*You should read the following discussion and analysis in conjunction with our audited consolidated financial information, included in the Accountant's Report in Appendix I to this Document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. You should read the entire Accountant's Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, 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 are an IC substrate provider powered by intelligent manufacturing, focused on the R&D, manufacture and sale of FCBGA, FCCSP, WBCSP and module substrates. Our revenue amounted to RMB1,182.9 million, RMB2,055.5 million, RMB2,828.6 million, RMB540.5 million and RMB923.9 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

## SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial performance have been and will continue to be principally affected by the following factors:

### Demand from Downstream Applications and Overall Market Conditions

According to Frost & Sullivan, the global IC substrate market is expanding, driven by AI demand, advanced packaging and high-performance chip shipments, with market size expected to grow from US$14.9 billion in 2025 to US$30.3 billion by 2030. At the same time, rising technical barriers and prolonged ramp-up cycle constrain advanced IC substrate supply, resulting in tight supply conditions globally.

Benefiting from increased demand in AI and HPC, smart devices and memory applications during the Track Record Period, our revenue increased rapidly from RMB1,182.9 million in 2023 to RMB2,055.5 million in 2024 and RMB2,828.6 million in 2025, representing a CAGR of 54.6%. Our revenue further increased to RMB923.9 million in the three months ended March 31, 2026, representing a 70.9% growth from the same period in 2025. Any fluctuations in demand across these applications or semiconductor industry cycles may affect our sales volume, ASP and revenue.

**Our Production Capacity Expansion and Utilization Rates**

We operate in a rapidly growing AI market where production capacity often limits a company's growth potential in the supply chain. Against this backdrop, we strategically anticipated the future capacity needs, and incorporated substantial capacity expansion headroom in our initial plant design. We also adopt the phased equipment installation approach to quickly ramp-up our capacity when our actual orders grow. See "Business — Business Sustainability and Profitability" for more details.

During the Track Record Period, we continued to ramp up the actual output of our FCBGA substrates and FCCSP, WBCSP and module substrates, and our actual output utilization rates increased from 3.5% for FCBGA substrates and 43.8% for FCCSP, WBCSP and module substrates in 2023, to 33.3% and 83.5%, respectively, in the three months ended March 31, 2026. Our depreciation and amortization in cost of sales as a percentage of revenue declined significantly from 35.7% in 2023, to 28.8% in 2024, 23.0% in 2025 and 19.9% in the three months ended March 31, 2026. Our gross margin improved from –42.7% in 2023 to –5.1% in 2024 and turned positive at 3.5% in 2025. This improvement further accelerated in 2026, with gross profit reaching RMB146.6 million and gross margin improving to 15.9% for the three months ended March 31, 2026.

At the same time, capacity expansion requires substantial capital expenditures, which has led to depreciation. As of January 1, 2023, the cost of our property, plant and equipment, right-of-use assets and intangible assets was RMB5,466.1 million. As of December 31, 2023, 2024, 2025 and March 31, 2026, such figure further increased to RMB7,463.3 million, RMB8,421.5 million, RMB8,696.2 million, RMB8,775.1 million, respectively. We plan to expand the production capacity of our Shenzhen Plant 2 and invest in the construction of several new plants in next few years. As capital expenditures increase, depreciation will increase accordingly. As a result, our future revenue and gross profit margin will be affected by our future capital expenditures, depreciation, and production capacity utilization rates. In addition, the pace of production capacity ramp-up is influenced by demand in downstream applications, which will in turn further affect the improvement of our production capacity utilization rates.

**Our Ability to Strengthen Relationships with Major Customers and Expand Customer Base**

We primarily sell our products through direct sales to global leading customers, including OSAT, IC design and IDM companies, and a substantial portion of our revenue is derived from a limited number of major customers. During the Track Record Period, revenue attributable to our five largest customers accounted for 81.4%, 81.2%, 76.6%, and 68.1% in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, of our total revenue, while revenue attributable to our largest customer accounted for 37.8%, 38.6%, 36.4%, and 29.0%, respectively. Our results of operations depend on our ability to maintain relationships with major customers, increase our allocation share of customer orders, and expand our customer base. Any reduction in orders, changes in customer allocation or sourcing strategies, or weaker demand from our customers may materially affect our revenue, capacity utilization and profitability. We continue to expand our customer base by attracting OSAT, IC design and IDM companies globally.

**Raw Material Costs and Supply Chain Management**

Our production relies on stable supplies of key raw materials such as ABF, CCL, gold salt, and solder resist. During the Track Record Period, raw material costs accounted for 27.5%, 22.4%, 24.9%, 23.2% and 25.9% of our revenue in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. Our selling prices have increased in line with rising raw material costs. Prices of raw materials may fluctuate due to market conditions and supply-demand dynamics, while certain materials, such as CCL and ABF, may, from time to time, be subject to industry-wide supply constraints. In addition, the prices of certain raw materials, such as gold and copper, are market-based and therefore subject to significant fluctuations in international commodity markets. Our results of operations therefore depend on our ability to procure raw materials at competitive prices, manage inventory efficiently, coordinate with and diversify our suppliers, and, where appropriate, pass through changes in raw material costs to our customers, including through agreed price adjustment mechanisms.

**Our Investment in Research and Development and Our Product Portfolio**

We operate in a technology-intensive industry where customers demand higher-performance and higher-reliability IC substrates. Our ability to continuously invest in research and development, maintain competitive process capabilities and launch new and upgraded products is critical to our operating performance. During the Track Record Period, our research and development expenses were RMB123.4 million, RMB153.8 million and RMB155.8 million in 2023, 2024 and 2025, respectively, and RMB36.8 million and RMB39.2 million in the three months ended March 31, 2025 and 2026, respectively. Our continued investment in R&D enables us to improve manufacturing processes and product reliability, and meet evolving customer requirements. In addition, as our production volume increases and economies of scale are realized, our R&D expenses as a percentage of revenue have declined. During the Track Record Period, our research and development expenses accounted for 10.4%, 7.5%, 5.5%, 6.8% and 4.2% of our revenue in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively.

In addition, our product portfolio affects our results of operations because different product categories and specifications typically have different manufacturing complexity and profitability profiles. During the Track Record Period, we have maintained stable growth in our FCCSP substrates for smart device applications and continued to expand our FCBGA substrates for AI and HPC and network communication applications. The contribution of FCBGA substrates to our total revenue increased from 10.8% in 2023 to 34.2% in 2025, and further increased to 40.2% in the three months ended March 31, 2026. Our FCCSP substrates product mix also shifted toward higher value-added and higher ASP products. While the ASP of FCBGA substrates is generally higher than that of FCCSP, WBCSP and module substrates, their gross margins were relatively lower during the Track Record Period, primarily due to the higher proportion of depreciation costs relative to revenue. Accordingly, changes in the proportion of sales derived from our product portfolio have affected and are expected to continue to affect our revenue, gross margin and overall profitability.

## BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. The Historical Financial Information has been prepared on a historical cost basis. For the purpose of preparing the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

We have identified certain accounting policies that are material to the preparation of our financial information. See notes to the relevant financial line items or transactions to the Accountant's Report in Appendix I to this Document for the details of our material accounting policies. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying our Group's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to our historical financial information are disclosed in Note 4 to the Accountant's Report set out in Appendix I to this Document.

## SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth our results of operations in absolute amounts and as percentages of our total revenue for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* *(Unaudited)* | *(%)* | *RMB'000* | *(%)* |
| **Revenue** | **1,182,862** | **100.0** | **2,055,522** | **100.0** | **2,828,622** | **100.0** | **540,526** | **100.0** | **923,889** | **100.0** |
| Cost of sales | (1,687,407) | (142.7) | (2,160,992) | (105.1) | (2,728,559) | (96.5) | (574,231) | (106.2) | (777,290) | (84.1) |
| **Gross (loss)/profit** | (504,545) | (42.7) | (105,470) | (5.1) | 100,063 | 3.5 | (33,705) | (6.2) | 146,599 | 15.9 |
| Selling and marketing expenses | (21,460) | (1.8) | (30,927) | (1.5) | (28,222) | (1.0) | (6,536) | (1.2) | (6,836) | (0.7) |
| General and administrative expenses | (95,142) | (8.0) | (99,103) | (4.8) | (104,311) | (3.7) | (27,697) | (5.1) | (24,248) | (2.6) |
| Research and development expenses | (123,389) | (10.4) | (153,814) | (7.5) | (155,821) | (5.5) | (36,820) | (6.8) | (39,217) | (4.2) |
| Net (provision for)/ reversal of impairment losses on financial assets | (501) | 0.0 | (798) | 0.0 | (596) | 0.0 | 245 | 0.0 | (321) | 0.0 |
| Other income | 18,183 | 1.5 | 32,006 | 1.6 | 18,315 | 0.6 | 5,610 | 1.0 | 15,137 | 1.6 |
| Other gains/(losses) — net | 30,383 | 2.6 | 29,259 | 1.4 | 21,895 | 0.8 | (3,698) | (0.7) | (12,971) | (1.4) |
| **Operating (loss)/profit** | (696,471) | (58.9) | (328,847) | (16.0) | (148,677) | (5.3) | (102,601) | (19.0) | 78,143 | 8.5 |
| Finance income | 12,626 | 1.1 | 8,997 | 0.4 | 7,582 | 0.3 | 2,198 | 0.4 | 1,261 | 0.1 |
| Finance costs | (155,790) | (13.2) | (206,513) | (10.0) | (210,204) | (7.4) | (56,348) | (10.4) | (23,027) | (2.5) |
| Finance costs — net | (143,164) | (12.1) | (197,516) | (9.6) | (202,622) | (7.2) | (54,150) | (10.0) | (21,766) | (2.4) |
| **(Loss)/profit before income tax** | (839,635) | (71.0) | (526,363) | (25.6) | (351,299) | (12.4) | (156,751) | (29.0) | 56,377 | 6.1 |
| Income tax credit/ (expense) | 86,538 | 7.3 | 121,291 | 5.9 | 22,630 | 0.8 | 35,201 | 6.5 | (6,264) | (0.7) |
| **(Loss)/profit for the year/period** | **(753,097)** | **(63.7)** | **(405,072)** | **(19.7)** | **(328,669)** | **(11.6)** | **(121,550)** | **(22.5)** | **50,113** | **5.4** |

### Non-IFRS Measure

To supplement our consolidated financial statements that are presented in accordance with IFRS, we use EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures as an analytical tool has limitations, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets forth a reconciliation of our EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to (loss)/profit for the year/period in respect of the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **(Loss)/profit for the year/period** | (753,097) | (405,072) | (328,669) | (121,550) | 50,113 |
| Adjusted: | | | | | |
| Income tax (credit)/expense | (86,538) | (121,291) | (22,630) | (35,201) | 6,264 |
| Finance costs - net | 143,164 | 197,516 | 202,622 | 54,150 | 21,766 |
| Depreciation of property, plant and equipment | 543,545 | 665,597 | 742,157 | 178,353 | 197,118 |
| Depreciation of right-of-use assets | 3,209 | 4,423 | 8,437 | 1,947 | 2,244 |
| Amortization of intangible assets | 25,572 | 30,649 | 25,918 | 6,973 | 2,887 |
| **EBITDA (non-IFRS measure)** | **(124,145)** | **371,822** | **627,835** | **84,672** | **280,392** |
| Adjusted: | | | | | |
| Share-based compensation expenses | 5,534 | 7,510 | 10,572 | 1,861 | 2,769 |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| **Adjusted EBITDA (non-IFRS measure)** | **(118,611)** | **379,332** | **638,407** | **86,533** | **285,796** |

## PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

### Revenue

#### *Revenue by Product Category*

The following table sets out a breakdown of our revenue by product category, in absolute amounts and as percentages of our total revenue, for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* *(Unaudited)* | *(%)* | *RMB'000* | *(%)* |
| IC Substrates | | | | | | | | | | |
| FCBGA | 128,187 | 10.8 | 538,359 | 26.2 | 966,610 | 34.2 | 181,411 | 33.6 | 371,534 | 40.2 |
| FCCSP | 690,680 | 58.4 | 1,024,964 | 49.9 | 1,102,155 | 39.0 | 234,867 | 43.5 | 310,718 | 33.6 |
| WBCSP and module | 296,509 | 25.1 | 398,612 | 19.4 | 606,974 | 21.5 | 98,547 | 18.2 | 183,048 | 19.8 |
| Sale of scrap materials and Others[1] | 67,486 | 5.7 | 93,587 | 4.5 | 152,883 | 5.3 | 25,701 | 4.7 | 58,589 | 6.4 |
| **Total** | **1,182,862** | **100** | **2,055,522** | **100** | **2,828,622** | **100** | **540,526** | **100** | **923,889** | **100** |

*Note:*

(1) Others primarily include revenue from rental income.

*Comparison between three months ended March 31, 2026 and 2025:* Our revenue increased by 70.9% from RMB540.5 million in the three months ended March 31, 2025 to RMB923.9 million in the three months ended March 31, 2026, primarily due to (i) a significant increase in sales of FCBGA substrates driven by rising customer demand in AI and HPC applications; (ii) a strong growth in sales of WBCSP and module substrates, benefiting from the increase in customer demand in memory application; and (iii) an increase in sales of FCCSP substrates driven by the gradual shift of product mix toward higher value-added products. In addition, our revenue generated from sales of scrap materials and others increased from RMB25.7 million in the three months ended March 31, 2025 to RMB58.6 million in the three months ended March 31, 2026, primarily due to (i) an increase in the volume of scrap materials generated during our production process, in line with our increased sales volume of IC substrates, and (ii) an increase in market price of precious metals contained in scrap materials.

*Comparison between 2025 and 2024:* Our revenue increased by 37.6% from RMB2,055.5 million in 2024 to RMB2,828.6 million in 2025, primarily due to (i) an increase in sales of FCBGA substrates, reflecting the growing demand in AI and HPC applications; and (ii) an increase in sales of WBCSP and module substrates reflecting the growing demand in memory application. In addition, our revenue generated from sales of scrap materials and others increased from RMB93.6 million in 2024 to RMB152.9 million in 2025, primarily due to the increased amount of scrap materials generated during our production process, in line with our increased sales volume of IC substrates.

*Comparison between 2024 and 2023:* Our revenue increased by 73.8% from RMB1,182.9 million in 2023 to RMB2,055.5 million in 2024, primarily due to the increased orders from customers driven by recovery of the IC substrate market, and our progressive ramp-up of production capacity. In particular, revenue from FCBGA substrates increased substantially from RMB128.2 million in 2023 to RMB538.4 million in 2024, primarily attributable to strong demand from AI and HPC and automotive applications, as well as our successful entry into the supply chains of additional customers by leveraging our technological advantages in high-layer-count and large-size products. Revenue from FCCSP substrates also increased, primarily due to process upgrades of application processors for high-end smartphones and the overall recovery of the smart device market. Our sales of scrap materials and others increased from RMB67.5 million in 2023 to RMB93.6 million in 2024, primarily due to the increase in sales of scrap materials generated during our production processes in line with our increased sales volume of IC substrates.

***Revenue by Geographical Location***

We have built a geographically diverse and extensive customer base. See "Business — Sales and Marketing" for more details. The following table sets forth our revenue generated from sales of our products by region, based on the customers' places of incorporation, in absolute amounts and as percentages of our total revenue, for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* |
| | | | | | | | *(Unaudited)* | | | |
| Chinese Mainland | 429,529 | 36.3 | 1,049,891 | 51.1 | 1,603,052 | 56.7 | 309,324 | 57.2 | 526,084 | 56.9 |
| Offshore | | | | | | | | | | |
| Chinese Taiwan | 714,385 | 60.4 | 912,342 | 44.4 | 1,079,432 | 38.2 | 211,121 | 39.1 | 340,200 | 36.8 |
| Others[1] | 38,948 | 3.3 | 93,289 | 4.5 | 146,138 | 5.1 | 20,081 | 3.7 | 57,605 | 6.3 |
| **Total** | **1,182,862** | **100.0** | **2,055,522** | **100.0** | **2,828,622** | **100.0** | **540,526** | **100** | **923,889** | **100.0** |

*Note:*

(1) Others primarily include South Korea, Singapore and United States.

Our revenue generated from Chinese Mainland increased from RMB429.5 million in 2023 to RMB1,049.9 million in 2024 and further increased to RMB1,603.1 million in 2025 and from RMB309.3 million in the three months ended March 31, 2025 to RMB526.1 million in the three months ended March 31, 2026, primarily driven by rapidly rising Chinese Mainland customer demand for our FCBGA and FCCSP substrates.

Our revenue generated from offshore product sales increased from RMB753.3 million in 2023 to RMB1,005.6 million in 2024 and further increased to RMB1,225.6 million in 2025, and from RMB231.2 million in the three months ended March 31, 2025 to RMB397.8 million in the three months ended March 31, 2026, primarily driven by offshore customers rising demand for our FCBGA substrates.

### Cost of Sales

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

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* *(Unaudited)* | *(%)* | *RMB'000* | *(%)* |
| Manufacturing overheads[1] | 704,031 | 41.7 | 783,246 | 36.2 | 1,022,493 | 37.5 | 212,463 | 37.0 | 261,291 | 33.6 |
| Raw material costs | 325,416 | 19.3 | 460,357 | 21.3 | 703,204 | 25.8 | 125,448 | 21.8 | 239,712 | 30.8 |
| Depreciation and amortization | 422,540 | 25.0 | 591,383 | 27.4 | 651,254 | 23.9 | 155,504 | 27.1 | 183,480 | 23.6 |
| Labor costs | 235,420 | 14.0 | 326,006 | 15.1 | 351,608 | 12.8 | 80,816 | 14.1 | 92,807 | 12.0 |
| **Total** | **1,687,407** | **100** | **2,160,992** | **100** | **2,728,559** | **100** | **574,231** | **100** | **777,290** | **100** |

*Note:*

(1) Manufacturing overheads include production consumables, utility charges, machine maintenance expenses, service fees paid to subcontractors, and product packaging costs.

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

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* *(Unaudited)* | *(%)* | *RMB'000* | *(%)* |
| IC Substrates | | | | | | | | | | |
| FCBGA | 537,509 | 31.9 | 681,547 | 31.5 | 1,040,961 | 38.2 | 230,306 | 40.1 | 343,819 | 44.2 |
| FCCSP | 721,383 | 42.8 | 865,550 | 40.1 | 873,098 | 32.0 | 195,409 | 34.0 | 198,663 | 25.6 |
| WBCSP and module | 361,902 | 21.4 | 521,457 | 24.1 | 663,936 | 24.3 | 123,354 | 21.5 | 176,821 | 22.7 |
| Sale of scrap materials and Others[1] | 66,613 | 3.9 | 92,438 | 4.3 | 150,564 | 5.5 | 25,162 | 4.4 | 57,987 | 7.5 |
| **Total** | **1,687,407** | **100** | **2,160,992** | **100** | **2,728,559** | **100** | **574,231** | **100** | **777,290** | **100** |

*Comparison between three months ended March 31, 2026 and 2025:* Our cost of sales increased by 35.4% from RMB574.2 million in the three months ended March 31, 2025 to RMB777.3 million in the three months ended March 31, 2026, primarily due to (i) increased raw material costs and manufacturing overheads in line with our increased sales of FCBGA substrates, (ii) increased depreciation as a result of the use or acceptance of our production facilities in Shenzhen site, and (iii) increased employee expenses in line with our business expansion.

*Comparison between 2025 and 2024:* Our cost of sales increased by 26.3% from RMB2,161.0 million in 2024 to RMB2,728.6 million in 2025, primarily due to (i) increased raw material costs and manufacturing overheads in line with our increased sales of FCBGA substrates, (ii) increased depreciation as a result of the use or acceptance of our production facilities in Shenzhen site, and (iii) increased employee expenses in line with our business expansion.

*Comparison between 2024 and 2023:* Our cost of sales increased by 28.1% from RMB1,687.4 million in 2023 to RMB2,161.0 million in 2024, primarily due to (i) increased raw material costs and manufacturing overheads in line with our increased sales of FCCSP and WBCSP and module substrates, (ii) increased depreciation as a result of the use or acceptance of our production facilities in Shenzhen site, and (iii) increased employee expenses in line with our business expansion.

**Gross Loss/Profit and Gross Margin**

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

In anticipation of the growth potential of AI-related applications, we proactively expanded production capacity. As a result, during the Track Record Period, our relevant production lines were generally at the ramp-up stage, during which we incurred substantial fixed costs, including depreciation, while production volume and utilization rates were still increasing. As our production scale expanded, customer orders increased and production efficiency improved, these fixed costs were gradually allocated over a larger production base. Depreciation and amortization included in our cost of sales as a percentage of revenue decreased significantly from 35.7% in 2023 to 28.8% in 2024, 23.0% in 2025, and 19.9% for the three months ended March 31, 2026. As a result, our overall gross loss and gross loss margin decreased from 2023 to 2024, and we achieved gross profit and a gross profit margin in 2025 and three months ended March 31, 2026. See "Business — Business Sustainability and Profitability" for more details on how we plan to maintain and increase our gross profit margin.

***Gross Loss/Profit and Gross Margin by Product Categories***

The following table sets forth a breakdown of our gross loss/profit and gross margin for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | Gross (loss)/ profit | Gross Margin | Gross (loss)/ profit | Gross Margin | Gross (loss)/ profit | Gross Margin | Gross (loss)/ profit | Gross Margin | Gross (loss)/ profit | Gross Margin |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* |
| | | | | | | | *(Unaudited)* | | | |
| IC Substrates | | | | | | | | | | |
| FCBGA | (409,322) | (319.3) | (143,188) | (26.6) | (74,351) | (7.7) | (48,895) | (27.0) | 27,715 | 7.5 |
| FCCSP | (30,703) | (4.4) | 159,414 | 15.6 | 229,057 | 20.8 | 39,458 | 16.8 | 112,055 | 36.1 |
| WBCSP and module | (65,393) | (22.1) | (122,845) | (30.8) | (56,962) | (9.4) | (24,807) | (25.2) | 6,227 | 3.4 |
| Sale of scrap materials and Others[1] | 873 | 1.3 | 1,149 | 1.2 | 2,319 | 1.5 | 539 | 2.1 | 602 | 1.0 |
| **Total** | **(504,545)** | **(42.7)** | **(105,470)** | **(5.1)** | **100,063** | **3.5** | **(33,705)** | **(6.2)** | **146,599** | **15.9** |

*Note:*

(1) We generate revenue from sales of scrap materials, with the corresponding cost of sales equal to such revenue. Accordingly, no gross profit is recognized from scrap material sales. Others primarily include revenue from rental income. The gross profit and gross margin of this line item mainly reflect those from rental income.

We recorded gross loss of RMB504.5 million, RMB105.5 million, and RMB33.7 million in 2023, 2024 and the three months ended March 31, 2025, respectively, and gross profit of RMB100.1 million and RMB146.6 million in 2025 and the three months ended March 31, 2026, respectively.

*Comparison between the three months ended March 31, 2026 and 2025:* Our gross profit margin increased from negative 6.2% in the three months ended March 31, 2025 to 15.9% in the three months ended March 31, 2026. Such increase of gross profit margin was primarily due to (i) an increase in gross profit margin from FCCSP substrates, mainly attributable to a higher sales proportion of higher-margin substrates for smart device applications and a significant increase in sales volume, which led to a substantial improvement in production capacity utilization rates; (ii) an increase in gross profit margin from WBCSP and module substrates, mainly attributable to a higher sales proportion of higher-margin substrates for memory applications; and (iii) an increase in gross profit margin from FCBGA substrates, mainly attributable to a substantial improvement in production capacity utilization rates.

*Comparison between 2025 and 2024:* Our gross profit margin increased from negative 5.1% in 2024 to 3.5% in 2025, primarily due to (i) an increase in gross profit margin from FCBGA substrates, mainly attributable to the increase of production capacity utilization rate, and (ii) an increase in gross profit margin from FCCSP, WBCSP and module substrates, as a result of economies of scale from increased production volume and our cost control measures, which helped reduce average product costs, and a higher sales proportion of higher-margin substrates used in smart device and memory applications.

*Comparison between 2024 and 2023:* Our gross profit margin increased from negative 42.7% in 2023 to negative 5.1% in 2024, primarily due to (i) an increase in gross profit margin from FCBGA substrates, mainly attributable to the commencement of operations at our Shenzhen site in 2023 and the subsequent ramp-up and customer qualification, which led to improved capacity utilization and operational efficiency, as well as a higher proportion of sales of higher-margin substrates for AI and HPC and network communication applications, and (ii) an increase in gross profit margin from FCCSP substrates, as a result of economies of scale from increased production volume and our cost control measures, and a higher sales proportion of higher-margin substrates used in smart device applications. The gross margins of WBCSP substrates were adversely affected by intense market competition.

### Selling and Marketing Expenses

Our selling and marketing expenses consist mainly of compensation for our sales and marketing staff, commission fees, travel and entertainment expenses, marketing and business development expenses and insurance fees. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our selling and marketing expenses amounted to RMB21.5 million, RMB30.9 million, RMB28.2 million, RMB6.5 million and RMB6.8 million, representing 1.8%, 1.5%, 1.0%, 1.2% and 0.7%, respectively, of our total revenue.

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

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* |
| | | | | | | | *(Unaudited)* | | | |
| Employee costs | 10,679 | 49.8 | 17,574 | 56.8 | 19,308 | 68.4 | 4,788 | 73.3 | 5,168 | 75.6 |
| Commission fees | 7,492 | 34.9 | 7,470 | 24.2 | 1,198 | 4.2 | 259 | 4.0 | 330 | 4.8 |
| Travel and entertainment expenses | 1,987 | 9.3 | 2,967 | 9.6 | 3,271 | 11.6 | 346 | 5.3 | 490 | 7.2 |
| Marketing and business development expenses[(1)] | 722 | 3.4 | 1,422 | 4.6 | 2,539 | 9.0 | 872 | 13.3 | 435 | 6.4 |
| Insurance fees | 405 | 1.9 | 734 | 2.4 | 763 | 2.7 | 126 | 1.9 | 146 | 2.1 |
| Others | 175 | 0.7 | 760 | 2.4 | 1,143 | 4.1 | 145 | 2.2 | 267 | 3.9 |
| **Total** | **21,460** | **100** | **30,927** | **100** | **28,222** | **100** | **6,536** | **100** | **6,836** | **100** |

*Note:*

(1) Marketing and business development expenses include professional service fees and consumables fees.

*Comparison between three months ended March 31, 2026 and 2025:* Our selling and marketing expenses increased by 4.6% from RMB6.5 million in the three months ended March 31, 2025 to RMB6.8 million in the three months ended March 31, 2026, primarily due to an increase in sales headcount.

*Comparison between 2025 and 2024:* Our selling and marketing expenses decreased by 8.7% to RMB28.2 million in 2025, primarily due to lower commission fees as we enhanced market understanding and customer coverage and discontinued agent services in Chinese Taiwan.

*Comparison between 2024 and 2023:* Our selling and marketing expenses increased by 44.1% from RMB21.5 million in 2023 to RMB30.9 million in 2024, primarily due to our business expansion, which resulted in higher employee costs as we increased sales headcount.

**General and Administrative Expenses**

Our general and administrative expenses consist mainly of compensation for our administrative staff, depreciation and amortization, professional services expenses, property management expenses, and [REDACTED]. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our general and administrative expenses amounted to RMB95.1 million, RMB99.1 million, RMB104.3 million, RMB27.7 million and RMB24.2 million, representing 8.0%, 4.8%, 3.7%, 5.1% and 2.6%, respectively, of our total revenue.

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

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* |
| | | | | | | | *(Unaudited)* | | | |
| Employee costs | 59,919 | 63.0 | 54,087 | 54.6 | 57,840 | 55.5 | 15,965 | 57.6 | 14,197 | 58.6 |
| Depreciation and amortization | 17,604 | 18.5 | 20,866 | 21.1 | 18,176 | 17.4 | 5,713 | 20.6 | 3,372 | 13.9 |
| Professional service expenses(1) | 8,153 | 8.6 | 14,236 | 14.4 | 18,302 | 17.6 | 3,614 | 13.0 | 1,489 | 6.1 |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Property management expenses(2) | 3,362 | 3.5 | 4,982 | 5.0 | 5,368 | 5.1 | 1,474 | 5.3 | 1,296 | 5.3 |
| Others | 6,104 | 6.4 | 4,932 | 4.9 | 4,625 | 4.4 | 931 | 3.5 | 1,259 | 5.2 |
| **Total** | **95,142** | **100** | **99,103** | **100** | **104,311** | **100** | **27,697** | **100** | **24,248** | **100** |

*Notes:*

(1) Professional service expenses include advisors in professional fields such as accountants and lawyers.

(2) Property management expenses include security service fees, maintenance and repair expenses, and greening and environmental protection fees.

*Comparison between three months ended March 31, 2026 and 2025:* Our general and administrative expenses decreased by 12.5% from RMB27.7 million in the three months ended March 31, 2025 to RMB24.2 million in the three months ended March 31, 2026, primarily due to a decrease in depreciation and amortization as certain of the Company's computer equipment and related software had reached their estimated useful lives and been fully depreciated and amortized, resulting in no additional depreciation or amortization expenses for such assets during the period.

*Comparison between 2025 and 2024:* Our general and administrative expenses increased by 5.3% from RMB99.1 million in 2024 to RMB104.3 million in 2025, primarily due to (i) an increase in employee costs resulting from compensation increases; and (ii) an increase in professional service fees relating to the planning and investment of the Shenzhen site.

*Comparison between 2024 and 2023:* Our general and administrative expenses increased by 4.2% from RMB95.1 million in 2023 to RMB99.1 million in 2024, primarily due to (i) an increase in depreciation and amortization as Shenzhen Plant 1 was progressively completed and accepted by relevant government authorities; and (ii) an increase in professional service expenses incurred in connection with the investment and planning of the office building at Shenzhen site.

**Research and Development Expenses**

Our research and development expenses consist of compensation for our R&D staff, depreciation and amortization, and pilot production expenses. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our research and development expenses amounted to RMB123.4 million, RMB153.8 million, RMB155.8 million, RMB36.8 million and RMB39.2 million, representing 10.4%, 7.5%, 5.5%, 6.8% and 4.2%, respectively, of our total revenue.

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

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* |
| | | | | | | | *(Unaudited)* | | | |
| Employee costs | 87,059 | 70.6 | 113,477 | 73.8 | 112,172 | 72.0 | 27,264 | 74.0 | 28,457 | 72.6 |
| Depreciation and amortization | 17,513 | 14.2 | 19,912 | 12.9 | 23,059 | 14.8 | 5,254 | 14.3 | 5,133 | 13.1 |
| Pilot production expenses(1) | 12,513 | 10.1 | 12,274 | 8.0 | 13,338 | 8.6 | 3,119 | 8.5 | 3,782 | 9.6 |
| Others | 6,304 | 5.1 | 8,151 | 5.3 | 7,252 | 4.6 | 1,183 | 3.2 | 1,845 | 4.7 |
| **Total** | **123,389** | **100** | **153,814** | **100** | **155,821** | **100** | **36,820** | **100** | **39,217** | **100** |

*Note:*

(1) Pilot production expenses include consumables expenses, trial products and mold fees.

*Comparison between three months ended March 31, 2026 and 2025:* Our research and development expenses increased by 6.5% from RMB36.8 million in the three months ended March 31, 2025 to RMB39.2 million in the three months ended March 31, 2026, primarily due to (i) an increase in employee costs resulting from increased R&D headcount, and (ii) an increase in pilot production expenses due to increased consumption of trial samples and materials.

*Comparison between 2025 and 2024:* Our research and development expenses increased by 1.3% from RMB153.8 million in 2024 to RMB155.8 million in 2025, primarily due to an increase in the number of R&D projects, resulting in a corresponding increase in depreciation and amortization.

*Comparison between 2024 and 2023:* Our research and development expenses increased by 24.7% from RMB123.4 million in 2023 to RMB153.8 million in 2024, primarily due to (i) an increase in employee costs resulting from increased R&D headcount, and (ii) an increase in investment in R&D equipment resulted in a corresponding increase in depreciation and amortization.

**Other Income**

Our other income consists of government grants and subsidies related to technological upgrade and investments, interest income on term deposits with initial terms over three months and VAT additional deductions. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our other income amounted to RMB18.2 million, RMB32.0 million, RMB18.3 million, RMB5.6 million and RMB15.1 million, representing 1.5%, 1.6%, 0.6%, 1.0% and 1.6%, respectively, of our total revenue.

The following table sets forth a breakdown of our other income, both in absolute amounts and as a percentage of our total other income for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* |
| | | | | | | | *(Unaudited)* | | | |
| Government grants and subsidies | 18,183 | 100.0 | 31,951 | 99.8 | 5,631 | 30.7 | 5,306 | 94.6 | 6,650 | 43.9 |
| Interest income on term deposits with initial terms over three months | — | — | 55 | 0.2 | 928 | 5.1 | 304 | 5.4 | — | — |
| VAT additional deduction | — | — | — | — | 11,756 | 64.2 | — | — | 8,487 | 56.1 |
| **Total** | **18,183** | **100.0** | **32,006** | **100.0** | **18,315** | **100.0** | **5,610** | **100.0** | **15,137** | **100.0** |

*Comparison between three months ended March 31, 2026 and 2025:* Our other income increased by 169.8% from RMB5.6 million in the three months ended March 31, 2025 to RMB15.1 million in the three months ended March 31, 2026, primarily due to an increase in VAT additional deduction and government grants.

*Comparison between 2025 and 2024:* Our other income decreased by 42.8% from RMB32.0 million in 2024 to RMB18.3 million in 2025, primarily due to a decrease in government grants related to investments.

*Comparison between 2024 and 2023:* Our other income increased by 76.0% from RMB18.2 million in 2023 to RMB32.0 million in 2024, primarily due to an increase in government grants and subsidies related to technological upgrade and investments.

Government grants and subsidies we received during the Track Record Period mainly represent subsidies granted by local governments in the Chinese Mainland. These mainly include support measures for investment, capacity expansion and technological upgrade, in line with relevant supportive policies. Our government grants are typically non-recurring in nature, with no unfulfilled conditions or contingencies attached to them, and the amount of such grants was subject to the discretion of the relevant government authorities.

### Other Gains/(Losses), Net

Our other gains or losses primarily consist of net foreign exchange gains or losses, net gains on disposal of underutilized equipment. During the Track Record Period, we recorded other net gains of RMB30.4 million, RMB29.3 million and RMB21.9 million in 2023, 2024 and 2025, respectively, and other net losses of RMB3.7 million and RMB13.0 million in the three months ended March 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our other gains or losses, both in absolute amounts and as a percentage of our total other gains or losses for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* *(Unaudited)* | *(%)* | *RMB'000* | *(%)* |
| Net foreign exchange gains/ (losses) | 29,396 | 96.8 | 28,224 | 96.5 | 20,996 | 95.9 | (3,796) | 102.7 | (12,984) | 100.1 |
| Net gains on disposal of property, plant and equipment | 318 | 1.0 | 759 | 2.6 | 1,299 | 5.9 | 5 | (0.1) | — | — |
| Others | 669 | 2.2 | 276 | 0.9 | (400) | (1.8) | 93 | (2.6) | 13 | (0.1) |
| **Total** | **30,383** | **100.0** | **29,259** | **100.0** | **21,895** | **100.0** | **(3,698)** | **100.0** | **(12,971)** | **100.0** |

### Finance Costs

Our finance costs consists of interest expenses on bank borrowings that mainly include fixed asset financing and short-term borrowings, interest expenses on loans from related parties for operations, foreign exchange gains or losses, and interest expenses on lease liabilities. The following table sets forth details of our finance costs, both in absolute amounts and as percentages of our total finance income and finance costs, for the periods indicated:

| | Year ended December 31, | | | | | | Three months ended March 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | | 2025 | | 2026 | |
| | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* | *(%)* | *RMB'000* *(Unaudited)* | *(%)* | *RMB'000* | *(%)* |
| Interest expenses on bank borrowings | 94,681 | 66.1 | 120,692 | 61.2 | 131,668 | 65.0 | 33,338 | 61.6 | 32,612 | 149.9 |
| Interest expenses on loans from related parties | 40,543 | 28.3 | 73,502 | 37.2 | 74,859 | 36.9 | 21,699 | 40.1 | 15,137 | 69.5 |
| Foreign exchange losses/ (gains) | 26,714 | 18.7 | 18,262 | 9.2 | 3,676 | 1.8 | 1,311 | 2.4 | (24,722) | (113.6) |
| Interest expenses on lease liabilities | 13 | 0.0 | 6 | 0.0 | 1 | 0.0 | — | 0.0 | — | 0.0 |
| Less: Interest income on bank deposits | (12,626) | (8.8) | (8,997) | (4.6) | (7,582) | (3.7) | (2,198) | (4.1) | (1,261) | (5.8) |
| Amount capitalised in construction in progress of property | (6,161) | (4.3) | (5,949) | (3.0) | — | — | — | — | — | — |
| **Total** | **143,164** | **100.0** | **197,516** | **100.0** | **202,622** | **100.0** | **54,150** | **100.0** | **21,766** | **100.0** |

Our net finance costs increased by 38.0% from RMB143.2 million in 2023 to RMB197.5 million in 2024 and further increased by 2.6% to RMB202.6 million in 2025, primarily due to an increase in interest expenses on bank borrowings. Our net finance costs decreased from RMB54.2 million in the three months ended March 31, 2025 to RMB21.8 million in the three months ended March 31, 2026, primarily due to foreign exchange gains partially offsetting interest expenses.

**Income Tax (Credit)/Expense**

During the Track Record Period, we recorded income tax credits of RMB86.5 million, RMB121.3 million and RMB22.6 million in 2023, 2024 and 2025, respectively, and an income tax credit of RMB35.2 million and income tax expense of RMB6.3 million in the three months ended March 31, 2025 and 2026, respectively. The following table sets forth a breakdown of our income tax expense/(credit) for the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Current income tax on losses for the period . . . | — | 3,965 | 7,017 | 3,763 | 3,887 |
| Deferred income tax . . . . . | (86,538) | (125,256) | (29,647) | (38,964) | 2,377 |
| **Total** . . . . . . . . . . . . . . . | **(86,538)** | **(121,291)** | **(22,630)** | **(35,201)** | **6,264** |

Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise ("**HNTE**") is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis. The Company was eligible for preferential tax policies applicable to HNTE and was entitled to a preferential corporate income tax rate of 15% in 2025 and the three months ended March 31, 2026. Leading Qinhuangdao was also eligible for preferential tax policies applicable to HNTEs and was entitled to a preferential corporate income tax rate of 15% in 2024, 2025 and the three months ended March 31, 2026. The income tax rates of Leading Interconnect Hong Kong and its Chinese Taiwan branch are 16.5% and 20%, respectively. See Note 11 to the Accountant's Report in Appendix I to this Document for more details.

During the Track Record Period and as of 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.

**(Loss)/profit for the Year/Period**

As a result of the foregoing, our loss for the period decreased by 46.2% from RMB753.1 million in 2023 to RMB405.1 million in 2024 and further decreased by 18.9% to RMB328.7 million in 2025. Our loss for the period turned into a profit of RMB50.1 million for the three months ended March 31, 2026, as compared to a loss of RMB121.6 million for the corresponding period in 2025.

## LIQUIDITY AND CAPITAL RESOURCES

### Overview

Our use of cash was primarily related to our operating activities and capital expenditure. During the Track Record Period, we financed our operations and capital expenditure requirements primarily through a combination of cash generated from our operating activities, bank borrowings, borrowings from related parties and capital injections from our Shareholders. As of March 31, 2026, we had cash and cash equivalents of RMB492.4 million. Our cash and cash equivalents were denominated in USD, RMB, NTD and other currencies. See Note 18 to the Accountant's Report in Appendix I to this Document for more details. Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and [REDACTED] from the [REDACTED]. See "— Selected Balance Sheet Items" for discussions of our working capital.

### Working Capital Sufficiency

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

### Cash Flows Analysis

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

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Net cash generated from operating activities | 570,083 | 144,603 | 194,793 | 82,765 | 120,024 |
| Net cash used in investing activities | (2,661,408) | (1,055,561) | (428,055) | (206,699) | (127,678) |
| Net cash generated from/(used in) financing activities | 2,228,731 | 1,161,029 | (124,801) | 86,055 | 205,094 |
| **Net increase/(decrease) in cash and cash equivalents** | 137,406 | 250,071 | (358,063) | (37,879) | 197,440 |
| Cash and cash equivalents at beginning of the year/period | 269,226 | 408,386 | 660,113 | 660,113 | 298,199 |
| Foreign exchange impact on cash and cash equivalents | 1,754 | 1,656 | (3,851) | (517) | (3,223) |
| **Cash and cash equivalents at end of the year/period** | 408,386 | 660,113 | 298,199 | 621,717 | 492,416 |

*Operating Activities*

In the three months ended March 31, 2026, our net cash generated from operating activities was RMB120.0 million, which primarily reflected our profit before income tax of RMB56.4 million, as adjusted by non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB197.1 million, net finance costs of RMB21.8 million and provisions for impairment of inventories of RMB18.1 million, partially offset by amortization of deferred income of RMB6.3 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and other payables of RMB38.1 million and an increase in contract liabilities of RMB5.7 million, partially offset by an increase in inventories of RMB157.4 million and an increase in trade receivables, other receivables and prepayments of RMB66.1 million.

In 2025, our net cash generated from operating activities was RMB194.8 million, which primarily reflected our loss before income tax of RMB351.3 million, as adjusted by non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB742.2 million, net finance costs of RMB202.6 million and amortization of intangible assets of RMB25.9 million, partially offset by amortization of deferred income of RMB21.0 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade receivables, other receivables and prepayments of RMB222.3 million and an increase in inventories of RMB209.2 million, together with a decrease in trade and other payables of RMB12.4 million.

In 2024, our net cash generated from operating activities amounted to RMB144.6 million, which primarily reflected our loss before income tax of RMB526.4 million, as adjusted by non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB665.6 million, net finance costs of RMB197.5 million and amortization of intangible assets of RMB30.6 million, partially offset by amortization of deferred income of RMB11.2 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and other payables of RMB29.8 million and an increase in contract liabilities of RMB17.6 million, partially offset by an increase in trade receivables, other receivables and prepayments of RMB176.3 million and an increase in inventories of RMB106.6 million.

In 2023, our net cash generated from operating activities amounted to RMB570.1 million, which primarily reflected our loss before income tax of RMB839.6 million, as adjusted by non-cash and non-operating items, primarily including depreciation of property, plant and equipment of RMB543.5 million, net finance costs of RMB143.2 million and amortization of intangible assets of RMB25.6 million, partially offset by amortization of deferred income of RMB3.1 million. The amount was further adjusted by changes in working capital, primarily including an increase in trade and other payables of RMB434.6 million and a decrease in trade receivables, other receivables and prepayments of RMB304.6 million, partially offset by an increase in inventories of RMB68.8 million.

*Investing Activities*

In the three months ended March 31, 2026, our net cash used in investing activities was RMB127.7 million, primarily reflecting payments for property, plant and equipment of RMB128.4 million, partially offset by proceeds from disposal of property, plant and equipment of RMB0.8 million.

In 2025, our net cash used in investing activities amounted to RMB428.1 million, which primarily resulted from payments for property, plant and equipment of RMB516.0 million, placement of term deposits of RMB71.7 million and payments for right-of-use assets of RMB27.5 million, partially offset by receipt from maturity of term deposits of RMB93.9 million, proceeds from disposal of property, plant and equipment of RMB59.0 million and government subsidies received for the purchase of property, plant and equipment of RMB34.6 million.

In 2024, our net cash used in investing activities amounted to RMB1,055.6 million, which primarily resulted from payments for property, plant and equipment of RMB1,118.7 million and placement of term deposits of RMB22.0 million, partially offset by government subsidies received for the purchase of property, plant and equipment of RMB71.8 million and proceeds from disposal of property, plant and equipment of RMB14.7 million.

In 2023, our net cash used in investing activities amounted to RMB2,661.4 million, which primarily resulted from payments for property, plant and equipment of RMB2,672.1 million and payments for intangible assets of RMB7.5 million, partially offset by government subsidies received for the purchase of property, plant and equipment of RMB17.8 million and proceeds from disposal of property, plant and equipment of RMB0.4 million.

***Financing Activities***

In the three months ended March 31, 2026, our net cash generated from financing activities was RMB205.1 million, primarily reflecting proceeds from bank borrowings of RMB503.1 million and proceeds from loans from related parties of RMB347.0 million, partially offset by repayments of loans from related parties of RMB416.1 million, repayments of bank borrowings of RMB172.5 million and interest paid of RMB56.3 million.

In 2025, our net cash used in financing activities amounted to RMB124.8 million, which primarily resulted from repayments of loans from related parties of RMB2,349.2 million, repayments of bank borrowings of RMB1,078.1 million and interest paid of RMB234.4 million, partially offset by proceeds from related parties borrowings of RMB2,291.0 million and proceeds from bank borrowings of RMB1,213.3 million.

In 2024, our net cash generated from financing activities amounted to RMB1,161.0 million, which primarily resulted from proceeds from related parties of RMB1,671.5 million, proceeds from bank borrowings of RMB1,476.7 million, partially offset by repayments of loans from related parties of RMB945.8 million, repayments of bank borrowings of RMB597.5 million, cash paid for acquisition of subsidiaries under common control of RMB299.7 million and interest paid of RMB166.2 million.

In 2023, our net cash generated from financing activities amounted to RMB2,228.7 million, which primarily resulted from capital injection from our shareholders of RMB1,350.3 million, proceeds from bank borrowings of RMB1,140.2 million and proceeds from related parties borrowings of RMB812.9 million, partially offset by repayment of loans from related parties of RMB505.8 million, cash paid for acquisition of subsidiaries under common control of RMB321.7 million, repayments of bank borrowings of RMB135.3 million and interest paid of RMB111.6 million.

## SELECTED BALANCE SHEET ITEMS

### Net Current Liabilities

The following table sets out our net current liabilities as of the dates indicated:

| | As of December 31, | | | As of March 31, | As of May 31, |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* |
| **Current assets** | | | | | |
| Inventories | 221,835 | 323,665 | 515,329 | 654,571 | 716,028 |
| Trade receivables | 348,065 | 579,118 | 798,693 | 883,824 | 1,057,784 |
| Prepayments, other receivables and other assets | 107,660 | 85,280 | 71,563 | 53,384 | 69,202 |
| Term bank deposit with initial terms over three months | — | 22,000 | — | — | — |
| Cash and cash equivalents | 408,386 | 660,113 | 298,199 | 492,416 | 1,320,300 |
| **Total current assets** | **1,085,946** | **1,670,176** | **1,683,784** | **2,084,195** | **3,163,314** |
| **Current liabilities** | | | | | |
| Borrowings | 1,121,823 | 2,590,424 | 2,510,265 | 2,735,705 | 2,916,844 |
| Trade and other payables | 1,421,657 | 1,224,972 | 1,167,010 | 1,167,287 | 1,149,675 |
| Contract liabilities | 7,639 | 25,239 | 23,907 | 29,570 | 100,082 |
| Income tax payable | — | 3,877 | 6,212 | 9,855 | 4,003 |
| Lease liabilities-current | 443 | 350 | 99 | 24 | — |
| **Total current liabilities** | **2,551,562** | **3,844,862** | **3,707,493** | **3,942,441** | **4,170,604** |
| **Net current liabilities** | **(1,465,616)** | **(2,174,686)** | **(2,023,709)** | **(1,858,246)** | **(1,007,290)** |

Our net current liabilities decreased from RMB1,858.2 million as of March 31, 2026 to RMB1,007.3 million as of May 31, 2026, primarily due to the receipt of a capital contribution of RMB904.0 million in May 2026.

Our net current liabilities decreased from RMB2,023.7 million as of December 31, 2025 to RMB1,858.2 million as of March 31, 2026, primarily due to increased cash and cash equivalents and inventory of raw materials.

Our net current liabilities decreased from RMB2,174.7 million as of December 31, 2024 to RMB2,023.7 million as of December 31, 2025, primarily due to a decrease in equipment-related payables.

Our net current liabilities increased from RMB1,465.6 million as of December 31, 2023 to RMB2,174.7 million as of December 31, 2024. Primarily due to an increase in our current liabilities, mainly attributable to higher borrowings from related parties to support the ramp-up of our FCBGA production capacity, partially offset by an increase in our current assets, mainly attributable to increases in cash and cash equivalents, trade receivables and inventories.

*Inventories*

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

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 104,440 | 131,032 | 262,473 | 333,649 |
| Work-in-progress | 82,067 | 121,962 | 180,481 | 241,618 |
| Finished goods | 69,191 | 97,974 | 111,499 | 125,798 |
| Less: provision for impairment of inventories | (33,863) | (27,303) | (39,124) | (46,494) |
| **Total** | **221,835** | **323,665** | **515,329** | **654,571** |

Our inventories increased by 27.0% from RMB515.3 million as of December 31, 2025 to RMB654.6 million as of March 31, 2026, primarily due to (i) an increase in raw materials and work-in-progress in line with our expanded production scale and increased sales volume of IC substrates, and (ii) an increase in strategic stockpiling of raw materials in response to tight market supply conditions.

Our inventories increased by 59.2% from RMB323.7 million as of December 31, 2024 to RMB515.3 million as of December 31, 2025, primarily due to (i) an increase in raw materials and work in progress in line with our increased production scale and sales volume, and (ii) an increase in strategic stockpiling of raw materials in response to tight market supply conditions.

Our inventories increased by 45.9% from RMB221.8 million as of December 31, 2023 to RMB323.7 million as of December 31, 2024, primarily due to an increase in raw materials and work-in-progress in line with our expanded production scale and increased sales volume of IC substrate, as well as higher inventory levels in preparation for growing sales orders.

As our production scale expands, our inventory balance correspondingly increases, resulting in a higher provision for impairment of inventories in accordance with our policy.

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

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Less than six months | 231,518 | 332,839 | 532,083 | 659,722 |
| Over six months but less than one year | 8,105 | 9,319 | 11,947 | 28,858 |
| More than one year | 16,075 | 8,810 | 10,423 | 12,485 |
| **Subtotal** | **255,698** | **350,968** | **554,453** | **701,065** |
| Impairment | (33,863) | (27,303) | (39,124) | (46,494) |
| **Total** | **221,835** | **323,665** | **515,329** | **654,571** |

The following table sets forth the turnover days of our inventories for the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| Inventory turnover days[1] | 49 | 51 | 61 | 73 |

*Note:*

(1) Inventories turnover days were calculated based on the average of the beginning and ending balances of inventories (before impairment) of a given period divided by the cost of sales for that corresponding period and multiplied by the number of days in the relevant period.

Our inventory turnover days remained relatively stable at 49 days and 51 days in 2023 and 2024, respectively. Inventory turnover days increased from 51 days in 2024 to 61 days in 2025, and further increased to 73 days in the three months ended March 31, 2026, primarily due to increased raw material and work-in-progress strategic stockpiling in anticipation of future sales growth.

As of May 31, 2026, RMB456.9 million, or 65.2% of our inventories as of March 31, 2026 had been utilized or sold.

### *Trade Receivables*

Our trade receivables mainly represented receivables from customers for sales of our products. During the Track Record Period, we generally granted credit periods of 60 to 90 days to our customers, and there was no material difference between the credit periods granted to independent third-party customers and related-party customers. The following table sets forth our trade receivables as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 349,113 | 580,857 | 801,096 | 886,483 |
| Less: allowance for credit losses | (1,048) | (1,739) | (2,403) | (2,659) |
| **Total** | **348,065** | **579,118** | **798,693** | **883,824** |

Our trade receivables increased by 66.4% from RMB348.1 million as of December 31, 2023 to RMB579.1 million as of December 31, 2024, further increased by 37.9% to RMB798.7 million as of December 31, 2025, and increased by 10.7% to RMB883.8 million as of March 31, 2026, generally in line with our increased sales volume of IC substrates and revenue growth during the Track Record Period, which was primarily driven by the increasing customer demand for our FCBGA substrates.

The following table sets forth an aging analysis of our trade receivables, based on the invoice date, as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Less than 90 days | 340,573 | 540,742 | 760,726 | 858,355 |
| 91–180 days | 8,331 | 40,115 | 39,619 | 27,851 |
| 181–365 days | 209 | — | 751 | 277 |
| **Total** | **349,113** | **580,857** | **801,096** | **886,483** |

As of December 31, 2023, 2024, 2025 and March 31, 2026, all of our trade receivables were aged within one year based on invoice date.

The following table sets forth our trade receivables turnover days for the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| Trade receivables turnover days[(1)] | 80 | 83 | 89 | 82 |

*Note:*

(1) Trade receivables turnover days were calculated based on the average of opening and closing balances of trade receivables (before impairment) for the relevant period, divided by the revenue for the same period and multiplied by the number of days for the relevant period.

Our trade receivables turnover days were 80, 83, 89 and 82 days in 2023, 2024 and 2025 and three months ended March 31, 2026, respectively.

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

As of May 31, 2026, RMB558.8 million, or 63.0% of our total trade receivables as of March 31, 2026, had been settled. We assess the accounts receivable turnover days for the Track Record Period as reasonable, as we did not experience any material recoverability issues based on our historical collection experience. This is also supported by our effective internal controls, including prudent customer credit assessment prior to order acceptance.

*Prepayments and Other Assets*

The following table sets forth the breakdown of our prepayments, other receivables and other assets as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Prepayments and other assets** | | | | |
| Prepayments to a related party | 2,032 | 2,583 | 451 | 2,755 |
| Prepaid expenses | 20,390 | 11,926 | 17,868 | 16,846 |
| Deductible input value-added tax | 84,392 | 38,136 | 41,593 | 21,632 |
| Prepayments for purchase of property, plant and equipment | 235,151 | 222,842 | 170,815 | 152,550 |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| **Subtotal** | **341,965** | **275,487** | **230,727** | **194,980** |
| **Other receivables** | | | | |
| Due from related parties | — | 17,662 | 10,326 | 9,689 |
| Receivables for equipment | — | 10,984 | — | — |
| Deposits for guarantees | 42 | 3,079 | — | — |
| Others | 805 | 980 | 1,331 | 1,299 |
| | 847 | 32,705 | 11,657 | 10,988 |
| Less: allowance for credit losses | (1) | (70) | (6) | (34) |
| Other receivables, net of allowance for credit losses | 846 | 32,635 | 11,651 | 10,954 |
| **Prepayments, other receivables and other assets** | **342,811** | **308,122** | **242,378** | **205,934** |

Our prepayments, other receivables and other assets decreased by 15.0% from RMB242.4 million as of December 31, 2025 to RMB205.9 million as of March 31, 2026, primarily due to (i) a decrease in deductible input value-added tax, which represents the net balance of input VAT available for offset against output VAT and is affected by the timing and scale of purchases and sales, and (ii) a decrease in prepayments for purchase of property, plant and equipment, as previously prepaid equipment was transferred to construction in progress and equipment under acceptance upon delivery.

Our prepayments, other receivables and other assets decreased from RMB308.1 million as of December 31, 2024 to RMB242.4 million as of December 31, 2025, primarily due to a decrease in prepayments for purchase of property, plant and equipment, as certain equipment previously prepaid but not yet delivered were transferred to construction in progress and equipment under acceptance upon delivery.

Our prepayments, other receivables and other assets decreased from RMB342.8 million as of December 31, 2023 to RMB308.1 million as of December 31, 2024, primarily due to a decrease in deductible input value-added tax, reflecting the expansion of our sales scale.

*Cash and Cash Equivalents*

Our cash and cash equivalents amounted to RMB408.4 million, RMB660.1 million, RMB298.2 million and RMB492.4 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively.

A material portion of our cash and cash equivalents was denominated in U.S. dollars, amounting to RMB146.1 million, RMB194.1 million, RMB169.9 million and RMB187.8 million as of December 31, 2023, 2024 and 2025 and March 31, 2026, representing 35.8%, 29.4%, 57.0% and 38.1% of our total cash and cash equivalents, respectively. Our cash and cash equivalents denominated in RMB amounted to RMB238.0 million, RMB455.6 million, RMB112.9 million and RMB274.8 million, representing 58.3%, 69.0%, 37.9% and 55.8% of our total cash and cash equivalents, respectively. Our cash and cash equivalents denominated in NTD amounted to RMB23.4 million, RMB10.3 million, RMB14.5 million and RMB18.7 million, representing 5.7%, 1.6%, 4.9% and 3.8% of our total cash and cash equivalents, respectively. See Note 18 to the Accountant's Report in Appendix I to this Document for more details.

*Trade and Other Payables*

As of December 31, 2023, 2024 and 2025 and March 31, 2026, our trade and other payables amounted to RMB1,421.7 million, RMB1,225.0 million, RMB1,167.0 million and RMB1,163.8 million, respectively.

The following table sets forth the breakdown of our trade and other payables as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade payable** | | | | |
| Due to third parties | 190,232 | 260,331 | 397,001 | 449,686 |
| Due to related parties | — | 339 | — | 2,388 |
| **Other payable** | | | | |
| Due to related parties | 300,631 | 2,324 | 2,063 | 1,870 |
| Deposits payable | 208,927 | 206,623 | 209,189 | 200,193 |
| Construction payable | 207,964 | 347,505 | 274,090 | 219,187 |
| Engineering equipment payable | 427,351 | 315,383 | 193,972 | 191,397 |
| Salaries, wages and benefits | 56,154 | 60,739 | 61,537 | 64,185 |
| Other taxes payable | 2,336 | 1,068 | 1,200 | 4,231 |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Accrued expense and others | 28,062 | 30,660 | 27,958 | 30,318 |
| **Total** | **1,421,657** | **1,224,972** | **1,167,010** | **1,167,287** |

Our trade and other payables remained largely stable, with a slight increase from RMB1,167.0 million as of December 31, 2025 to RMB1,167.3 million as of March 31, 2026.

Our trade and other payables decreased by 4.7% from RMB1,225.0 million as of December 31, 2024 to RMB1,167.0 million as of December 31 2025, mainly due to a decrease in engineering equipment payable and construction payable, as certain engineering equipment and construction projects payments became due and were settled in 2025. Such decrease was partially offset by increases in trade payable in line with rising customer demand.

Our trade and other payables decreased by 13.8% from RMB1,421.7 million as of December 31, 2023 to RMB1,225.0 million as of December 31, 2024, primarily due to a decrease in amounts due to related parties and a decrease in engineering equipment payables, partially offset by an increase in construction payables for the Shenzhen site. The decrease in amounts due to related parties was primarily attributable to repayment of equity investment payables to Monterey Park in 2023. See "History, Development and Corporate Structure — Our Major Subsidiaries" for details.

The following table sets forth an aging analysis of our trade and other payables as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 799,377 | 864,386 | 1,004,137 | 871,387 |
| One to two years | 622,280 | 99,083 | 6,905 | 272,169 |
| More than two years[(1)] | — | 261,503 | 155,968 | 23,731 |
| **Total** | **1,421,657** | **1,224,972** | **1,167,010** | **1,167,287** |

*Note:*

(1) The decreases were primarily due to a reduction in equipment payables following acceptance.

The following table sets forth our trade payables turnover days during the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, |
|---|---|---|---|---|
| | **2023** | **2024** | **2025** | **2026** |
| Trade payables turnover days[(1)] | 38 | 38 | 44 | 49 |

*Note:*

(1) The trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by our total cost of sales for that period and multiplied by the number of days for the relevant year period.

Our trade payables turnover days were 38 days, 38 days and 44 days in 2023, 2024 and 2025, respectively, and increased to 49 days in the three months ended March 31, 2026, primarily due to increased procurement and raw material stockpiling in line with rising customer demand.

Our Directors confirm that we did not have any material defaults in payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

As of May 31, 2026, RMB371 million, or 82% of total trade payables as of March 31, 2026, were settled.

*Contract Liabilities*

Our contract liabilities mainly arise from advance payments received from customers for sales of products and scrap materials. As of December 31, 2023, 2024 and 2025 and March 31, 2026, our contract liabilities amounted to RMB7.6 million, RMB25.2 million, RMB23.9 million and RMB29.6 million, respectively. The fluctuations in our contract liabilities during the relevant periods were primarily due to changes in the amount of advance payments received from customers.

**Non-current Assets/Liabilities**

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

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | 6,052,542 | 6,260,717 | 5,810,217 | 5,691,565 |
| Right-of-use assets | 87,460 | 201,774 | 220,874 | 218,628 |
| Intangible assets | 55,993 | 32,661 | 9,473 | 7,086 |
| Deferred tax assets | 182,278 | 307,484 | 337,221 | 334,802 |
| Prepayments, other receivables and other assets | 235,151 | 222,842 | 170,815 | 152,550 |
| **Total non-current assets** | **6,613,424** | **7,025,478** | **6,548,600** | **6,404,631** |
| **Non-current liabilities** | | | | |
| Borrowings | 2,760,429 | 2,940,836 | 3,048,129 | 3,064,326 |
| Lease liabilities | 467 | 97 | — | — |
| Deferred income | 19,331 | 79,937 | 93,533 | 87,221 |
| Long-term payables | 556,962 | 383,710 | 225,413 | 183,353 |
| **Total non-current liabilities** | **3,337,189** | **3,404,580** | **3,367,075** | **3,334,900** |

### *Property, Plant and Equipment*

Our property, plant and equipment consist of our buildings, machineries, inspection equipment, facility utility and ancillary equipment, construction in progress and equipment under acceptance, and electronic and office equipment. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Buildings | 1,853,050 | 2,333,681 | 2,290,979 | 2,257,343 |
| Machineries | 1,529,651 | 1,520,283 | 1,779,899 | 1,981,427 |
| Inspection equipment | 630,907 | 489,363 | 409,825 | 503,564 |
| Facility utility and ancillary equipment | 614,354 | 532,530 | 507,798 | 501,360 |
| Construction in progress and equipment under acceptance | 1,384,543 | 1,364,130 | 815,919 | 443,234 |
| Electronic and office equipment | 40,037 | 20,730 | 5,797 | 4,637 |
| **Total** | **6,052,542** | **6,260,717** | **5,810,217** | **5,691,565** |

Our property, plant and equipment decreased by 7.2% from RMB6,260.7 million as of December 31, 2024 to RMB5,810.2 million as of December 31, 2025 and further decreased by 2.0% to RMB5,691.6 million as of March 31, 2026, primarily due to accumulated depreciation, partially offset by additions and transfers from construction in progress and equipment under acceptance.

Our property, plant and equipment increased by 3.4% from RMB6,052.5 million as of December 31, 2023 to RMB6,260.7 million as of December 31, 2024, mainly due to the investment in Shenzhen site.

### *Right-of-Use Assets*

Our right-of-use assets primarily consist of land use rights and lease of buildings. The following table sets forth the breakdown of our right-of-use assets as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Land use rights | 86,566 | 201,342 | 193,372 | 191,541 |
| Lease of buildings | 676 | 368 | 27,502 | 27,087 |
| Lease of vehicles | 218 | 64 | — | — |
| **Total** | **87,460** | **201,774** | **220,874** | **218,628** |

Our right-of-use assets decreased by 1.0% from RMB220.9 million as of December 31, 2025 to RMB218.6 million as of March 31, 2026, primarily due to depreciation.

Our right-of-use assets increased by 9.5% from RMB201.8 million as of December 31, 2024 to RMB220.9 million as of December 31, 2025, primarily due to an increase in leased buildings as we leased a plant in 2025.

Our right-of-use assets increased by 130.7% from RMB87.5 million as of December 31, 2023 to RMB201.8 million as of December 31, 2024, primarily due to the acquisition of land use right for the Shenzhen site in 2024.

***Intangible Assets***

Our intangible assets, which primarily consist of software, decreased by 41.7% from RMB56.0 million as of December 31, 2023 to RMB32.7 million as of December 31, 2024, further decreased by 71.0% to RMB9.5 million as of December 31, 2025 and decreased by 25.2% to RMB7.1 million as of March 31, 2026, primarily due to the amortization of software.

***Deferred Tax Assets***

Our deferred tax assets, primarily arising from deductible temporary differences and tax losses, increased from RMB182.3 million to RMB307.5 million and RMB337.2 million as of December 31, 2023, 2024 and 2025, respectively, and slightly decreased to RMB334.8 million as of March 31, 2026, primarily reflecting changes in deductible temporary differences and tax losses.

## INDEBTEDNESS

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

| | As of December 31, | | | As of March 31, | As of May 31, |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* |
| **Current** | | | | | |
| Borrowings | 1,121,823 | 2,590,424 | 2,510,265 | 2,735,705 | 2,916,844 |
| Lease liabilities | 443 | 350 | 99 | 24 | — |
| Subtotal | 1,122,266 | 2,590,774 | 2,510,364 | 2,735,729 | 2,916,844 |
| **Non-current** | | | | | |
| Borrowings | 2,760,429 | 2,940,836 | 3,048,129 | 3,064,326 | 2,995,611 |
| Lease liabilities | 467 | 97 | — | — | — |
| Subtotal | 2,760,896 | 2,940,933 | 3,048,129 | 3,064,326 | 2,995,611 |
| **Total** | **3,883,162** | **5,531,707** | **5,558,493** | **5,800,055** | **5,912,455** |

### Borrowings

As of May 31, 2026, our total facilities for bank borrowings amounted to RMB8,502 million, of which RMB3,269 million were unutilized.

Our borrowings, including current and non-current portions, increased from RMB3,882.3 million as of December 31, 2023 to RMB5,531.3 million as of December 31, 2024 and RMB5,558.4 million as of December 31, 2025, RMB5,800.0 million as of March 31, 2026, and further to RMB5,912.5 million as of May 31, 2026, primarily due to additional bank borrowings obtained for the purchase of equipment and the construction of new facilities for our production operations.

Our borrowings were unsecured and mainly consisted of bank loans, fixed asset financing and short-term working capital borrowings, together with shareholder and other related-party loans used for working capital purposes. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

### Lease Liabilities

Our lease liabilities, including current and non-current portions, decreased from RMB0.9 million as of December 31, 2023 to RMB0.4 million as of December 31, 2024 and RMB0.1 million as of December 31, 2025, and further to RMB24,005 as of March 31, 2026, and further to nil as of May 31, 2026, primarily due to the gradual expiration of long-term lease contracts.

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of May 31, 2026. Our Directors confirm that, except for our repayment of loans from related parties in the aggregate amount of RMB1,407.8 million on June 12, 2026, there has been no material change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date. See "Relationship with Our Controlling Shareholders — Financial Independence" for more details.

## CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025 and March 31, 2026, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material legal proceedings or reached any settlement in respect of any potential material legal dispute.

## CAPITAL EXPENDITURE

We incurred capital expenditures of RMB2,679.5 million, RMB1,120.2 million, RMB544.7 million, RMB150.7 million and RMB128.4 million in 2023, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, mainly in connection with purchases of items of property, plant and equipment and intangible assets. The decrease in capital expenditures primarily reflected that 2023 and 2024 represented the peak period of plant construction and equipment installation for our production capacity expansion.

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

| | Year ended December 31, | | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| Payments for property, plant and equipment | 2,672,068 | 1,118,674 | 516,036 | 150,673 | 128,431 |
| Payments for right-of-use assets | — | 99 | 27,523 | — | — |
| Payments for intangible assets | 7,477 | 1,392 | 1,164 | — | — |
| **Total** | **2,679,545** | **1,120,165** | **544,723** | **150,673** | **128,431** |

We expect to fund our future capital expenditures with our operating cash flows as well as with our own funds or other funds raised. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

## CAPITAL COMMITMENTS

We had the following capital commitments as of the dates indicated:

| | As of December 31, | | | As of March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Commitments for acquisition of property, plant and equipment | 3,336,203 | 2,469,144 | 1,773,453 | 1,579,912 |

## PROPERTY VALUATION

C&W, an independent valuer, has valued our selected property interest as of April 30, 2026. Details of such valuation are set out in Appendix III to this Document.

The table below sets out the reconciliation between the net book value of our selected property interest as of March 31, 2026 as reflected in our consolidated financial statements included in the Accountant's Report in Appendix I to this document and the market value of such selected property interest as of April 30, 2026 as disclosed in the property valuation report as set forth in Appendix III to this document:

| | *RMB'000* |
|---|---|
| Net book value of our selected property interest as of March 31, 2026 | 27,064 |
| Less: Depreciation during the period from April 1, 2026 to April 30, 2026 | (114) |
| Net book value of our selected property interest as of April 30, 2026 | 26,950 |
| Net valuation surplus | 287,050 |
| Valuation of our selected property interest as of April 30, 2026 as set out in the property valuation report in Appendix III to this document | 314,000 |

## OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

## RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time. See Note 33 to the Accountant's Report in Appendix I to this Document for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm's length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance.

## DIVIDENDS

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

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be determined by the Board and subject to our Articles of Association, applicable PRC Company Law, approval by our Shareholders and will depend on a number of factors, including our results of operations, financial conditions, cash requirements and availability, and other factors as the Board may deem relevant at such time. As confirmed by our PRC Legal Advisor, any future after-tax profits that we make will have to be applied to make up for our historically accumulated losses in accordance with the PRC laws, after which we will be obliged to allocate 10% of our after-tax profits to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient after-tax profits to our statutory common reserve fund as described above.

## [REDACTED]

[REDACTED] represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED]. We estimate that our [REDACTED] will be HK$[REDACTED], representing [REDACTED] of the [REDACTED] from the [REDACTED]) (being the mid-point of the [REDACTED] of HK$[REDACTED] to HK$[REDACTED] per [REDACTED]), assuming no [REDACTED] are [REDACTED] pursuant to the [REDACTED]. The [REDACTED] consist of (1) [REDACTED], of approximately HK$[REDACTED]; and (2) [REDACTED] expenses of approximately HK$[REDACTED], comprising (i) fees and expenses of the Sole Sponsor, legal advisors and reporting accountant of approximately HK$[REDACTED], and (ii) other fees and expenses of approximately HK$[REDACTED]. Among the total [REDACTED], approximately HK$[REDACTED] is expected to be charged to our consolidated statements of comprehensive income, and approximately HK$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We incurred HK$[REDACTED] of [REDACTED] during the Track Record Period and the remaining HK$[REDACTED] of [REDACTED] shall be incurred after the Track Record Period. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

| | Year ended December 31, | | | Three months ended March 31, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| Revenue growth(1) | N/A | 73.8% | 37.6% | 70.9% |
| Net profit/(loss) margin | (63.7)% | (19.7)% | (11.6)% | 5.4% |
| EBITDA margin (non-IFRS measure)(2) | (10.5)% | 18.1% | 22.2% | 30.3% |
| Adjusted EBITDA margin (non-IFRS measure)(3) | (10.0)% | 18.5% | 22.6% | 30.9% |

*Notes:*

(1) The revenue growth for the three months ended March 31, 2026 was calculated by comparing revenue for the three months ended March 31, 2025 and 2026.

(2) Calculated by dividing EBITDA (non-IFRS measure) by revenue for the period multiplied by 100%. See "— Summary of our Consolidated Statements of Profit or Loss — Non-IFRS Measures."

(3) Calculated by dividing adjusted EBITDA (non-IFRS measure) by revenue for the period multiplied by 100%. See "— Summary of our Consolidated Statements of Profit or Loss — Non-IFRS Measures."

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

### Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency other than our functional currency. We primarily conduct our operations in the Chinese Mainland, with the majority of our transactions settled in RMB. We also sell to customers in various overseas countries and are exposed to foreign exchange risk, primarily in USD. See Note 3 to the Accountant's Report in Appendix I to this Document for more details.

### Cash flow and fair value interest rate risk

Our exposure to changes in interest rates is primarily attributable to our bank borrowings and loans from related parties. Borrowings at variable rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. See Note 3 to the Accountant's Report in Appendix I to this Document for more details.

### Credit Risk

We are exposed to credit risk primarily in relation to our trade receivables, other receivables, term bank deposits with initial terms of over three months, and cash and cash equivalents. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in respect of these financial assets. See Note 3 to the Accountant's Report in Appendix I to this Document for more details.

### Liquidity Risk

We aim to maintain sufficient cash and cash equivalents and to have access to adequate financing to meet our daily operational needs. See Note 3 to the Accountant's Report in Appendix I to this Document for more details.

[REDACTED]

## NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this Document there had been no material adverse change in our financial, operational or prospects since March 31, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report set out in Appendix I to this Document.

## DISCLOSURE REQUIRED UNDER LISTING RULES

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