The following discussion and analysis should be read in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with the IFRSs. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, the actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document, and you should carefully consider those discussions when evaluating our business.

OVERVIEW

We are a leading TIC services provider in China with global presence. According to Frost & Sullivan, in terms of revenue, we ranked second among professional testing institutions and fifth overall in the PRC TIC integrated solution market for the oil and gas sector in 2025. We are one of a very limited number of Chinese members of the TIC Council. Our core competency lies in our robust qualification and certification system and proprietary testing and inspection technologies, which are inherently sector-agnostic and capable of application across a broad range of industries. To date, we have applied these capabilities principally in the oil and gas industry, and we are actively scaling up our new energy business and expanding our service coverage into other sectors. According to Frost & Sullivan, we are one of the few Chinese TIC companies with significant operations in overseas markets and full-industry-chain service capabilities for oil and gas development engineering assets. We are also one of the major service providers to leading Chinese state-owned oil and gas companies and renowned international energy companies. We believe we have built a strong brand through our robust qualification and certificate system, proprietary technologies, premium client base, flexible and efficient operational model and experienced management team. Going forward, we strive to become a leading TIC services provider rooted in China with international credibility and industry recognition.

Our core service offerings comprise oil and gas development engineering solutions and infrastructure solutions, which we currently provide principally to the oil and gas industry while selectively and strategically scaling up our new energy business and expanding our service coverage into other sectors. We are committed to delivering professional and integrated testing and inspection services, ranging from casing and tubing inspection and gas leak detection to NDT, pipeline inspection and metrology testing. We also provide high value-added intelligent solutions to meet our customers' growing demand for real-time monitoring.

Since our inception, we have built an extensive nationwide and international service network. We provide services to major oil and gas fields in the PRC through our regional centers. Beyond the PRC, we have established a core operational base in Iraq and expanded our business to key oil and gas producing regions along the Belt and Road Initiative, including the Middle East, Africa and Central Asia. According to Frost & Sullivan, we are the only Chinese TIC company accredited by the Iraqi Ministry of Oil as a qualified second-party inspection service provider.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, including but not limited to the following.

Industry Demand and Capital Expenditure Cycles of Major Customers

Our revenue growth is primarily driven by the demand for our core technical services, which is intrinsically linked to the capital expenditure cycles of major oil and gas companies and large energy infrastructure operators. A substantial portion of our revenue is concentrated among a limited number of large state-owned enterprises. This customer concentration aligns with industry norms but ties our revenue stability directly to the procurement budgets and project rollout schedules of these key clients. Subject to risks and uncertainties inherent in the macroeconomic environment, any significant reduction in the capital expenditures of our major customers, or adverse shifts in overarching national energy strategies, could materially and adversely affect our service volume and revenue growth.

Revenue Mix, Pricing Dynamics, and Market Competition

Our financial results are significantly affected by the composition of our revenue across our core business segments: (i) oil and gas development engineering solutions, (ii) infrastructure solutions, (iii) new energy solutions and (iv) intelligent solutions and each of which carries distinct margin profiles. Furthermore, our contracts are predominantly secured through competitive bidding processes or direct negotiations. Our realized pricing, and consequently our gross profit margins, are sensitive to the intensity of market competition and our ability to maintain pricing discipline that reflects the technical complexity of our services. The global and PRC TIC markets possess distinct competitive structures, and our ability to navigate these dynamics directly impacts our profitability.

Cost Structure and Operational Efficiency

Our profitability is materially influenced by our ability to manage a cost base comprising a high proportion of fixed costs alongside variable, project-related expenditures. A substantial component of our cost of sales relates to the depreciation of specialized testing equipment and the compensation of certified technical personnel. This asset-heavy and skill-intensive business model renders our equipment utilization rates and workforce productivity critical determinants of our gross margins. Subject to risks and uncertainties in market conditions, failure to maintain high asset utilization rates or effectively control variable input costs, such as raw materials and consumables, could compress our profit margins.

Trade Receivables Management and Working Capital

Our liquidity and operating cash flows are materially affected by the management of our trade receivables. As of December 31, 2023, 2024, and 2025, our trade receivables balances were RMB240.2 million, RMB274.6 million, and RMB338.5 million, respectively. The collection cycle in the oilfield services industry is typically extended due to the prolonged internal payment approval processes of our state-owned enterprise customers. While management assesses the credit risk of these customers as low, trade receivables aged over one year amounted to RMB19.8 million, RMB41.9 million, and RMB77.1 million as of the respective dates. Significant delays in customer settlements could increase our expected credit loss provisions, elevate our working capital requirements, and adversely affect our operating cash flows.

Regulatory Environment and Compliance Costs

Our financial performance is influenced by the evolving regulatory framework governing the oilfield services industry, particularly concerning Health, Safety, and Environment standards and industry entry qualifications. Compliance with these stringent national and local regulations is mandatory. While heightened environmental regulations may create new revenue opportunities in testing services, the introduction of more stringent industry standards may simultaneously increase our compliance costs, necessitate adjustments to our operational protocols, or require additional capital expenditures for equipment certification.

Preferential Tax Treatments and Statutory Deductions

Our net profit and effective tax rate are significantly affected by our eligibility for various statutory tax incentives in the PRC. During the Track Record Period, our effective tax rate was reduced below the statutory 25% rate primarily due to: (i) a preferential 15% enterprise income tax rate for our Company and certain of our subsidiaries qualifying as High and New Technology Enterprises (HNTE) and/or under the Western Region Development policy; (ii) a preferential super-deduction policy for research and development expenses, under which we adopted a 100% super-deduction on qualifying R&D expenses from January 1, 2023 to December 31, 2025; and (iii) the full tax deduction for the purchase cost of new equipment with a unit value not exceeding RMB5.0 million during the Track Record Period. However, the qualifications for these tax incentives are typically subject to periodic re-assessments and renewals by relevant PRC government authorities. Subject to risks and uncertainties regarding future legislative changes or stricter enforcement of qualification criteria, there is no assurance that we will continue to qualify for these tax incentives or that the PRC government will extend them upon expiration. Any discontinuation, revocation, or unfavorable amendment of these policies could materially increase our tax burden, adversely affect our financial condition, and reduce our net income.

BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information included applicable disclosures required by the Listing Rules and by the Companies Ordinance.

The statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with relevant accounting principles and financial regulations applicable to the enterprises in the PRC were audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, a certified public accountant registered in the PRC.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of our historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations.

Set out below are a summary of the material accounting policy information, judgements and estimates which we believe are most important for understanding our results of operations and financial condition. See Notes 2, 3, 4 and 5 to the Accountants' Report in Appendix I to this document for a detailed description of our material accounting policy information, judgments and estimates.

Material Accounting Policy Information

Revenue from contracts with customers

We recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services or goods underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service or good (or a bundle of services or goods) that is distinct or a series of distinct services or goods that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we performs;
- our performance creates or enhances an asset that the customer controls as we performs; or
- our performance does not create an asset with an alternative use to us and we has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service or good.

Government grants

Government grants are not recognised until there is reasonable assurance that we will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which we recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to us with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Employees in the PRC are members of a state-managed employee pension scheme operated by the relevant municipal government in the PRC which undertakes to assume the retirement benefit obligations of all existing and future retired employees. Our obligation is to make the required contributions under the scheme. We has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares awards granted to employees

We participates in the share-based payment plan of its ultimate holding company. We recognised the share-based payment plan as an equity-settled share-based payment as we, being the service recipient with no settlement obligation.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date without taking into consideration all non-market vesting conditions. The fair value is expensed on a straight-line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, we revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which we recognise the right-of-use assets and the related lease liabilities, we first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, we applies IAS 12 *Income Taxes* requirements to lease liabilities and the related assets separately. we recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation of property, plant and equipment, except for construction in progress, after taking into the residual values, are depreciated on a straight-line basis on the following bases:

Buildings	1.90%–4.75%
Machinery equipment	7.92%–19.00%
Transportation equipment	19.00%
Office and electronic equipment	19.00%–31.67%
Instruments and meters	19.00%–31.67%

Critical Judgments and Estimates

Provision for ECL on trade receivables

The impairment of trade receivables under ECL model is determined by the management based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future conditions.

We use provision matrix to calculate ECL for the trade receivables from private and relatively small customers. The provision rates are based on ageing analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on our historical loss rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed loss rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. In estimating the provision of ECL, the management is required to consider all relevant factors with reasonable and supportable assumptions to make significant accounting estimations. The information about the ECL on our trade receivables are disclosed in Note 34 to the Accountants' Report set out in Appendix I to this document.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	473,941	447,357	496,981
Cost of sales	(276,011)	(264,047)	(311,053)
Gross profit	197,930	183,310	185,928
Other income	8,401	8,926	11,229
Other gains and losses	(790)	(2,588)	7
Impairment losses (including reversals of impairment losses) on financial assets	(1,872)	(1,967)	(2,948)
Selling expenses	(5,829)	(6,930)	(5,744)

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	(37,171)	(42,461)	(51,308)
Research and development costs	(19,131)	(19,830)	(18,404)
Finance costs	(790)	(505)	(425)
Profit before tax	140,748	117,955	118,335
Income tax expense	(17,894)	(14,991)	(18,073)
Profit for the year	122,854	102,964	100,262
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Fair value (loss)/gain of bills receivables measured at fair value through other comprehensive income ("**FVTOCI**")	(19)	10	(13)
Exchange differences on translation of foreign operations	319	2,079	(3,851)
Other comprehensive income/(expense) for the year, net of income tax	300	2,089	(3,864)
Total comprehensive income for the year	123,154	105,053	96,398
Earnings per share			
Basic and diluted (RMB)	0.52	0.45	0.50

Revenue

During the Track Record Period, our revenue was derived primarily from (i) oil and gas development engineering solutions, (ii) infrastructure solutions, (iii) new energy solutions and (iv) intelligent solutions. The following table sets forth the breakdown of our revenue by service offerings for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Oil and Gas Development Engineering Solutions	299,649	272,449	295,854
Infrastructure Solutions	171,567	157,468	179,361
New Energy Solutions	2,082	14,554	18,870
Intelligent Solutions	643	2,886	2,896
Total	**473,941**	**447,357**	**496,981**

Our revenue decreased by 5.6% from RMB473.9 million in 2023 to RMB447.4 million in 2024, primarily due to changes in the production arrangements of our major customers which resulted in a slight decline in demand of our services. Our revenue increased by 11.1% from RMB447.4 million in 2024 to RMB497.0 million in 2025, primarily driven by the additional revenue generated from the completion of several new large value projects in 2025.

Our revenue from oil and gas development engineering solutions decreased by 9.1% from RMB299.6 million in 2023 to RMB272.4 million in 2024, primarily due to changes in the production arrangements of our major customers which resulted in a general decline in demand of our services. Our revenue from oil and gas development engineering solutions increased by 8.6% from RMB272.4 million in 2024 to RMB295.9 million in 2025, primarily driven by revenue generated from the completion of several large value projects in 2025.

Our revenue from infrastructure solutions decreased by 8.2% from RMB171.6 million in 2023 to RMB157.5 million in 2024, primarily due to the termination of minor projects. Our revenue from infrastructure solutions increased by 13.9% from RMB157.5 million in 2024 to RMB179.4 million in 2025, primarily driven by our continuous expansion of our infrastructure solutions business in the Middle East.

Our revenue from new energy solutions increased by 599.0% from RMB2.1 million in 2023 to RMB14.6 million in 2024, and further increased by 29.7% to RMB18.9 million in 2025, primarily driven by the continuous and active expansion of our new energy solutions business, which successfully secured new projects in this segment.

Our revenue from intelligent solutions increased by 348.8% from RMB0.6 million in 2023 to RMB2.9 million in 2024, primarily driven by the continuous development of our intelligent solutions business. Our revenue from intelligent solutions remained stable at RMB2.9 million in 2025.

The following table sets forth a geographic breakdown of our revenue for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	398,337	374,148	396,087
Middle East	33,268	39,615	66,746
Africa	14,147	13,593	18,656
Other countries	28,189	20,001	15,492
Total	**473,941**	**447,357**	**496,981**

Our revenue from Mainland China decreased by 6.1% from RMB398.3 million in 2023 to RMB374.1 million in 2024, primarily due to changes in the production arrangements of our major customers which resulted in a slight decline in demand of our services. The revenue subsequently increased by 5.9% to RMB396.1 million in 2025, primarily driven by the additional revenue generated from the completion of several new large value projects in 2025. Mainland China remained our core revenue-generating region, accounting for approximately 80% of our total revenue during the Track Record Period. We expect that this region will continue to be the primary contributor to our revenue in the foreseeable future.

Our revenue from the Middle East increased by 19.1% from RMB33.3 million in 2023 to RMB39.6 million in 2024, and further increased by 68.5% to RMB66.7 million in 2025, primarily due to the successful expansion of our project portfolio in the region. We intend to actively explore and expand our presence in overseas markets, including the Middle East. Our revenue from Africa decreased by 3.9% from RMB14.1 million in 2023 to RMB13.6 million in 2024, primarily due to a change in customers' project activities. The revenue subsequently increased by 37.2% to RMB18.7 million in 2025, primarily due to AIM projects achieving significant breakthroughs in these regions. Our revenue from other countries decreased by 29.0% from RMB28.2 million in 2023 to RMB20.0 million in 2024, and further decreased by 22.5% to RMB15.5 million in 2025, primarily reflecting the strategic reallocation of our resources and focus towards our core and key growth regions.

Cost of Sales

Our cost of sales primarily consisted of (i) materials and consumables; (ii) staff cost; (iii) testing related fees; and (iv) depreciation and amortization.

The following table sets forth the breakdown of our cost of sales by nature for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Staff cost	91,897	85,294	78,218
Materials and consumables	122,632	125,384	156,144
Depreciation and amortization	17,658	21,142	26,459
Other costs	43,824	32,227	50,232
Total	**276,011**	**264,047**	**311,053**

Our cost of sales decreased by 4.3% from RMB276.0 million in 2023 to RMB264.0 million in 2024, which was broadly in line with the decrease in our revenue during the same period, reflecting the reduced scale of our business activities caused by changes in our customers' production arrangements. Our cost of sales increased by 17.8% from RMB264.0 million in 2024 to RMB311.1 million in 2025. The increase in cost of sales outpaced the growth in revenue in 2025, primarily attributable to changes in our project and customer mix, as certain projects undertaken during the year involved more customized service requirements and higher service specifications, which resulted in higher execution cost.

Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by services offerings 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*	*%*
Oil and Gas Development Engineering Solutions	143,899	48.0%	124,090	45.5%	116,162	39.3%
Infrastructure Solutions	52,978	30.9%	52,023	33.0%	62,356	34.8%
New Energy Solutions	861	41.4%	6,365	43.7%	6,363	33.7%
Intelligent Solutions	192	29.9%	832	28.8%	1,047	36.2%
Total	**197,930**	**41.8%**	**183,310**	**41.0%**	**185,928**	**37.4%**

Our gross profit decreased by 7.4% from RMB197.9 million in 2023 to RMB183.3 million in 2024, which is consistent with the changes in our revenue. Our gross profit increased by 1.4% from RMB183.3 million in 2024 to RMB185.9 million in 2025, primarily driven by the additional revenue generated from the completion of several new large value projects in 2025.

Our overall gross profit margin remained stable at 41.8% in 2023 and 41.0% in 2024, and decreased to 37.4% in 2025, primarily attributable to changes in our project and customer mix, as certain projects undertaken during the year involved more customized service requirements and higher service specifications, which resulted in higher execution costs. Such margin fluctuation reflected the specific nature and cost profile of the projects undertaken during that year.

Our gross profit margin from oil and gas development engineering solutions decreased from 48.0% in 2023 to 45.5% in 2024, and further decreased to 39.3% in 2025, primarily because of (i) some projects secured in 2023 having higher gross profit margin; (ii) an increase in execution cost in certain projects; and (iii) the changes in our customers' development and construction plans resulting in a change in our project and customer mix.

Our gross profit margin from infrastructure solutions increased from 30.9% in 2023 to 33.0% in 2024, and further increased to 34.8% in 2025, primarily due to the expansion of our business scale in the Middle East, where our projects carry relatively higher gross profit margins.

Our gross profit margin from new energy solutions increased from 41.4% in 2023 to 43.7% in 2024, primarily because we successfully secured a number of stable projects which allow the benefit of economies of scale to gradually emerge. Our gross profit margin from new energy solutions decreased from 43.7% in 2024 to 33.7% in 2025, primarily because in order to attract new customers, we provided more basic services to them.

Our gross profit margin from intelligent solutions remained relatively stable at 29.9% in 2023 to 28.8% in 2024, and subsequently increased to 36.2% in 2025, primarily driven by the higher gross profit margins of certain new projects in Africa.

Other Income

Our other income primarily consist of (i) interest income from bank and deposits; and (ii) government grants. Our other income increased by 6.2% from RMB8.4 million in 2023 to RMB8.9 million in 2024, primarily due to an increase in interest income, partially offset by a decrease in government grants. Our other income increased by 25.8% from RMB8.9 million in 2024 to RMB11.2 million in 2025, primarily due to a significant increase in government grants received.

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

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest income from bank and deposits	5,130	6,305	4,483
Government grants	3,271	2,621	6,746
– Related to income	2,438	2,570	6,700
– Tax refund and incentives	833	51	46
Total	**8,401**	**8,926**	**11,229**

Our interest income from bank deposits increased by 22.9% from RMB5.1 million in 2023 to RMB6.3 million in 2024, primarily due to interest earned on time deposits and large-value certificates of deposit. Our interest income subsequently decreased by 28.9% to RMB4.5 million in 2025, primarily attributable to a reduction in the average balance of time deposits and a lower interest rate environment in general, despite an increase in interest earned on current deposits held by our Dubai entity.

Our government grants decreased by 19.9% from RMB3.3 million in 2023 to RMB2.6 million in 2024, primarily due to the cessation of a preferential tax policy, and increased by 157.4% to RMB6.7 million in 2025, primarily due to the receipt of subsidies granted under the specialized, sophisticated, distinctive and innovative ("**Little Giants**") enterprise program. The government grants primarily represented non-repayable incentives received from local and national government authorities in the PRC.

Other Gains and Losses

Our other gains and losses primarily consist of gains or losses on disposal of property, plant and equipment, and foreign exchange differences. The following table sets forth the breakdown of our other gains and losses for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Losses)/gains on disposal of property, plant and equipment, net	(197)	304	(607)
Foreign exchange differences, net	(730)	(2,407)	1,188
Others	137	(485)	(574)
Total	**(790)**	**(2,588)**	**7**

Impairment Losses (including Reversals of Impairment Losses) on Financial Assets

During the Track Record Period, our impairment losses were primarily related to trade receivables, other receivables, and other financial assets. In 2023, 2024 and 2025, our impairment losses under the expected credit loss model amounted to RMB1.9 million, RMB2.0 million and RMB2.9 million, respectively. The following table sets forth the breakdown of our impairment losses under the ECL model, net of reversal, for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses recognised/(reversed) on:			
– Trade receivables	1,709	1,987	2,774
– Other receivables	57	73	163
– Others	106	(93)	11
Total	**1,872**	**1,967**	**2,948**

Selling Expenses

Our selling expenses primarily consist of staff compensation and benefits, business development costs, and travel and entertainment expenses. The following table sets forth the breakdown of our selling expenses for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Staff compensation and benefits	3,234	4,106	3,115
Business development	196	134	254
Depreciation and amortization	8	72	74
Travel and entertainment	1,517	1,515	1,756
Others	874	1,103	545
Total	**5,829**	**6,930**	**5,744**

Our selling expenses increased by 18.9% to RMB6.9 million in 2024 from RMB5.8 million in 2023, primarily driven by higher staff compensation and benefits. The subsequent decrease of 17.1% to RMB5.7 million in 2025 was largely the result of an organizational restructuring.

Administrative Expenses

Our administrative expenses primarily consisted of staff compensation and benefits, professional service fees, and other general operating expenses (including office, travel, and share-based payments). The following table sets forth the breakdown of our administrative expenses for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Staff compensation and benefits	14,059	22,613	21,842
Depreciation and amortization	1,150	725	777
Professional service fees	3,444	3,591	4,890
Office expenses	2,080	3,333	3,856
Travel expenses	2,755	3,624	3,830
Share-based payments	84	1,022	2,565
Others	13,599	7,553	13,548
Total	**37,171**	**42,461**	**51,308**

Our administrative expenses increased by 14.2% to RMB42.5 million in 2024 from RMB37.2 million in 2023, primarily due to higher staff compensation and benefits associated with the expansion of our international operations. Administrative Expenses further increased by 20.8% to RMB51.3 million in 2025, reflecting continued growth in personnel and travel-related spending to support our overseas activities.

Research and Development Costs

Our research and development costs primarily consisted of staff compensation and benefits, materials and consumables, and depreciation and amortization. The following table sets forth the breakdown of our research and development costs for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Staff compensation and benefits	6,354	8,311	7,642
Materials and consumables	3,822	3,147	2,147
Technical service fees	1,137	1,311	233
Others	7,818	7,061	8,382
Total	**19,131**	**19,830**	**18,404**

Our research and development costs increased by 3.7% to RMB19.8 million in 2024 from RMB19.1 million in 2023, primarily due to increased personnel costs associated with additional headcount dedicated to research and development projects. Research and development costs subsequently decreased by 7.2% to RMB18.4 million in 2025, primarily driven by lower staff compensation and benefits and lower material consumption caused by a reduction in raw materials required for experimental work in research and development projects.

Finance Costs

Our finance costs primarily consisted of interest on lease liabilities and interest on bank borrowings. The following table sets forth the breakdown of our finance costs for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	450	505	425
Interest on bank borrowings	340	–	–
	790	**505**	**425**

Our finance costs decreased by 36.1% to RMB0.5 million in 2024 from RMB0.8 million in 2023 , primarily due to the full repayment of bank borrowings in 2023, which eliminated associated interest expense. Our finance costs further decreased by 15.8% to RMB0.4 million in 2025, primarily reflecting the ongoing reduction in interest expense on lease liabilities.

Income Tax Expense

Our income tax expense primarily consisted of current income tax and deferred income tax. In 2023, 2024 and 2025, we recorded income tax expenses of RMB17.9 million, RMB15.0 million and RMB18.1 million, respectively. The following table sets forth the current and deferred income tax expenses for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	16,246	14,064	18,929
Deferred taxation	1,648	927	(856)
Total	**17,894**	**14,991**	**18,073**

The following table reconciles our income tax expense to the profit before tax.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	140,748	117,955	118,335
Tax at income tax rate of 15%	21,112	17,693	17,750
Effect of different tax rates	(927)	494	1,864
Expenses not deductible for tax	180	204	290
Super deduction of research and development expenses	(2,931)	(3,019)	(2,786)
Others	460	(381)	955
Total	**17,894**	**14,991**	**18,073**

Our effective tax rate was 12.7%, 12.7% and 15.3% for the years ended 31 December 2023, 2024 and 2025, respectively.

During the Track Record Period, the Company was recognised as a High and New Technology Enterprise and qualified for the Western Development tax incentives, and was entitled to a preferential income tax rate of 15%. Certain of our subsidiaries also qualified for similar preferential tax treatments.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities which may have a material adverse impact on our business, financial position and results of operations.

Profit for the Year

We recorded a profit of RMB122.9 million, RMB103.0 million and RMB100.3 million in 2023, 2024 and 2025, respectively, representing a net profit margin of 25.9%, 23.0% and 20.2% over the same periods.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue decreased by 5.6% from RMB473.9 million in 2023 to RMB447.4 million in 2024.

Our revenue from oil and gas development engineering solutions decreased by 9.1% from RMB299.6 million in 2023 to RMB272.4 million in 2024, primarily due to changes in the production arrangements of our major customers which results in a slight decline in demand of our services.

Our revenue from infrastructure solutions increased by 8.2% from RMB171.6 million in 2023 to RMB157.5 million in 2024, primarily due to the termination of minor projects.

Our revenue from new energy solutions increased by 599.0% from RMB2.1 million in 2023 to RMB14.6 million in 2024, primarily driven by the continuous and active expansion of our new energy solutions business, which successfully secured new projects in this segment.

Our revenue from intelligent solutions increased by 348.8% from RMB0.6 million in 2023 to RMB2.9 million in 2024, primarily due to driven by the continuous development of our intelligent solutions business.

Cost of Sales

Our cost of sales decreased by 4.3% from RMB276.0 million in 2023 to RMB264.0 million in 2024, which was broadly in line with the decrease in our revenue during the same period, reflecting the reduced scale of our business activities caused by changes in our customers' production arrangements.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 7.4% from RMB197.9 million in 2023 to RMB183.3 million in 2024. Our gross profit margin remained stable at 41.8% in 2023 and 41.0% in 2024.

Our gross profit margin from oil and gas development engineering solutions decreased from 48.0% in 2023 to 45.5% in 2024, primarily because of (i) some projects secured in 2023 having higher gross profit margin; (ii) an increase in execution cost in certain projects and (iii) the changes in our customers' development and construction plans resulting in a change in our project and customer mix.

Our gross profit margin from infrastructure solutions increased from 30.9% in 2023 to 33.0% in 2024, primarily due to the expansion of our business scale in the Middle East, where our projects carried relatively higher gross margins.

Our gross profit margin from new energy solutions increased from 41.4% in 2023 to 43.7% in 2024, primarily because we successfully secured a number of stable projects which allow the benefit of economies of scale to gradually emerge.

Our gross profit margin from intelligent solutions remained relatively stable at 29.9% in 2023 and 28.8% in 2024.

Other Income

Our other income increased by 6.2% from RMB8.4 million in 2023 to RMB8.9 million in 2024, primarily due to an increase in interest income, partially offset by a decrease in government grants.

Other Gains and Losses

We recorded net other losses of RMB0.8 million in 2023 and RMB2.6 million in 2024. The increase in net other losses was primarily due to foreign exchange losses resulting from the appreciation of the U.S. dollar against the currencies in which we operate.

Impairment Losses (including Reversals of Impairment Losses) on Financial Assets

Our impairment losses under the expected credit loss (ECL) model increased by 5.1% to RMB2.0 million in 2024 from RMB1.9 million in 2023. The increase was primarily attributable to a lengthening of the aging profile of certain trade receivables, which led to the application of higher provision rates in accordance with our expected credit loss methodology.

Selling Expenses

Our selling expenses increased by 18.9% from RMB5.8 million in 2023 to RMB6.9 million in 2024, primarily driven by higher staff compensation and benefits.

Administrative Expenses

Our administrative expenses increased by 14.2% from RMB37.2 million in 2023 to RMB42.5 million in 2024, primarily due to higher staff costs associated with the expansion of our international operations.

Research and Development Costs

Our research and development costs increased by 3.7% from RMB19.1 million in 2023 to RMB19.8 million in 2024, primarily due to increased personnel costs associated with additional headcount dedicated to research and development projects.

Finance Costs

Our finance costs decreased by 36.1% from RMB0.8 million in 2023 to RMB0.5 million in 2024, primarily due to the full repayment of bank borrowings in 2023, which eliminated associated interest expense.

Income Tax Expense

Our income tax expense decreased by 16.2% to RMB15.0 million in 2024 from RMB17.9 million in 2023, primarily due to a reduction in our taxable income, which was partially offset by the non-recurring recognition of certain deferred tax assets in 2023 that did not recur to the same extent in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 16.2% from RMB122.9 million in 2023 to RMB103.0 million in 2024.

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

Revenue

Our revenue increased by 11.1% from RMB447.4 million in 2024 to RMB497.0 million in 2025.

Our revenue from oil and gas development engineering solutions increased by 8.6% from RMB272.4 million in 2024 to RMB295.9 million in 2025, primarily driven by revenue generated from the completion of several large value projects in 2025.

Our revenue from Infrastructure Solutions increased by 13.9% from RMB157.5 million in 2024 to RMB179.4 million in 2025, primarily driven by our continuous expansion of our infrastructure solutions business in the Middle East.

Our revenue from new energy solutions decreased by 29.7% from RMB14.6 million in 2024 to RMB18.9 million in 2025, primarily driven by the continuous and active expansion of our new energy solutions business, which successfully secured new projects in this segment.

Our revenue from intelligent solutions remained stable at RMB2.9 million in 2024 and RMB2.9 million in 2025.

Cost of Sales

Our cost of sales increased by 17.8% from RMB264.0 million in 2024 to RMB311.1 million in 2025. The increase in 2025 exceeded the growth in revenue, primarily attributable to changes in our project and customer mix, as certain projects undertaken during the year involved more customized service requirements and higher service specifications, which resulted in higher execution costs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 1.4% from RMB183.3 million in 2024 to RMB185.9 million in 2025. Our gross profit margin decreased from 41.0% in 2024 to 37.4% in 2025.

Our gross profit margin from oil and gas development engineering solutions decreased from 45.5% in 2024 to 39.3% in 2025, primarily because of an increase in execution cost in certain projects and the changes in our customers' development and construction plans resulting in a change in our project and customer mix.

Our gross profit margin from infrastructure solutions increased from 33.0% in 2024 to 34.8% in 2025, primarily due to the expansion of our business scale in the Middle East, where our projects carry relatively higher gross profit margins.

Our gross profit margin from new energy solutions decreased from 43.7% in 2024 to 33.7% in 2025, primarily due to because in order to attract new customers, we provided more basic services to them.

Our gross profit margin from intelligent solutions increased from 28.8% in 2024 to 36.2% in 2025, primarily driven by the higher gross profit margins of certain new projects in Africa.

Other Income

Our other income increased by 25.8% from RMB8.9 million in 2024 to RMB11.2 million in 2025, primarily due to a significant increase in government grants received.

Other Gains and Losses

We recorded net other losses of RMB2.6 million in 2024 and net other gains of RMB7,000 in 2025. The improvement was primarily due to foreign exchange gains resulting from the depreciation of the U.S. dollar against the relevant operating currencies, which reversed losses incurred in the prior year.

Impairment Losses (including Reversals of Impairment Losses) on Financial Assets

Our impairment losses under the ECL model increased by 49.9% to RMB2.9 million in 2025 from RMB2.0 million in 2024. The increase was primarily due to a further extension in the aging profile of certain trade receivables, which led to the application of higher provision rates for these longer-outstanding balances in accordance with our expected credit loss methodology.

Selling Expenses

Our selling expenses decreased by 17.1% from RMB6.9 million in 2024 to RMB5.7 million in 2025, which was the result of an organizational restructuring.

Administrative Expenses

Our administrative expenses increased by 20.8% from RMB42.5 million in 2024 to RMB51.3 million in 2025, primarily due to continued growth in personnel and travel-related spending to support our overseas activities.

Research and Development Costs

Our research and development costs decreased by 7.2% from RMB19.8 million in 2024 to RMB18.4 million in 2025, primarily due to lower material consumption caused by a reduction in raw materials required for experimental work in research and development projects.

Finance Costs

Our finance costs decreased by 15.8% from RMB0.5 million in 2024 to RMB0.4 million in 2025, primarily due to the ongoing reduction in interest expense on lease liabilities.

Income Tax Expense

Our income tax expense increased by 20.6% to RMB18.1 million in 2025 from RMB15.0 million in 2024, primarily due to an increase in taxable income driven by higher pre-tax profits, coupled with a lower utilization of tax incentives or preferential rates compared to the prior year.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 2.6% from RMB103.0 million in 2024 to RMB100.3 million in 2025.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a breakdown of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Property, plant and equipment	126,764	136,598	132,829
Right-of-use assets	15,865	14,515	13,278
Intangible assets	1,753	1,316	1,256
Goodwill	2,632	2,632	2,632
Prepayments and other receivables	2,460	13,922	9,923
Deferred tax assets	1,931	2,803	2,474
Restricted deposits	–	–	982
	151,405	171,786	163,374
Current Assets			
Inventories	37,483	48,427	62,905
Trade receivables	240,192	274,565	338,520
Bills receivables at FVTOCI	54,914	18,240	12,424
Prepayments and other receivables	15,918	22,140	31,742
Restricted deposits	2,001	26,531	21,280
Cash and cash equivalents	494,673	339,667	366,296
	845,181	729,570	833,167
Current Liabilities			
Trade and bills payables	96,100	139,008	168,708
Other payables and accruals	47,171	44,872	49,134
Contract liabilities	323	87	6,134
Lease liabilities	1,921	1,943	1,901
Income tax payable	12,090	9,965	10,671
	157,605	195,875	236,548
Net Current Assets	687,576	533,695	596,619
Total Assets less Current Liabilities	838,981	705,481	759,993

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current Liabilities			
Lease liabilities	6,424	5,430	4,594
Deferred tax liabilities	2,488	4,287	3,102
	8,912	9,717	7,696
Net Assets	830,069	695,764	752,297
Capital and Reserves			
Share capital	239,816	202,522	195,000
Reserves	590,253	493,242	557,297
Total Equity	**830,069**	**695,764**	**752,297**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of buildings, machinery equipment, transportation equipment, office and electronic equipment, instruments and meters, and construction in progress.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Buildings	67,627	65,057	56,982
Machinery equipment	37,236	48,660	46,742
Transportation equipment	5,731	4,636	5,234
Office and electronic equipment	1,906	1,926	2,586
Instruments and meters	13,633	14,598	15,729
Construction in progress	631	1,721	5,556
Total	**126,764**	**136,598**	**132,829**

Our property, plant and equipment amounted to RMB126.8 million, RMB136.6 million and RMB132.8 million as of December 31, 2023, 2024 and 2025, respectively. Our property, plant and equipment increased from RMB126.8 million as of December 31, 2023 to RMB136.6 million as of December 31, 2024, primarily attributable to our increased investment in production capacity, driven by the procurement of a new batch of machinery equipments. Our property, plant and equipment amounted to RMB132.8 million as of December 31, 2025, reflecting a reduction in net book value mainly resulting from the annual depreciation of existing assets.

Right-of-Use Assets

Our right-of-use assets primarily consisted of buildings, equipment and leasehold land.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Buildings	6,755	6,418	5,583
Equipment	1,009	199	–
Leasehold land	8,101	7,898	7,695
Total	**15,865**	**14,515**	**13,278**

Our right-of-use assets decreased from RMB15.9 million as of December 31, 2023 to RMB14.5 million as of December 31, 2024, and further decreased to RMB13.3 million as of December 31, 2025, primarily due to the amortization of existing lease contracts.

Intangible Assets

Our intangible assets primarily consisted of software, which are stated at cost less accumulated amortisation and impairment, if any. Our intangible assets decreased from RMB1.8 million as of December 31, 2023 to RMB1.3 million as of December 31, 2024, primarily due to the amortisation of software on a straight-line basis over their estimated useful lives. Our intangible assets remained at RMB1.3 million as of December 31, 2025

Goodwill

Goodwill represents the excess of the acquisition-date fair value of consideration transferred over the fair value of identifiable net assets acquired in a business combination. Goodwill is not amortized but is tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

As of December 31, 2023, 2024, and 2025, the carrying amount of goodwill was RMB2.6 million, which was recognized in connection with our acquisition of 四川誠量檢測服務有限公司 (currently known as 安東儀器儀表檢測有限公司 (Anton Machinery and Meter Testing Co., Ltd.)). The goodwill is considered to have an indefinite useful life and is assigned to the reporting unit (also the cash-generating unit) of 四川誠量檢測服務有限公司 (currently known as 安東儀器儀表檢測有限公司 (Anton Machinery and Meter Testing Co., Ltd.)), the subsidiary which conducts the instrument and meter manufacturing operations. See Note 21 to the Accountants' Report in Appendix I to this document for a detailed description of the impairment assessment on goodwill.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Goodwill	2,632	2,632	2,632

Inventories

Our inventories primarily consisted of raw materials and work in progress. The following table sets forth details of our inventories as of the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	25,288	33,749	47,148
Work in progress	12,195	14,678	15,757
Total	**37,483**	**48,427**	**62,905**

Our inventories increased from RMB37.5 million as of December 31, 2023 to RMB48.4 million as of December 31, 2024, and further increased to RMB62.9 million as of December 31, 2025. The increases were primarily driven by a strategic buildup of raw materials inventory. This buildup was in response to the diversification of material specifications requested by our customers, which necessitated the procurement of a wider variety of specialized materials to meet specific project requirements.

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Inventory turnover days[(1)]	47	59	65

Note:

(1) Inventory turnover days are calculated as the average of the beginning and ending balance of inventories for the year divided by the cost of sales for that year and multiplied by 365 days.

Our inventory turnover days were 47 days, 59 days, and 65 days in 2023, 2024 and 2025, respectively. The increase in turnover days was primarily due to the strategic buildup of material inventory. This buildup was driven by the diversification of material specifications requested by customers, which led to a corresponding increase in procurement for a wider variety of materials.

As of April 30, 2026, we had utilized 36.9%, or RMB23.2 million, of our inventories as of December 31, 2025.

Trade Receivables

Our trade receivables represent outstanding amounts payable by third parties and related parties. The following table sets forth the breakdown of our trade receivables as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	243,940	279,418	346,147
Less: Allowance for credit losses	(3,748)	(4,853)	(7,627)
	240,192	274,565	338,520

Our trade receivables increased from RMB240.2 million as of December 31, 2023 to RMB274.6 million as of December 31, 2024, and further increased to RMB338.5 million as of December 31, 2025, primarily due to the expansion of our business scale, with trade receivables growing in tandem with revenue.

The following is an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	224,185	237,554	269,014
1 – 2 years	16,398	30,432	59,136
2 – 3 years	1,568	10,288	12,217
Over 3 years	1,789	1,144	5,780
Total	**243,940**	**279,418**	**346,147**

The following table sets forth the breakdown of our trade receivables turnover days for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables turnover days[(1)]	177	214	230

Note:

(1) Trade receivables turnover days represent the average number of days it takes to collect payment from customers, calculated by using the average of the beginning and ending balances of trade receivables for a year, divided by the corresponding total revenue for the same year, multiplied by 365 days.

Our trade receivables turnover days were 177 days, 214 days and 230 days for the years ended December 31, 2023, 2024 and 2025, respectively. The increase in our trade receivables turnover days from 177 days in 2023 to 214 days in 2024 was primarily due to a lengthening of the average collection period, reflecting changes in customer payment terms and the revenue mix. The further increase to 230 days in 2025 was primarily attributable to the outstanding trade receivables from certain sizable projects secured during the year.

As of April 30, 2026, RMB153.2 million, or 44.3% of our trade receivables as of December 31, 2025 had been settled.

Bills Receivables at FVTOCI

Our bills receivables at FVTOCI represent negotiable financial instruments, primarily comprising bank acceptance bills received from customers, that are classified as financial assets measured at fair value through other comprehensive income (FVTOCI) in accordance with IFRS 9. The following table sets forth the breakdown of our bills receivables measured at FVTOCI as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables at FVTOCI	54,914	18,240	12,424

Prepayments and Other Receivables

Our prepayments and other receivables consist of both current and non-current amounts. The current portion primarily includes prepayments to suppliers, recoverable value-added tax, employee advances, and other miscellaneous receivables. The non-current portion primarily represents long-term prepayments for property, plant and equipment acquisitions. The following table sets forth the breakdown of our prepayments and other receivables as at the dates indicated.

	As of 31 December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for property, plant and equipment	2,460	13,922	9,923
Current			
Prepayments for suppliers	7,643	7,928	14,124
Value-added tax recoverable	15	1,801	1,402
Advances to employees	1,633	1,909	1,263
Others	6,627	10,525	15,139
	15,918	22,163	31,928
Impairment allowance	–	(23)	(186)
Subtotal	15,918	22,140	31,742
Total	**18,378**	**36,062**	**41,665**

Our prepayments and other receivables increased from RMB18.4 million as of December 31, 2023 to RMB36.1 million as of December 31, 2024, and further increased to RMB41.7 million as of December 31, 2025, primarily due to the increase in performance bonds paid for project execution and advance payments made for the procurement of property, plant, and equipment.

As of April 30, 2026, RMB7.1 million, or 17.1% of our prepayments and other receivables as of December 31, 2025 had been settled.

Restricted Deposits

Our restricted deposits primarily consist of cash and bank balances that are legally or contractually restricted and are not available for our immediate or general business use. These restrictions typically arise from their use as collateral for performance bonds, bank guarantees, or other credit facilities provided to us. The following table sets forth the breakdown of our restricted deposits as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted deposits	2,001	26,531	22,262

Our restricted deposits increased from RMB2.0 million as of December 31, 2023 to RMB26.5 million as of December 31, 2024, primarily because we further diversified our payment methods beyond cash settlements, utilizing bills payables to settle procurement payments with suppliers, and decreased to RMB22.3 million as of December 31, 2025, primarily due to the reduction in the amount of bank acceptance bills issued.

Cash and Cash Equivalents

Our cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The following table sets forth the breakdown of our cash and cash equivalents as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	494,673	339,667	366,296

Our cash and cash equivalents decreased from RMB494.7 million as of December 31, 2023 to RMB339.7 million as of December 31, 2024, primarily due to the return of capital to strategic investors, and increased to RMB366.3 million as of December 31, 2025, primarily attributable to the net cash inflows generated from operating activities and retained earnings.

Trade and Bills Payables

Our trade and bills payables represent amounts owed to suppliers for goods and services received, and outstanding bank acceptance notes issued to settle such payables. The following table sets forth the breakdown of our trade and bills payables as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	96,100	109,352	150,008
Bills payables	–	29,656	18,700
Trade and bills payables	**96,100**	**139,008**	**168,708**

Our trade and bills payables increased from RMB96.1 million as of December 31, 2023 to RMB139.0 million as of December 31, 2024, and further increased to RMB168.7 million as of December 31, 2025, primarily due to the expansion of our business scale, resulting in year-on-year growth in trade and bills payable.

The following is an aging analysis of our trade and bills payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	89,721	129,053	146,365
Over 1 year	6,379	9,955	22,343
Total	**96,100**	**139,008**	**168,708**

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables turnover days(1)	115	162	181

Note:

(1) Trade and bills payables turnover days represent the average number of days it takes to make payment to suppliers, calculated by using the average of the opening and closing trade and bills payables balances of a year divided by total cost of sales for that year and multiplied by 365 days.

Our trade payables turnover days were 115 days, 162 days and 181 days for the years ended December 31, 2023, 2024 and 2025, respectively. The increase in our trade and bills payables turnover days from 115 days in 2023 to 162 days in 2024 was primarily due to the increase in accounts payable and a longer payment circle as our business expanded. The further increase to 181 days in 2025 was primarily due to the outstanding trade payables arising from certain sizeable projects secured during the year.

As of April 30, 2026, RMB81.8 million, or 48.5% of our trade payables as of December 31, 2025 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) accrued payroll and employee welfare benefits, (ii) tax payables other than income taxes, (iii) payables for the purchase of equipment, and (iv) other amounts payable to related and third parties. The following table sets forth the breakdown of our other payables and accruals as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	7,584	9,548	7,168
Taxes other than income taxes payable	4,658	3,941	3,566
Payables for purchases of equipment	19,143	13,773	20,880
Others			
– to related-parties	243	321	614
– to third-parties	15,543	17,289	16,906
Total	**47,171**	**44,872**	**49,134**

Our other payables and accruals decreased from RMB47.2 million as of December 31, 2023 to RMB44.9 million as of December 31, 2024, and subsequently increased to RMB49.1 million as of December 31, 2025. The fluctuation was primarily driven by the timing of payments for equipment purchases and settlements with suppliers.

As of April 30, 2026, RMB26.6 million, or 54.2% of our other payables and accruals as of December 31, 2025 had been settled.

Contract Liabilities

Our contract liabilities represent the amount of consideration received (or receivable) from customers for which the related performance obligations have not yet been satisfied. These liabilities primarily consist of advance payments received from customers under long-term service contracts, where payment milestones precede the completion of the associated work. The timing and magnitude of these liabilities are directly linked to the specific payment schedules negotiated within our customer contracts.

Our contract liabilities decreased from RMB0.3 million as of December 31, 2023 to RMB0.1 million as of December 31, 2024, primarily due to the recognition of revenue upon our fulfillment of performance obligations. Our contract liabilities subsequently increased significantly to RMB6.1 million as of December 31, 2025, primarily due to advance customer payments received in accordance with customer payment terms under certain executed contracts prior to the fulfillment of the related performance obligations.

As of April 30, 2026, RMB1.1 million, or 18.5% of our contract liabilities as of December 31, 2025 were subsequently recognized as revenue.

Income Tax Payable

Our income tax payable represents the amount of tax currently due to the tax authorities based on the taxable profit for the year, as calculated under the tax laws of the relevant jurisdictions. The following table sets forth the breakdown of our income tax payable as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Income tax payable	12,090	9,965	10,671

Our income tax payable decreased from RMB12.1 million as of December 31, 2023 to RMB10.0 million as of December 31, 2024, primarily due to the settlement of our income tax during the year, and increased to RMB10.7 million as of December 31, 2025, primarily due to an increase in our provision for income tax as a result of our increased taxable income for the year ended 31 December 2025.

Lease Liabilities

Our lease liabilities represent the present value of our future lease payments under non-cancellable operating leases, primarily for office spaces. The following table sets forth the breakdown of our lease liabilities as at the dates indicated.

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,921	1,943	1,901
Within a period of more than one year but not exceeding two years	1,276	1,379	856
Within a period of more than two years but not exceeding five years	1,889	1,249	1,440
Within a period of more than five years	3,259	2,802	2,298
Subtotal	8,345	7,373	6,495
Less: Amount due for settlement within 12 months shown under current liabilities	(1,921)	(1,943)	(1,901)
Amount due for settlement after 12 months shown under non-current liabilities	6,424	5,430	4,594

During the Track Record Period, our lease liabilities were primarily in relation to our lease of operational office spaces. As of December 31, 2023, 2024 and 2025, our lease liabilities amounted to RMB8.3 million, RMB7.4 million and RMB6.5 million, respectively. These liabilities mainly arose from long-term lease contracts for office premises in locations such as Xinjiang, Chengdu, and Dubai. The decrease in lease liabilities over the Track Record Period is primarily attributable to scheduled repayments made subsequent to the initial recognition of these liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our daily business operations, manage working capital needs (including cash operating costs and payments to suppliers), and return of capital to strategic investors. Historically, we have financed our operations and other capital requirements primarily through cash generated from our business operations and capital injections from shareholders.

Our anticipated cash needs primarily relate to our ongoing business operations and general working capital requirements. We expect to fund our future working capital and other cash requirements primarily with cash generated from our operations (driven by the continuous collection of trade receivables), the **[REDACTED]** from the **[REDACTED]**, and, when necessary, bank and other borrowings.

As of April 30, 2026, the latest practicable date for determining our indebtedness, we had cash and cash equivalents of RMB335.1 million. Taking into account our internal resources, our cash flow from operating activities, and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors confirm that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Net Current Assets

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current Assets				
Inventories	37,483	48,427	62,905	84,429
Trade receivables	240,192	274,565	338,520	274,619
Bills receivables at FVTOCI	54,914	18,240	12,424	15,247
Prepayments and other receivables	15,918	22,140	31,742	37,676
Restricted deposits	2,001	26,531	21,280	26,814
Cash and cash equivalents	494,673	339,667	366,296	335,065
	845,181	729,570	833,167	773,850
Current Liabilities				
Trade and bills payables	96,100	139,008	168,708	135,029
Other payables and accruals	47,171	44,872	49,134	34,408
Contract liabilities	323	87	6,134	1,930
Lease liabilities	1,921	1,943	1,901	1,520
Income tax payable	12,090	9,965	10,671	366
	157,605	195,875	236,548	173,253
Net Current Assets	**687,576**	**533,695**	**596,619**	**600,597**

We had net current assets of RMB687.6 million, RMB533.7 million, RMB596.6 million and RMB600.6 million as of December 31, 2023, 2024 and 2025, and April 30, 2026, respectively.

Our net current assets decreased from RMB687.6 million as of December 31, 2023 to RMB533.7 million as of December 31, 2024, primarily due to a decrease in cash and cash equivalents resulting from the return of capital to strategic investors.

Our net current assets subsequently increased to RMB596.6 million as of December 31, 2025, primarily due to (i) an increase in cash and cash equivalents driven by the accumulated collection of receivables, and (ii) an increase in trade receivables.

Our net current assets remained relatively stable from RMB596.6 million as of December 31, 2025 to RMB600.6 million as of April 30, 2026.

Summary of Consolidated Statements of Cash Flow

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

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Operating activities			
Profit before tax	140,748	117,955	118,335
Adjustments for:			
Finance costs	790	505	425
Interest income	(5,130)	(6,305)	(4,483)
Losses/(gains) on disposal of items of property, plant and equipment	197	(304)	607
Depreciation of property, plant and equipment	16,091	18,575	24,174
Depreciation of right-of-use assets	2,499	2,927	2,628
Amortisation of intangible assets	226	437	508
Impairment losses (including reversals of impairment losses) on financial assets	1,872	1,967	2,948
Share-based payment expense	84	1,022	2,565
Net foreign exchange loss/(gain)	730	2,407	(1,188)
Operating cash flows before movements in working capital	158,107	139,186	146,519
Increase in inventories	(3,806)	(10,944)	(14,478)
Increase in trade receivables	(31,309)	(36,987)	(67,610)
Increase in prepayments and other receivables	(2,987)	(6,295)	(9,765)
(Increase)/decrease in bills receivables at FVTOCI	(28,884)	36,777	5,791
Decrease/(increase) in restricted deposits	239	(24,530)	4,269
Increase in trade and bills payables	17,805	42,908	29,700
(Decrease)/increase in contract liabilities	(221)	(236)	6,047
Increase/(decrease) in accruals and other payables	2,992	3,071	(2,845)
Cash generated from operations	111,936	142,950	97,628
Income tax paid	(17,591)	(16,189)	(18,223)
Net cash generated from operating activities	94,345	126,761	79,405
Investing activities			
Purchases of property, plant and equipment	(27,652)	(45,197)	(10,978)
Proceeds on disposal of property, plant and equipment	240	321	362
Interest income received	5,130	6,305	4,483
Net cash used in **[REDACTED]** activities	(22,282)	(38,571)	(6,133)
Financing activities			
Repayments of short-term borrowings	(100,000)	–	–
Repayments of lease liabilities	(2,088)	(2,549)	(2,269)
Interest paid	(921)	(505)	(425)

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Capital injection from shareholders	97,530	–	–
Payments on repurchase of shares	–	(210,380)	(42,430)
Dividends paid	–	(30,000)	–
Withdrawal of restricted deposits	51,825	–	–
Net cash from/(used in) financing activities	46,346	(243,434)	(45,124)
Net increase/(decrease) in cash and cash equivalents	118,409	(155,244)	28,148
Cash and cash equivalents at beginning of the year	375,129	494,673	339,667
Exchange gain on cash and cash equivalents	1,135	238	(1,519)
Cash and cash equivalents at end of the year	494,673	339,667	366,296

Operating Activities

Net cash generated from operating activities in 2023 was RMB94.3 million, primarily derived from our profit before tax of RMB140.7 million, adjusted for non-cash and non-operating items. Operating cash flows were further affected by changes in working capital, primarily due to an increase in trade and bills payables of RMB17.8 million, partially offset by (i) an increase in trade receivables of RMB31.3 million, (ii) an increase in bills receivables at FVTOCI of RMB28.9 million, and (iii) income tax paid of RMB17.6 million.

Net cash generated from operating activities in 2024 was RMB126.8 million, primarily derived from our profit before tax of RMB118.0 million, adjusted for non-cash and non-operating items. Operating cash flows were further affected by changes in working capital, primarily due to (i) an increase in trade and bills payables of RMB42.9 million, and (ii) a decrease in bills receivables at FVTOCI of RMB36.8 million, partially offset by (i) an increase in trade receivables of RMB37.0 million, (ii) an increase in restricted bank deposits of RMB24.5 million, and (iii) income tax paid of RMB16.2 million.

Net cash generated from operating activities in 2025 was RMB79.4 million, primarily derived from our profit before tax of RMB118.3 million, adjusted for non-cash and non-operating items. Operating cash flows were further affected by changes in working capital, primarily due to (i) an increase in trade and bills payables of RMB29.7 million, and (ii) an increase in contract liabilities of RMB6.0 million, partially offset by (i) an increase in trade receivables of RMB67.6 million, (ii) income tax paid of RMB18.2 million, and (iii) an increase in inventories of RMB14.5 million.

Investing Activities

Net cash used in **[REDACTED]** activities in 2023 was RMB22.3 million, primarily attributable to purchases of property, plant and equipment of RMB27.7 million, partially offset by interest income received of RMB5.1 million.

Net cash used in **[REDACTED]** activities in 2024 was RMB38.6 million, primarily attributable to purchases of property, plant and equipment of RMB45.2 million, partially offset by interest income received of RMB6.3 million.

Net cash used in **[REDACTED]** activities in 2025 was RMB6.1 million, primarily attributable to purchases of property, plant and equipment of RMB11.0 million, partially offset by interest income received of RMB4.5 million.

Financing Activities

Net cash generated from financing activities in 2023 was RMB46.3 million, primarily due to (i) capital injection from shareholders of RMB97.5 million, and (ii) withdrawal of restricted bank deposits of RMB51.8 million, partially offset by (i) repayments of short-term borrowings of RMB100.0 million, and (ii) repayments of lease liabilities of RMB2.1 million.

Net cash used in financing activities in 2024 was RMB243.4 million, primarily due to (i) payments on repurchase of shares of RMB210.4 million, and (ii) dividends paid of RMB30.0 million.

Net cash used in financing activities in 2025 was RMB45.1 million, primarily due to (i) payments on repurchase of shares of RMB42.4 million, and (ii) repayments of lease liabilities of RMB2.3 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and 2025, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of April 30, 2026
	2023	**2024**	**2025**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current				
Lease liabilities	1,921	1,943	1,901	1,520
Non-current				
Lease liabilities	6,424	5,430	4,594	4,385
Total indebtedness	8,345	7,373	6,495	5,905

Borrowings

As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had no bank borrowings.

Lease Liabilities

As of December 31, 2023, 2024 and 2025, and April 30, 2026 our lease liabilities, which primarily arose from leases of buildings, equipment and leasehold land, amounted to RMB8.3 million, RMB7.4 million, RMB6.5 million and RMB5.9 million respectively. The decrease in lease liabilities over the years is primarily attributable to the scheduled amortization of existing long-term lease contracts, as the liabilities are reduced with each payment period and no new material leases of comparable duration or value were entered into during the Track Record Period.

Contingent Liabilities

We did not have any outstanding mortgages, charges, debentures, other issued debt capital, borrowings, indebtedness, guarantees or other material contingent liabilities. Our Directors confirm that there was no material change in our contingent liabilities from April 30, 2026 to the Latest Practicable Date.

CAPITAL EXPENDITURE

Our capital expenditure were RMB31.4 million, RMB29.9 million and RMB23.5 million for the year ended December 31, 2023, 2024 and 2025 respectively, representing addition of property, plant and equipment, right-of-use assets and intangible assets.

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**". We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our business operations and net **[REDACTED]** from the **[REDACTED]**.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had no material capital commitments.

RELATED PARTY TRANSACTIONS

The following table sets forth the significant related party transactions for the years indicated.

	For the year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Provision of services to related parties	42,193	33,427	38,542
Receipt of services from related parties	652	4,719	3,996

The following table sets forth the outstanding balances arising from related party transactions as at the dates indicated.

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables due from related parties	29,019	36,990	34,382
Trade and bills payables due to related parties	803	4,498	7,408
Other payables and accruals due to related parties	243	321	614

Our Directors are of the view that the related party transactions were conducted in the ordinary course of business on an arm's length basis and on normal commercial terms.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated.

	For the year ended/as of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net profit margin	25.9%	23.0%	20.2%
Return on equity (ROE)(1)	17.1%	13.5%	13.8%
Return on assets (ROA)(2)	13.3%	10.9%	10.6%
Current ratio(3)	5.4	3.7	3.5
Debt-to-asset ratio(4)	16.7%	22.8%	24.5%
Gearing ratio(5)	20.1%	29.5%	32.5%

Note:

(1) The ROE is calculated by dividing profit for the year attributable to the owners of our Company by the average balance of equity attributable to the owners of our Company and multiplying by 100%.
(2) The ROA is calculated by dividing profit for the year by the average balance of total assets and multiplying by 100%.
(3) The current ratio is calculated as current assets divided by current liabilities as of the relevant date.
(4) The debt-to-asset ratio is calculated by dividing total liabilities by total assets as of the relevant date.
(5) The gearing ratio is calculated by dividing total liabilities by total equity as of the relevant date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to various financial risks, including market risk (comprising currency risk and interest rate risk), credit risk, and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For more details, including relevant sensitivity analysis, see Note 34 to the Accountants' Report as set out in Appendix I of this document.

Market risk

Currency risk

We have foreign currency sales and purchases and bank balances which expose us to foreign currency risk. In addition, we have intra-group balances with several subsidiaries denominated in foreign currency which also expose us to foreign currency risk.

We currently do not have a formal foreign exchange hedging policy. However, our management monitors foreign exchange exposures and will consider hedging significant foreign exchange exposure should the need arise. Our Directors consider that the exposure to currency risk arising from the foreign currency denominated monetary assets and monetary liabilities described above is not material.

Interest rate risk

We are exposed to fair value interest rate risk in relation to our restricted deposits and lease liabilities. We are also exposed to cash flow interest rate risk in relation to our variable-rate bank balances. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on the prevailing interest rate level and outlook. Our Directors consider that the exposure to interest rate risk arising from the above financial instruments is not material.

Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument fails to discharge its obligation under the terms of the financial instrument and causes a financial loss to us. Our exposure to credit risk mainly arises from trade receivables, bills receivables at FVTOCI, other receivables, restricted deposits and bank balances.

To mitigate credit risk, our management has delegated to responsible teams the assessment of customer credit quality, taking into account their financial position, our past experience and other relevant factors. These teams are responsible for determining credit limits, granting credit approvals, and implementing other monitoring procedures to ensure that follow-up action is taken to recover aged debts. In addition, we review the recoverable amount of each credit-impaired debt at the end of each reporting period to ensure that adequate expected credit losses are recognized for irrecoverable amounts.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents to meet our liquidity requirements. As of December 31, 2025, we had cash and cash equivalents of RMB366.3 million. Our Directors believe that our liquidity risk is low.

DIVIDENDS

During the Track Record Period, we declared and paid a cash dividend of RMB30.0 million in 2024.

After completion of the **[REDACTED]**, there is no assurance as to when and in what form dividends will be paid on our H Shares. Declaring dividends on our H shares is subject to the discretion of our Board and is contingent upon a comprehensive assessment of our financial condition, operational results, and capital requirements, among other considerations, and will be subject to our Shareholders' approval. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our retained earnings were RMB332.7 million, which represents our distributable reserves.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK$**[REDACTED]** (based on an **[REDACTED]** of HK$**[REDACTED]** per Share), representing approximately **[REDACTED]**% of the estimated gross **[REDACTED]** from the **[REDACTED]** assuming the **[REDACTED]** is not exercised and no Shares are issued pursuant to the **[REDACTED]**. The **[REDACTED]** consist of (i) **[REDACTED]** expenses, including **[REDACTED]**, of approximately HK$**[REDACTED]**, and (ii) **[REDACTED]** of approximately HK$**[REDACTED]**, comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$**[REDACTED]**, and (b) other fees and expenses of approximately HK$**[REDACTED]**. During the Track Record Period, we did not incur any **[REDACTED]**. Subsequent to the Track Record Period, approximately HK$**[REDACTED]** is expected to be charged to our consolidated statements of profit or loss, and approximately HK$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. We do not believe any of the above fees or expenses are material or are unusually high for our Group. The **[REDACTED]** above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the **[REDACTED]** on the net tangible assets of our Group attributable to owners of the Company as of December 31, 2025 as if the **[REDACTED]** had taken place on that date.

	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
	[REDACTED]	*[REDACTED]*	*[REDACTED]*	*[REDACTED]*	*[REDACTED]*
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this Document, there had been no material adverse change in our business, financial condition and results of operations since 31 December 2025, which is the end date of the years reported on in the Accountants' Report.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.