- ***Industrial-grade intelligent agents***. Revenue from industrial-grade intelligent agents increased significantly from RMB37.6 million in 2024 to RMB118.0 million in 2025. This growth was primarily driven by (i) increasing customer demand, reflected in the increase of our customer base from nine in 2024 to 33 in 2025; and (ii) the expansion of deployment scale and application scenarios among both new and existing customers.

- ***Operational decision intelligent agents***. Revenue from operational decision intelligent agents increased significantly from RMB23.6 million in 2024 to RMB111.1 million in 2025. This growth was primarily driven by technological improvements, which raised the average spending per customer approximately fivefold from RMB524 thousand in 2024 to RMB2,526 thousand in 2025.

- ***Technical and other services***. Revenue from technical and other services decreased by 57.6% from RMB15.4 million in 2024 to RMB6.5 million in 2025. This decline was primarily attributable to our increasing focus on cognitive intelligence product line, which reduced the relative scale of our technical and other services. As our business continues to evolve towards cognitive intelligence business, technical and other services are expected to account for a smaller portion of our revenue.

Cost of sales

Our cost of sales increased significantly from RMB91.4 million in 2024 to RMB298.2 million in 2025, which were generally in line with our revenue growth and business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 305.5% from RMB43.3 million in 2024 to RMB175.4 million in 2025. Our gross profit margin improved from 32.1% in 2024 to 37.0% in 2025. Such growth was primarily attributable to continued technology development, particularly the modularization and standardization of our cognitive intelligence products. This improved the reusability of our core technologies and reduced incremental delivery costs. The increase was also supported by economies of scale achieved through the expansion of our business.

Other Income and Gains

Our other income and gains decreased by 7.9% from RMB7.7 million in 2024 to RMB7.1 million in 2025, primarily due to a decrease in fair value gains on unlisted equity investments, net which partially offset by an increase in government grants.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 40.1% from RMB44.3 million in 2024 to RMB62.1 million in 2025, primarily due to an increase in marketing expenses as a result of our enhanced marketing efforts under business expansion.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB40.6 million in 2024 and 2025, respectively.

Research and Development Expenses

Our research and development expenses increased by 6.6% from RMB107.3 million in 2024 to RMB114.3 million in 2025, primarily attributable to an increase in computation resource fees. This increase reflected our continued investment in more advanced technologies to enhance the computing and model training capabilities of our cognitive intelligence algorithm platforms. It was also consistent with our strategy of developing tool-based, modular and componentized products.

Net impairment losses on financial and contract assets

Our net impairment losses on financial and contract assets increased significantly from RMB9.0 million in 2024 to RMB11.7 million in 2025, primarily due to the increase in the balance of trade and bills receivables.

Finance Costs

Our finance costs increased by 13.2% from RMB5.5 million in 2024 to RMB6.3 million in 2025, primarily due to (i) an increase in the level of bank borrowings to support our business growth, and (ii) a new office lease entered into in 2025.

Loss for the Year

As a result of the foregoing, our loss for the year decreased from RMB155.9 million in 2024 to RMB52.8 million in 2025.

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

Revenue

Our revenue increased significantly by 105.4% from RMB65.6 million in 2023 to RMB134.7 million in 2024. Similar to 2025 compared with 2024, this growth was primarily driven by (i) the successful scaling of our operations to serve greater number of customers, including those with higher average spending per customer in 2024 and (ii) our enhanced market presence and reputation. Specifically,

- ***Cognitive intelligence algorithm platforms***. Revenue from sales of cognitive intelligence algorithm platforms increased from RMB20.4 million in 2023 to RMB58.0 million in 2024. Such increase was primarily attributable to the increases in both the number of customers and the average spending per customer. Particularly, the average spending per customer increased from RMB1,461 thousand in 2023 to RMB3,869 thousand in 2024.

- ***Industrial-grade intelligent agents***. Revenue from sales of industrial-grade intelligent agents increased from RMB12.6 million in 2023 to RMB37.6 million in 2024. Such increase was primarily attributable to the increases in both the number of customers and the average spending per customer. Particularly, the average spending per customer increased from RMB1,580 thousand in 2023 to RMB4,182 thousand in 2024, mainly driven by our acquisition of industry-leading customers with larger scale and higher value.

- ***Operational decision intelligent agents***. Revenue from sales of operational decision intelligent agents slightly decreased from RMB26.3 million in 2023 to RMB23.6 million in 2024, primarily due to a slight decrease in the average spending per customer from RMB585 thousand in 2023 to RMB524 thousand in 2024. Sales of our operational decision intelligent agents experienced fluctuations during 2023 and 2024 as these products were still in the early stage of commercialization and primarily involved pilot deployments. Following continued technology improvements and commercialization progress, revenue from sales of operational decision intelligent agents increased significantly to RMB111.1 million in 2025 as the products scaled up commercially.

- ***Technical and other services***. Revenue from technical and other services increased significantly from RMB6.2 million in 2023 to RMB15.4 million in 2024, which was in line with the gradual expansion of our business operations.

Cost of sales

Our cost of sales increased significantly from RMB43.4 million in 2023 to RMB91.4 million in 2024. Such increase was primarily due to increases in services fees and hardware procurement costs, particularly for cognitive intelligence algorithm platforms and industrial-grade intelligent agents, which were in line with our revenue growth and business expansion.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 94.7% from RMB22.2 million in 2023 to RMB43.3 million in 2024. Our overall gross profit margin remained relatively stable at 33.9% in 2023 and 32.1% in 2024.

Other Income and Gains

Our other income and gains decreased by 44.1% from RMB13.8 million in 2023 to RMB7.7 million in 2024, primarily due to the decreases in both government grants and fair value gains measured as financial assets at fair value through profit or loss in relation to wealth management products we held.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 41.7% from RMB31.3 million in 2023 to RMB44.3 million in 2024. This was primarily due to (i) higher employee benefit expenses, which were mainly attributable to an increase in salaries and bonuses paid to selling and marketing personnel, and (ii) higher share-based payments expenses resulting from additional grants under our Employee Incentive Platform.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB39.6 million in 2023 and RMB40.6 million in 2024. This was primarily due to a slight increase in bonuses paid to administrative personnel.

Research and Development Expenses

Our research and development expenses increased by 28.9% from RMB83.2 million in 2023 to RMB107.3 million in 2024. This was primarily due to (i) higher employee benefit expenses, which was mainly attributable to an increase in the number of core algorithm researchers, and (ii) higher third party service fees.

Net impairment losses on financial and contract assets

Our net impairment losses on financial and contract assets increased significantly from RMB1.0 million in 2023 to RMB9.0 million in 2024, primarily due to an increase in the balance of trade and bills receivables.

Finance Costs

Our finance costs increased by 25.0% from RMB4.4 million in 2023 to RMB5.5 million in 2024, primarily due to an increase in the level of bank borrowings to support our business growth.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB123.6 million in 2023 to RMB155.9 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this Document:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Non-current assets	128,306	126,022	139,974
Current assets	181,662	285,044	463,829
Current liabilities	199,410	295,130	462,785
Net current (liabilities)/assets	(17,748)	(10,086)	1,044
Total assets less current liabilities	110,558	115,936	141,018
Non-current liabilities	2,252	13,661	13,955
Net assets	108,306	102,275	127,063

Assets

Property, Plant and Equipment

Our property, plant and equipment consist mainly of leasehold improvements, electronic devices, and office equipment. Our property, plant and equipment decreased from RMB3.7 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024, primarily due to a decrease in electronic devices resulting from annual depreciation. Our property, plant and equipment then increased to RMB8.9 million as of December 31, 2025, primarily due to an increase in leasehold improvements resulting from the decoration of a new office which we leased in 2025.

Financial Assets at Fair Value through Profit or Loss

Our financial assets at fair value through profit or loss consist of both current and non-current portions, representing wealth management products we held and unlisted equity investments. The following table sets forth our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Non-current			
Unlisted equity investments, at fair value	113,826	117,551	118,609
Current			
Wealth management products, at fair value	8,008	8,215	24,406
Total	**121,834**	**125,766**	**143,015**

Our financial assets at fair value through profit or loss remained relatively stable at RMB121.8 million as of December 31, 2023 and RMB125.8 million as of December 31, 2024. They then increased significantly to RMB143.0 million as of December 31, 2025, primarily due to addition of wealth management products.

We primarily invest in wealth management products with relatively low risks and the proposed investment must not interfere with our daily operation and business prospects. Our finance department is responsible for managing our investments in wealth management products. Our investment strategy related to wealth management products aims to minimize the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, and to generate investment returns for the benefits of our Shareholders. We make investment decisions related to wealth management products on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions and the expected profit or potential loss of the investment. After the [**REDACTED**], we intend to continue our investment in wealth management products strictly in compliance with internal policies and guidelines, Articles of Association, and the requirements under Chapter 14 of the Listing Rules.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets consist of both current and non-current portions. The following table sets forth our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Current:			
Prepayments to suppliers	6,218	4,169	4,810
Other tax recoverable	132	855	2,327
Deposits	9,863	9,958	7,227
Loans to third parties	7,695	–	–
Other receivables	1,091	908	801
	24,999	15,890	15,165
Impairment allowance	(199)	(112)	(74)
Subtotal	24,800	15,778	15,091
Non-current:			
Rent deposits	725	–	1,938
Prepayments for software	575	–	–
	1,300	–	1,938
Total	**26,100**	**15,778**	**17,029**

Our prepayments, other receivables and other assets decreased from RMB26.1 million as of December 31, 2023 to RMB15.8 million as of December 31, 2024, primarily due to a decrease in loans to third parties. Our prepayments, other receivables and other assets slightly increased to RMB17.0 million as of December 31, 2025, mainly due to (i) an increase in other tax recoverable and (ii) rent deposits in relation to the new lease entered into in 2025.

Inventories

Our inventories primarily consist of contract fulfillment costs, representing costs incurred to fulfill a contract that are expected to be recovered. The following table sets forth the breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Contract fulfillment costs	47,523	42,556	49,761
Hardware	2,495	5,112	392
Less: Provision for inventories	(619)	(933)	(1,055)
Total	**49,399**	**46,735**	**49,098**

Our inventories decreased from RMB49.4 million as of December 31, 2023 to RMB46.7 million as of December 31, 2024, and increased to RMB49.1 million as of December 31, 2025, which were in line with our business growth, particularly the expansion of our cognitive intelligence algorithm platforms which required higher upfront costs for deployment prior to customer acceptance.

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

	As of December 31,		
	2023	2024	2025
		RMB'000	
Within 1 year	50,018	35,860	37,304
Over 1 year	–	11,808	12,849

The following table sets forth our inventories turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Average inventories turnover days*	300	195	60

Note:

* Inventories turnover days for a given year equals the average of the opening and closing inventories balance divided by cost of sales for the relevant year and multiplied by 365.

Average turnover days of our inventories decreased from 300 days for 2023 to 195 days for 2024, and further decreased to 60 days for 2025 primarily due to shorten completion cycle of our contractual obligations in response to increased market demand for our products.

As of April 30, 2026, RMB36.8 million, or 73.3%, of our inventories as of December 31, 2025 had been subsequently utilized.

Trade and Bills Receivables

Our trade and bills receivables consist primarily of trade receivables, bank bills receivables, and commercial bills receivables, which represent the amounts due from customers for our services provided in the ordinary course of business. The following table sets forth the breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Trade receivables	44,624	59,613	294,446
Bank bills receivables	1,391	685	1,844
Commercial bills receivables	–	5,723	–
	46,015	66,021	296,290
Less: Impairment losses	(2,036)	(11,038)	(22,656)
Trade and bills receivables	**43,979**	**54,983**	**273,634**

Throughout the Track Record Period, our trade and bills receivables continued to increase from RMB44.0 million as of December 31, 2023 to RMB55.0 million as of December 31, 2024, and significantly to RMB273.6 million as of December 31, 2025, which was primarily driven by the overall growth in our cognitive intelligence business.

The following table sets for the ageing analysis of our trade and bills receivables based on invoice date as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		RMB'000	
Within 1 year	39,752	42,221	247,405
1 to 2 years	3,241	10,612	22,052
2 to 3 years	–	2,150	3,283
3 to 4 years	986	–	894
Total	**43,979**	**54,983**	**273,634**

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

	For the year ended December 31,		
	2023	2024	2025
Average trade and bills receivables turnover days*	238	152	140

Note:

* Trade and bills receivables turnover days for a given year equals the average of the opening and closing trade and bills receivables balance divided by revenue for the relevant year and multiplied by 365.

Average turnover days of our trade and bills receivables decreased from 238 days for 2023 to 152 days for 2024, and further to 140 days for 2025, primarily due to our enhanced collection management efforts along with our revenue growth.

The credit terms given to our customers are determined on an individual basis with normal credit period ranging from 30 to 180 days. To manage credit risks, we assess our customers' credit quality carefully and regularly, closely monitor the recoverability status of trade receivables and credit profiles of customers and take appropriate proactive follow-up actions to ensure the customers' payments are made as scheduled. We do not anticipate to have any material recoverability issue with trade receivables.

As of April 30, 2026, RMB109.2 million, or 39.9%, of our trade and bills receivables as of December 31, 2025 had been subsequently collected.

Contract Assets

Our contract assets represent our rights to receive consideration for obligations partially performed and not yet billed under the relevant agreements, as such rights are conditioned on our future performance of our remaining obligations under such agreements. Our contract assets increased from RMB0.7 million as of December 31, 2023 to RMB1.2 million as of December 31, 2024, and further to RMB3.8 million as of December 31, 2025. Such increases were primarily attributable to the growth in the scale of our cognitive intelligence business. See Note 22 to the Accountants' Report set out in Appendix I to this Document for more details.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of cash on hand and at banks. Our cash and cash equivalents increased significantly from RMB52.8 million in 2023 to RMB142.5 million in 2024, primarily driven by capital injections from shareholders and an increase in interest-bearing bank borrowings to support our operating liquidity. Our cash and cash equivalents then decreased to RMB95.7 million as of December 31, 2025, primarily in relation to cash used for business expansion and purchase of wealth management products.

Liabilities

Trade Payables

Our trade payables consist primarily of the amounts due to suppliers for purchases of hardware and technical services used for our cognitive intelligence products. During the Track Record Period, driven by the significant growth in our cognitive intelligence business, our trade payables continued to increase from RMB18.2 million as of December 31, 2023 to RMB44.0 million as of December 31, 2024, and further to RMB202.4 million as of December 31, 2025.

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

	For the year ended December 31,		
	2023	2024	2025
Average trade payables turnover days*	152	124	151

Note:

* Trade payables turnover days for a given year equals the average of the opening and closing trade payables balance divided by cost of sales for the relevant year and multiplied by 365.

Average turnover days of our trade payables decreased from 152 days for 2023 to 124 days for 2024, primarily due to enhanced payment management and optimization of settlement schedules with our suppliers. Average turnover days of our trade payables increased to 151 days for 2025, primarily because we built trust with our suppliers and gained more bargaining power as our business developed, and thus we were able to negotiate for longer settlement terms in the transactions in connection with our products.

As of April 30, 2026, RMB61.5 million, or 30.4%, of our trade payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals consist primarily of payroll and welfare payable, other tax payables, amounts due to third parties, accrued expenses, and others. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		RMB'000	
Payroll and welfare payable	10,235	10,965	10,345
Other tax payables	4,490	6,796	1,291
Loans from third parties	10,000	200	–
Accrued expenses	584	616	1,996

	As of December 31,		
	2023	2024	2025
		RMB'000	
Others	1,470	1,190	2,523
Total	**26,779**	**19,767**	**16,155**

During the Track Record Period, our other payables and accruals decreased from RMB26.8 million as of December 31, 2023 to RMB19.8 million as of December 31, 2024, primarily due to our repayment of loans from third parties. Our other payables and accruals further decreased to RMB16.2 million as of December 31, 2025, primarily due to a decrease in other tax payables.

Contract Liabilities

During the Track Record Period, our contract liabilities represented advance payments made by customers for provision of services. Our contract liabilities increased from RMB55.6 million as of December 31, 2023 to RMB65.7 million as of December 31, 2024, which was generally in line with our business expansion. Our contract liabilities then significantly decreased to RMB21.9 million as of December 31, 2025, which was in line with the completion of our contractual obligations.

As of April 30, 2026, RMB16.5 million or 75.5% of our contract liabilities as of December 31, 2025 had been subsequently recognized as revenue.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Revenue growth rate (%)	NA	105.4	251.7
Gross profit margin[1] (%)	33.9	32.1	37.0
Adjusted net loss margin (non-IFRS measure)[2] (%)	(140.7)	(89.9)	(3.2)
Net loss margin[3] (%)	(188.5)	(115.8)	(11.1)
Current ratio[4]	0.91	0.97	1.00

Notes:

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

(2) Adjusted net loss margin (non-IFRS financial measure) equals adjusted net loss (non-IFRS financial measure) divided by revenue for the year and multiplied by 100%.

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

(4) Current ratio is calculated by dividing current assets by current liabilities as of the date indicated.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from capital contributions from shareholders and interest-bearing bank borrowings. After the [**REDACTED**], we intend to finance our future capital requirements through equity financing activities and debt financing activities in a balanced manner. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Net Current Assets and Current Liabilities

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
		RMB'000		*(Unaudited)*
CURRENT ASSETS				
Inventories	49,399	46,735	49,098	31,694
Trade and bills receivables	43,979	54,983	273,634	216,996
Contract assets	686	1,219	3,786	2,676
Bills receivables at fair value through other comprehensive income	282	4,607	300	–
Amounts due from related parties	1,506	1,506	1,506	1,506
Prepayments, other receivables and other assets	24,800	15,778	15,091	20,853
Financial assets at fair value through profit or loss	8,008	8,215	24,406	24,185
Restricted cash	162	9,535	278	1,109
Cash and cash equivalents	52,840	142,466	95,730	114,945
Total current assets	**181,662**	**285,044**	**463,829**	**413,964**
CURRENT LIABILITIES				
Trade payables	18,183	43,963	202,435	159,737
Other payables and accruals	26,779	19,767	16,155	21,991
Contract liabilities	55,592	65,748	21,909	18,750
Lease liabilities	3,359	1,721	2,761	3,640
Interest-bearing bank borrowings	95,497	163,931	219,525	250,623
Total current liabilities	**199,410**	**295,130**	**462,785**	**454,741**
NET CURRENT (LIABILITIES)/ASSETS	**(17,748)**	**(10,086)**	**1,044**	**(40,777)**

We had net current liabilities of RMB17.7 million and RMB10.1 million as of December 31, 2023 and 2024, respectively, and had net current assets of RMB1.0 million as of December 31, 2025. As of April 30, 2026, we had net current liabilities of RMB40.8 million.

Our net current liabilities decreased from RMB17.7 million as of December 31, 2023 to RMB10.1 million as of December 31, 2024, primarily attributable to an increase in cash and cash equivalents, partially offset by (i) an increase in bank borrowing, which bore a relatively low interest rate as a support provided by top commercial banks, and (ii) an increase in trade payables as a result of our business expansion.

We had net current liabilities of RMB10.1 million as of December 31, 2024, and net current assets of RMB1.0 million as of December 31, 2025. The change is primarily attributable to an increase in trade and bills receivables as a result of our business expansion; which was partially offset by (i) a continued increase in trade payables as a result of our business expansion, and (ii) a decrease in cash and cash equivalents primarily in relation to cash used for business expansion.

We recorded net current liabilities of RMB40.8 million as of April 30, 2026, as compared to net current assets of RMB1.0 million as of December 31, 2025. The change is primarily attributable to (i) a decrease in trade and bills receivables as a result of our collection efforts, and (ii) an increase in bank borrowings to support our business growth, partially offset by a decrease in trade payables settled by us.

Cash Flow

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

	For the year ended December 31,		
	2023	2024	2025
		RMB'000	
Net cash flows used in operating activities	(67,890)	(94,814)	(102,685)
Net cash flows from/(used in) investing activities	20,164	7,412	(24,788)
Net cash flows from financing activities	31,803	177,028	80,737
Net (decrease)/increase in cash and cash equivalents	**(15,923)**	**89,626**	**(46,736)**
Cash and cash equivalents at beginning of year	68,763	52,840	142,466
Cash and cash equivalents at end of year	**52,840**	**142,466**	**95,730**

Net Cash Used in Operating Activities

In 2025, our net cash used in operating activities was RMB102.7 million. The difference between our net cash used in operating activities and our loss before taxation of RMB49.9 million primarily resulted from (i) an increase in trade and bills receivables of RMB230.3 million and (ii) a decrease in contract liabilities of RMB43.8 million, which were partially offset by (i) an increase in trade payables of RMB158.5 million, (ii) share-based payment expenses of RMB37.5 million, and (iii) impairment losses on financial and contract assets of RMB11.7 million.

In 2024, our net cash used in operating activities was RMB94.8 million. The difference between our net cash used in operating activities and our loss before taxation of RMB61.1 million primarily resulted from (i) an increase in trade and bills receivables of RMB20.0 million and (ii) an increase in restricted cash of RMB9.4 million, which were partially offset by (i) share-based payment expenses of RMB34.9 million; (ii) an increase in trade payables of RMB25.8 million, and (iii) an increase in contract liabilities of RMB10.2 million.

In 2023, our net cash used in operating activities was RMB67.9 million. The difference between our net cash used in operating activities and our loss before taxation of RMB55.7 million primarily resulted from (i) an increase in inventories of RMB28.8 million, (ii) an increase in trade and bills receivables of RMB6.7 million, and (iii) fair value gains on unlisted equity investments, net of RMB5.8 million, which were partially offset by (i) an increase in contract liabilities of RMB48.9 million, (ii) share-based payment expenses of RMB31.3 million.

In light of the net operating cash outflow recorded during the Track Record Period, we plan to implement a range of measures aimed at enhancing operational efficiency and improving cash flow performance, including but not limited to the following:

- Optimizing credit and collection policies. We will further enhance customer credit management, refine payment terms, improve collection efficiency, and strengthen internal processes to accelerate the recovery of trade receivables and improve cash utilization.

- Improving operational process efficiency. We intend to streamline operational workflows and upgrade information systems to improve efficiency from order placement to delivery, reduce turnaround time, and facilitate faster cash conversion.

- Enhancing supplier collaboration mechanism. We will continue to strengthen our relationships with key suppliers and negotiate more flexible payment arrangements to better manage cash outflows.

- Strengthening budget control and cost management. We plan to improve our budget discipline and cost control framework, allocate operational expenses more prudently, and regularly assess the cost-effectiveness of spending to avoid unnecessary or premature expenditures.

Net Cash (Used in)/Generated from Investing Activities

In 2025, our net cash used in investing activities was RMB24.8 million. This was primarily due to (i) the purchase of wealth management products of RMB162.0 million and (ii) the purchase of property, plant, and equipment of RMB9.3 million, which was partially offset by RMB146.4 million in proceeds from the disposal of wealth management products.

In 2024, our net cash generated from investing activities was RMB7.4 million. This was primarily attributable to (i) proceeds from disposal of wealth management products of RMB8.0 million, and (ii) loans repaid by a non-controlling shareholder of RMB7.7 million, which was partially offset by the purchase of wealth management products of RMB8.0 million.

In 2023, our net cash generated from investing activities was RMB20.2 million. This was primarily due to RMB93.0 million in proceeds from the disposal of wealth management products, which was partially offset by (i) the purchase of wealth management products of RMB64.0 million, (ii) advances of loans to a non-controlling shareholder of RMB7.7 million.

Net Cash Generated from Financing Activities

In 2025, our net cash generated from financing activities was RMB80.7 million. This was primarily attributable to new bank loans of RMB234.5 million and a capital injection from shareholders of RMB40.0 million, partially offset by the repayment of bank borrowings of RMB185.6 million.

In 2024, our net cash generated from financing activities was RMB177.0 million. This was primarily attributable to new bank borrowings of RMB177.1 million and capital injection from shareholders of RMB115.0 million, partially offset by the repayment of bank borrowings of RMB95.4 million.

In 2023, our net cash generated from financing activities was RMB31.8 million. This was primarily attributable to new bank borrowings of RMB115.3 million, partially offset by the repayment of bank borrowings of RMB84.4 million.

Working Capital

Our Directors are of the opinion that taking into account the cash and cash equivalents on hand, the available banking facilities, and the estimated net [**REDACTED**] from the [**REDACTED**], we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this Document.

CAPITAL EXPENDITURES

Our principal capital expenditures relate primarily to (i) items of property, plant and equipment, including leasehold improvements, electronic devices, and office equipment; and (ii) other intangible assets, consisting mainly of purchased software. During the Track Record Period, our capital expenditures (representing the additions to property, plant and equipment and other intangible assets) were RMB4.6 million, RMB0.4 million, and RMB9.3 million in 2023, 2024, and 2025, respectively.

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

	For the year ended December 31,		
	2023	2024	2025
		RMB'000	
Purchase of property, plant and equipment	1,309	415	9,259
Purchase of other intangible assets	3,297	–	–
Total	**4,606**	**415**	**9,259**

We expect to finance our capital expenditure through cash generated from operations, our existing bank borrowings, and the net [**REDACTED**] from the [**REDACTED**]. Our current capital expenditure plans for any future year are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, market conditions and various other factors. See also "Future Plans and Use of [**REDACTED**] — Use of [**REDACTED**]."

INDEBTEDNESS

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
		RMB'000		
Current				
Lease liabilities	3,359	1,721	2,761	3,640
Interest-bearing bank borrowings	95,497	163,931	219,525	252,686
Non-current				
Lease liabilities	2,252	328	6,245	5,595
Interest-bearing bank borrowings	–	13,333	6,667	54,167
Total	**101,108**	**179,313**	**235,198**	**316,088**

Interest-bearing Bank Borrowings

Our interest-bearing bank borrowings consist of secured bank loans. Our interest-bearing bank borrowings were RMB95.5 million, RMB177.3 million, RMB226.2 million and RMB306.9 million as of December 31, 2023, 2024, and 2025, and April 30, 2026, respectively. These borrowings increased throughout the Track Record Period primarily to support our business expansion and were secured. Our bank borrowings are all denominated in Renminbi. The effective interest rate on our bank borrowings ranged from 2.1% to 5.6% during the Track Record Period. See Note 27 to the Accountants' Report set out in Appendix I to this Document for more details.

As of April 30, 2026, being the most recent practicable date for determining our indebtedness, we had unutilized committed bank facilities of RMB75.5 million.

Lease Liabilities

Our lease liabilities relate to our recognition of a liability to make lease payments for our right-of-use assets. We had lease liabilities of RMB5.6 million, RMB2.0 million, RMB9.0 million and RMB9.2 million as of December 31, 2023, 2024, and 2025 and April 30, 2026, respectively. The significant increase as of December 31, 2025 was primarily due to new leases entered into during the year amounting to RMB8.7 million.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Save as otherwise disclosed above, we did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of April 30, 2026, being the latest practicable date for our indebtedness statement.

CAPITAL COMMITMENTS

Our capital commitments are related to equity investments. As of December 31, 2023, 2024, and 2025, our capital commitments were RMB1.9 million, RMB1.9 million and RMB1.9 million, respectively. We expect to satisfy our capital commitments using cash from operations, net [**REDACTED**] to be received from the [**REDACTED**] and bank borrowings available to us.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2023, 2024 and 2025.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

We enter into transactions with our related parties from time to time. All related party balances which are non-trade in nature will be settled before [**REDACTED**]. Our Directors are of the view that each of the related party transactions set out in Note 35 to the Accountants' Report included in Appendix I to this Document was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

MARKET RISKS DISCLOSURE

We are exposed to various types of risks, including interest rate risk, credit risk, and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 38 to the Accountants' Report set out in Appendix I to this Document for more details.

DIVIDEND

We did not declare or pay any dividend during the Track Record Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. [**REDACTED**] should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China.

Taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as advised by our PRC Legal Adviser, we will only be able to declare or pay dividends out of our distributable profits only if the following conditions are met: (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

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

[REDACTED]

Our [**REDACTED**] mainly include (i) [**REDACTED**]-related expenses, such as [**REDACTED**] fees and [**REDACTED**], and (ii) [**REDACTED**]-related expenses, comprising professional fees paid to our legal advisors and reporting accountant for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**], and other fees and expenses. Assuming full payment of the [**REDACTED**], the estimated total [**REDACTED**] (based on the mid-point of the [**REDACTED**] Range and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of our gross [**REDACTED**]. An estimated amount of HK$[**REDACTED**] for our [**REDACTED**] is expected to be expensed through the consolidated statements of comprehensive loss. The remaining amount of HK$[**REDACTED**] is expected to be recognized directly as a deduction from equity upon [**REDACTED**]. As of December 31, 2025, we did not incur [**REDACTED**] for the [**REDACTED**].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

The unaudited [**REDACTED**] statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the [**REDACTED**] on our consolidated net tangible assets attributable to the shareholders as of December 31, 2025 as the [**REDACTED**] had taken place on that date. The unaudited [**REDACTED**] statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets had the [**REDACTED**] been completed as of December 31, 2025 or any future dates. See Appendix II to this Document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this Document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2025, the end of the period reported on the Accountants' Report included in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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