
FINANCIAL INFORMATION

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

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance, which involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in “Risk Factors” and elsewhere in this Document. For further details, see “Forward-looking Statements.”

OVERVIEW

We are a proven enterprise IT consulting and digital solution service provider in China. We serve large and top-tier enterprises with a full range of digitalization and intelligentization solutions. Leveraging AI-powered applications, proprietary software products, and ERP implementation services, we help enterprises achieve digitalization and intelligentization, improve operating efficiency, and build their core competence.

We primarily generate revenue from provision of industry digitalization solutions, finance digitalization solutions, and ERP consulting and implementation services. In addition, we generate revenue from ITO services. Our revenue and profitability fluctuated during the Track Record Period. Our revenue increased by 8.7% to RMB3.24 billion in 2024, and further increased by 5.6% to RMB3.42 billion in 2025. From the four months ended April 30, 2025 to the same period in 2026, our revenue increased by 8.0% from RMB989.7 million to RMB1.07 billion. Although we recorded a loss of RMB14.9 million in 2023, we regained profitability in an amount of RMB196.4 million in 2024. Our profit further increased by 19.2% from RMB196.4 million in 2024 to RMB234.1 million in 2025. Our profit increased by 6.7% from RMB43.4 million for the four months ended April 30, 2025 to RMB46.3 million for the same period in 2026.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which are outside of our control, including those discussed below.

Our Ability to Retain and Attract Clients

Our business success depends on our ability to retain key clients and acquire new ones, both of which have a direct impact on our revenue scale and overall operating performance. Our ability to maintain and further expand our large and loyal client base depends on various factors, such as our ability to offer more solutions that address the needs of our existing and prospective clients at competitive prices, the strengths of our technologies, and the effectiveness of our sales and marketing efforts.

Building on our strong industry reputation and long-standing relationships with key clients, we have developed a high level of client loyalty across our business. To date, we have served over 7,000 enterprise clients, including over 300 China Fortune 500 companies and over 100 Global Fortune 500 companies. From ERP implementation to subsequent system upgrades, digital transformation, and intelligent applications, our strong service capabilities and consistent delivery quality have resulted in strong client stickiness. In 2023, 2024, and 2025, our client retention rate was

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approximately 80%. In addition, for new client acquisition, we leverage a combination of regular outreach by regional sales teams, participation in industry forums and exhibitions, annual user conferences, co-branded events with ecosystem partners, and digital marketing campaigns, which broaden our reach to new clients in key industries and regions.

Looking ahead, we expect to further strengthen our client retention and acquisition capabilities by continuing to enhance the quality and breadth of our product and service offerings, deepening engagement with existing clients, and expanding our outreach channels. We believe that these efforts will support sustained client loyalty, broaden our client base, and ultimately contribute to the continued growth of our revenue.

Our Ability to Control Costs and Improve Operating Efficiency

Our ability in cost management is pivotal to improving our gross profitability. As cost of sales for our business mainly consists of staff costs associated with delivery of our services, we have been and will continue to innovate and develop faster and lower-cost delivery models to reduce our cost of sales. By increasing centralized delivery efforts, we aim to improve delivery efficiency, reduce labor intensity, and lower travel and related costs, thereby providing greater flexibility to mitigate cost pressure as our business expands.

Our ability to manage and control our operating expenses is critical to the profitability of our business. We plan to enhance our technology and development toolchain to improve research and development efficiency. We are strengthening our use of development tools and platforms, including simplified configuration and other productivity-enhancing technologies, to streamline our research and development processes, shorten product development and iteration cycles, and improve resource utilization. We have further enhanced our research and development capabilities by developing an AI coding model, H-AI Coder, trained on our source code. These initiatives are expected to enhance research and development efficiency and improve productivity in a expandable and sustainable manner. By strengthening cost control in delivery and leveraging AI-enabled tools to enhance efficiency in research and development, we aim to improve our overall cost competitiveness and support the long-term profitability of our business.

Our Investment in Iteration of Solutions

As we continue to expand our business globally, investment in research and development for the expansion and upgrade of our product and service offerings are critical to our business, operations, and growth prospects. We have made, and will continue to make, significant investments in technology innovation and AI application capabilities to further strengthen our market position. In particular, we have developed a comprehensive enterprise AI application framework that integrates AI across our solutions, and our future research and development efforts will increasingly focus on deepening our AI technologies to support iteration of our products and services. While we continue to improve research and development capabilities, the strategic importance and technology intensity of AI development imply that our overall research and development investment will remain substantial. We recorded research and development expenses of RMB231.7 million, RMB248.0 million, RMB244.0 million, RMB95.1 million, and RMB81.0 million in 2023, 2024, and 2025 and for the four months ended April 30, 2025 and 2026, respectively, accounting for 7.8%, 7.7%, 7.1%, 9.6%, and 7.6% of our total revenue in the same periods, respectively. Going forward, we expect to continue to invest in research and development and believe that research and development will continue to be a key driver for our sustained growth.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared based on the material accounting policies set forth in Note 4 in Appendix I to this Document, which conform with all applicable IFRSs. In addition, our consolidated financial information complies with applicable disclosure requirements of the Companies Ordinance and the Listing Rules.

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The IASB has issued several new and revised IFRSs. For the purpose of preparing our consolidated financial information, we have adopted the accounting policies that are effective during the Track Record Period, consistently throughout the Track Record Period.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS, AND ESTIMATES

For a discussion of our material accounting policies, judgments, and estimates, see Notes 4 and 5 to the Accountants’ Report in Appendix I to this Document.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statement of profit or loss in absolute amount and as a percentage of our revenue for the periods indicated. This information should be read together with our consolidated financial statements and related notes included in Appendix I to this Document. The results of operations in any period are not necessarily indicative of our future trends.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>									
	<i>(Unaudited)</i>									
Revenue	2,979,699	100.0	3,235,151	100.0	3,415,370	100.0	989,734	100.0	1,069,320	100.0
Cost of sales	(2,207,163)	(74.1)	(2,176,541)	(67.3)	(2,227,269)	(65.2)	(658,973)	(66.6)	(709,943)	(66.4)
Gross profit	772,536	25.9	1,058,610	32.7	1,188,101	34.8	330,761	33.4	359,377	33.6
Other income	48,919	1.6	30,425	0.9	35,093	1.0	6,420	0.6	14,009	1.3
Other gains and losses, net	53,422	1.8	15,323	0.5	(7,106)	(0.2)	26,383	2.7	(14,185)	(1.3)
Impairment losses	(73,340)	(2.4)	(52,474)	(1.6)	(74,882)	(2.2)	(27,400)	(2.7)	(27,176)	(2.6)
Selling expenses	(290,318)	(9.7)	(234,284)	(7.2)	(255,732)	(7.5)	(73,972)	(7.5)	(79,453)	(7.4)
Administrative expenses	(312,306)	(10.5)	(388,224)	(12.0)	(432,144)	(12.7)	(137,391)	(13.9)	(123,158)	(11.5)
Research and development expenses	(231,690)	(7.8)	(247,950)	(7.7)	(243,978)	(7.1)	(95,099)	(9.6)	(80,963)	(7.6)
Operating (loss)/profit	(32,777)	(1.1)	181,426	5.6	209,352	6.1	29,702	3.0	48,451	4.5
Finance income	38,367	1.3	40,463	1.2	37,660	1.1	11,564	1.2	6,288	0.6
Finance costs	(29,187)	(1.0)	(14,342)	(0.4)	(12,744)	(0.4)	(3,168)	(0.3)	(3,885)	(0.4)
Finance income, net	9,180	0.3	26,121	0.8	24,916	0.7	8,396	0.9	2,403	0.2
Share of results of associates	(30,493)	(1.0)	(19,871)	(0.6)	(7,718)	(0.2)	(3,795)	(0.4)	(4,054)	(0.4)
(Loss)/Profit before tax	(54,090)	(1.8)	187,676	5.8	226,550	6.6	34,303	3.5	46,800	4.3
Income tax credit/(expense)	39,198	1.3	8,751	0.3	7,577	0.3	9,129	0.9	(475)	(0.0)
(Loss)/Profit for the year/period	(14,892)	(0.5)	196,427	6.1	234,127	6.9	43,432	4.4	46,325	4.3
Attributable to:										
Owners of the Company	(16,041)	(0.5)	188,392	5.9	217,862	6.4	40,671	4.1	46,639	4.3
Non-controlling interests	1,149	0.0	8,035	0.2	16,265	0.5	2,761	0.3	(314)	(0.0)
(Loss)/Profit for the year/period	(14,892)	(0.5)	196,427	6.1	234,127	6.9	43,432	4.4	46,325	4.3

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We primarily generate revenue from industry digitalization solutions, finance digitalization solutions, and ERP consulting and implementation services. In addition, we generate revenue from ITO services.

The following table sets forth a breakdown of our revenue by business line both in absolute amount and as a percentage of our revenue for the periods indicated.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Industry Digitalization Solutions	844,297	28.3	1,023,872	31.6	1,206,010	35.3	316,154	31.9	382,243	35.8
Finance Digitalization Solutions	682,539	22.9	749,890	23.2	799,637	23.4	235,527	23.8	250,247	23.4
ERP Consulting and Implementation Services	1,066,395	35.8	1,067,017	33.0	1,015,303	29.7	321,266	32.5	318,954	29.8
ITO Services	372,064	12.5	380,036	11.7	382,872	11.2	114,111	11.5	115,307	10.8
Others ⁽¹⁾	14,404	0.5	14,336	0.5	11,548	0.4	2,676	0.3	2,569	0.2
Total	2,979,699	100.0	3,235,151	100.0	3,415,370	100.0	989,734	100.0	1,069,320	100.0

Note:

- (1) Represents interest income from our factoring arrangements, which were charged based on the amount and duration of funds advanced, office rental income, and other miscellaneous income.

During the Track Record Period, contribution from our industry digitalization solutions and finance digitalization solutions to our overall revenue grew consistently. In aggregate, revenue from these two business lines increased from RMB1.53 billion in 2023 to RMB1.77 billion in 2024, and further to RMB2.01 billion in 2025, representing 51.2%, 54.8%, and 58.7% of our total revenue, respectively. The aggregate revenue from our industry digitalization and finance digitalization solutions increased from RMB551.7 million for the four months ended April 30, 2025 to RMB632.5 million for the same period in 2026, representing 55.7% and 59.2% of our total revenue for the applicable periods, respectively. The number of projects delivered under these two business lines increased from 3,594 in 2023 to 3,974 in 2024, and further to 4,975 in 2025, representing 50.4%, 51.5%, and 58.8% of our total projects delivered in each year, respectively. The aggregate number of projects delivered under our industry digitalization and finance digitalization solutions increased from 2,206 for the four months ended April 30, 2025 to 2,690 for the same period in 2026, representing 54.0% and 57.6% of our total projects delivered in each applicable period, respectively. Our revenue continued to grow during the Track Record Period, primarily driven by the business growth of our industry digitalization and finance digitalization solutions. The growth was supported by the continued expansion of the enterprise IT consulting and digitalization solution markets globally and in China, as well as our enhanced AI capabilities in industry digitalization and finance digitalization solutions, including the development and application of AI agents, which further improved the market recognition of our solutions. During the Track Record Period, our revenue generated from AI-related services increased significantly from RMB22.1 million in 2023 to RMB78.1 million in 2024, and further to RMB310.2 million in 2025, representing 0.8%, 2.3%, and 8.8% of our revenue in each year, respectively. Our revenue generated from AI-related services increased from RMB55.2 million for the four months ended April 30, 2025 to RMB120.5 million for the same period in 2026, representing 5.6% and 11.3% of our revenue in each period, respectively.

During the Track Record Period, we generated revenue primarily from China. We also generated revenue from overseas countries and regions. Our revenue from China accounted for 86.7%, 87.4%, 84.5%, 81.4%, and 85.0% of our revenue in 2023, 2024, and 2025 and for the four months ended April 30, 2025 and 2026, respectively.

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The following table sets forth a breakdown of our revenue by geographical location both in absolute amount and as a percentage of our revenue for the periods indicated.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>									
	<i>(Unaudited)</i>									
China	2,584,094	86.7	2,828,058	87.4	2,887,423	84.5	805,457	81.4	908,680	85.0
Overseas countries/regions	395,605	13.3	407,093	12.6	527,947	15.5	184,277	18.6	160,640	15.0
Total	2,979,699	100.0	3,235,151	100.0	3,415,370	100.0	989,734	100.0	1,069,320	100.0

Cost of Sales

Our cost of sales primarily consists of staff costs, travel expenses, and outsourcing fees.

The following table sets forth a breakdown of our cost of sales both in absolute amount and as a percentage of total cost of sales for the periods indicated.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>									
	<i>(Unaudited)</i>									
Staff costs	1,532,918	69.5	1,506,846	69.2	1,450,267	65.1	451,186	68.5	483,045	68.0
Outsourcing fees ⁽¹⁾	290,931	13.2	388,673	17.9	519,696	23.3	119,005	18.1	140,441	19.8
Travel expenses ⁽²⁾	350,413	15.9	266,230	12.2	215,360	9.7	75,952	11.5	74,638	10.5
Tax surcharge	18,427	0.8	20,047	0.9	21,518	1.0	5,691	0.9	5,822	0.8
Inventory impairment loss ⁽³⁾	7,478	0.3	(13,521)	(0.6)	8,498	0.4	(327)	0.0	5,485	0.8
Others	6,996	0.3	8,266	0.4	11,930	0.5	7,466	1.0	512	0.1
Total	2,207,163	100.0	2,176,541	100.0	2,227,269	100.0	658,973	100.0	709,943	100.0

Notes:

- (1) Outsourcing fees primarily represented fees paid to third-party information technology service providers for auxiliary staffing and module-level implementation support. We adopted such outsourcing arrangements to flexibly respond to project needs and optimize our staff utilization rate. Fees were generally charged based on agreed man-day rates and confirmed service days, with reference to project complexity, implementation schedule, required personnel scale, and qualifications, and were paid by stages upon acceptance. The pricing and other key commercial terms were based on market and industry practice. Our contracts with third-party information technology service providers generally set forth project-specific commercial terms based on the needs of different projects, including service scope, staffing requirements, fee calculation and payment arrangements, work confirmation procedures, and acceptance standards.
- (2) Travel expenses primarily represented long-distance travel, local transportation, accommodation, and meal expenses incurred by project personnel for on-site work at clients' locations in China and overseas. During the solution planning and customized development and system implementation stages of our industry digitalization, finance digitalization, and ERP consulting and implementation services, our project personnel are generally required to work on site, which typically lasts from three months to one year. Travel expenses are generally covered in our client contracts, either as reimbursable expenses based on actual travel arrangements and agreed standards, or as part of the overall contract price. Such travel expenses are ordinary and necessary costs incurred in the course of service delivery and are settled on normal commercial terms with reference to market practice.
- (3) Our inventories mainly comprise project-based contract fulfillment costs assessed individually at each period end during the Track Record Period. Where estimated revenue is lower than incurred costs for a project, the shortfall is recognized as inventory impairment loss. As such losses arise on a project-by-project basis and are inherently uncertain, the amount may fluctuate across periods.

Our cost of sales increased from RMB2.18 billion in 2024 to RMB2.23 billion in 2025, primarily due to the increase in outsourcing fees resulting from an increase in outsourced non-core work in light of our business growth. Our cost of sales increased from RMB659.0 million for the four months ended April 30, 2025 to RMB709.9 million for the same period in 2026, in line with our business and revenue growth.

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Gross Profit and Gross Profit Margin

In 2023, 2024, and 2025 and for the four months ended April 30, 2025 and 2026, our gross profit was RMB772.5 million, RMB1.06 billion, RMB1.19 billion, RMB330.8 million, and RMB359.4 million, respectively. Our gross profit margin was 25.9%, 32.7%, 34.8%, 33.4%, and 33.6%, respectively, for the same periods.

The following table sets forth a breakdown of our gross profit and gross profit margins by business line for the periods indicated.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Industry Digitalization Solutions	281,803	33.4	415,645	40.6	517,672	42.9	130,740	41.4	161,132	42.2
Finance Digitalization Solutions	178,284	26.1	244,138	32.6	283,757	35.5	80,560	34.2	89,075	35.6
ERP Consulting and Implementation Services	292,534	27.4	349,772	32.8	353,666	34.8	107,535	33.5	103,169	32.3
ITO Services	44,042	11.8	53,709	14.1	61,391	16.0	16,949	14.9	16,914	14.7
Others	1,778	12.3	1,872	13.1	1,631	14.1	342	12.8	394	15.3
Subtotal	798,441	26.8	1,065,136	32.9	1,218,117	35.7	336,126	34.0	370,684	34.7
Inventory impairment loss and tax surcharge	(25,905)		(6,526)		30,016		(5,365)		(11,307)	
Total	772,536	25.9	1,058,610	32.7	1,188,101	34.8	330,761	33.4	359,377	33.6

During the Track Record Period, our gross profit and gross profit margin increased steadily, primarily driven by the expansion of our industry digitalization solutions, which generally have a higher gross margin. In addition, our staff utilization rate, calculated as the working days spent by our delivery staff on revenue-generating projects divided by their total available working days, increased from 68.0% in 2023 to 75.0% in 2024, and further to 77.2% in 2025. Our staff utilization rate increased from 70.3% for the four months ended April 30, 2025 to 73.6% for the same period in 2026. The improvement means that a higher proportion of our delivery staff’s working days was allocated to revenue-generating projects, which improved our cost efficiency and contributed to the increase in our gross profit margin.

Other Income

Our other income includes government grants and value-added tax (VAT) credit. Our other income was RMB48.9 million, RMB30.4 million, RMB35.1 million, RMB6.4 million, and RMB14.0 million in 2023, 2024, 2025 and for the four months ended April 30, 2025 and 2026, respectively. The fluctuation of other income during the Track Record Period was driven by fluctuations in VAT credits and government grants.

Other Gains and Losses, Net

Other gains and losses (on a net basis) primarily consist of remeasurement gain from an associate to a subsidiary, gain on deemed disposal of shares in associates and exchange gains or losses. We recorded other gains (on a net basis) of RMB53.4 million and RMB15.3 million in 2023 and 2024, respectively. We recorded other losses (on a net basis) of RMB7.1 million in 2025. We recorded other gains (on a net basis) of RMB26.4 million for the four months ended April 30, 2025 and other losses (on a net basis) of RMB14.2 million for the four months ended April 30, 2026.

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The following table sets forth a breakdown of our other gains and losses (on a net basis) for the periods indicated.

	For the Year Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>	
(Loss)/gain on disposal of entire interest in an associate	(775)	—	(6,173)	—	69
Remeasurement gain from an associate to a subsidiary ⁽¹⁾	—	19,495	—	—	—
Dividend income from financial assets at FVTPL and FVTOCI	4,039	1,449	3,224	626	37
Net gains from disposal of financial assets at FVTPL	785	—	1,849	—	966
Gain/(loss) on disposal of property, plant and equipment	141	(163)	41	53	—
Loss on early termination of right-of-use assets	—	(86)	—	—	—
Net gains from changes in fair value of financial assets at FVTPL	26,696	6,143	103	—	3,811
Fair value gain of financial derivative instruments	2,606	—	—	—	—
Gain on deemed disposal of partial interests in associates	9,339	—	—	—	—
Exchange gains/(losses)	10,937	(11,516)	(7,410)	24,404	(19,069)
Others	(346)	1	1,260	1,300	1
	<u>53,422</u>	<u>15,323</u>	<u>(7,106)</u>	<u>26,383</u>	<u>(14,185)</u>

Note:

- (1) Represents the gain arising from the remeasurement to fair value of the previously held equity interest in Shanghai Dingyi upon obtaining control in 2024, when its status changed from an associate to a subsidiary.

Selling Expenses

Our selling expenses primarily consist of (i) employee salaries and benefits, (ii) travel and hospitality expenses, (iii) market promotion expenses, and (iv) office expenses.

The following table sets forth a breakdown of our selling expenses both in absolute amount and as a percentage of our total selling expenses for the periods indicated.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>									
	<i>(Unaudited)</i>									
Employee salaries and benefits	155,023	53.4	140,602	60.0	156,714	61.3	43,381	58.7	45,046	56.7
Travel and hospitality expenses	104,885	36.1	75,054	32.0	72,844	28.5	20,952	28.3	23,906	30.1
Market promotion expenses	13,083	4.5	8,664	3.7	18,307	7.2	7,723	10.4	8,338	10.5
Office expenses	11,469	4.0	6,656	2.9	4,446	1.7	1,486	2.0	1,513	1.9
Others	5,858	2.0	3,308	1.4	3,421	1.3	430	0.6	650	0.8
Total	<u>290,318</u>	<u>100.0</u>	<u>234,284</u>	<u>100.0</u>	<u>255,732</u>	<u>100.0</u>	<u>73,972</u>	<u>100.0</u>	<u>79,453</u>	<u>100.0</u>

Administrative Expenses

Our administrative expenses primarily consist of (i) depreciation and amortization, (ii) employee salaries and benefits, (iii) share-based payment expenses, (iv) office expenses, and (v) travel expenses.

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The following table sets forth a breakdown of our administrative expenses both in absolute amount and as a percentage of our total administrative expenses for the periods indicated.

	For the Year Ended December 31,						For the Four Months Ended April 30,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Depreciation and amortization	129,760	41.5	146,816	37.8	164,094	38.0	52,932	38.6	60,753	49.4
Employee salaries and benefits	87,740	28.1	90,454	23.3	95,443	22.1	29,332	21.3	29,535	24.0
Share-based payment expenses	(303) ⁽¹⁾	(0.1)	77,234	19.9	91,416	21.2	37,420	27.2	12,363	10.0
Office expenses	47,813	15.3	45,412	11.7	48,588	11.2	10,924	8.0	13,060	10.6
Travel expenses	14,042	4.5	12,476	3.2	12,610	2.9	2,621	1.9	2,747	2.2
Others	33,254	10.6	15,832	4.1	19,993	4.6	4,162	3.0	4,700	3.8
Total	312,306	100.0	388,224	100.0	432,144	100.0	137,391	100.0	123,158	100.0

Note:

- (1) The negative share-based payment expenses in 2023 were primarily due to the forfeiture of certain equity awards that failed to meet vesting conditions, resulting in a reversal of previously recognized expenses that exceeded the expenses recognized for other ongoing incentive schemes in the same year.

Research and Development Expenses

Our research and development expenses consist of employee salaries and benefits.

Our research and development expenses generally show an upward trend primarily due to our continued spending on research and development of proprietary products for industry digitalization solutions and finance digitalization solutions from 2023 to 2025. Our research and development expenses decreased slightly from RMB95.1 million for the four months ended April 30, 2025 to RMB81.0 million for the same period in 2026, primarily due to increased research and development efficiency and differences in project schedules, as certain research and development activities were planned for later periods in 2026.

Finance Income

Our finance income comprises interest income. In 2023, 2024, 2025 and for the four months ended April 30, 2025 and 2026, our finance income amounted to RMB38.4 million, RMB40.5 million, RMB37.7 million, RMB11.6 million, and RMB6.3 million, respectively.

Finance Cost

Our finance cost mainly includes interest expenses on borrowings and interest expenses on convertible bonds. In 2023, 2024, 2025 and for the four months ended April 30, 2025 and 2026, our finance cost amounted to RMB29.2 million, RMB14.3 million, RMB12.7 million, RMB3.2 million, and RMB3.9 million, respectively.

Share of Results of Associates

In 2023, 2024, 2025 and for the four months ended April 30, 2025 and 2026, we had losses from share of results of associates of RMB30.5 million, RMB19.9 million, RMB7.7 million, RMB3.8 million, and RMB4.1 million, respectively.

Profit/Loss for the Year/Period

We had net profit of RMB196.4 million and RMB234.1 million in 2024 and 2025, respectively, while we had net loss of RMB14.9 million in 2023. We had net profit of RMB43.4 million for the four months ended April 30, 2025 and RMB46.3 million for the same period in 2026.

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Taxation

Under the PRC Enterprise Income Tax Law and the Implementation Regulations thereof, the statutory enterprise income tax rate applicable to our PRC subsidiaries is 25%.

Our major PRC subsidiaries, namely Hand Enterprise Solutions Co., Ltd., Shanghai Share Software Co., Ltd., Shanghai Hand Rongjing Information Technology Co., Ltd., Shanghai Hand Vyung Information Technology Co., Ltd., Shanghai Deyi Information Technology Co., Ltd., and Shenzhen Qianhai Ying Yu Technology Co., Ltd., have been qualified as High and New Technology Enterprises by government authorities, and are therefore subject to a preferential enterprise income tax rate of 15% from 2023 to 2025. We are currently under evaluation for the renewal of this qualification for the next three-year period.

Several of our PRC subsidiaries, including ZeroWire Technology (Shanghai) Co., Ltd., Shanghai Hand Ou Jun Information Technology Co., Ltd., Yangzhou Damei Investment Management Co., Ltd., Shanghai Hand Zhenling Information Technology Co., Ltd., Shanghai Huiyi Information Technology Co., Ltd., Shanghai Zhenzi Information Technology Co., Ltd., Leading Finance Technology Co., Ltd., Shanghai Hand Zhenchuang Technology Co., Ltd., Shenzhen Qianhai Yingyu Co., Ltd., and Shanghai Deyi Employment Service Co., Ltd., have been qualified as Micro and Small Enterprises by government authorities. Where the annual taxable income does not exceed RMB1,000,000, these subsidiaries are subject to enterprise income tax at a reduced rate of 20% from 2023 to 2027.

One of our PRC subsidiaries, Xi'an Hand Information Technology Co., Ltd., has been qualified as an enterprise included in the Catalogue of Encouraged Industries in Western Regions, and is subject to a preferential enterprise income tax rate of 15% for the period from 2021 to 2030.

Our Hong Kong subsidiaries are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits in 2023, 2024, and 2025 and for the four months ended April 30, 2026. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduced the two-tiered profits tax rates regime. This amendment bill was enacted on March 28, 2018 and gazetted on March 29, 2018. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations is taxed at a rate of 8.25%, while profits exceeding HK\$2,000,000 are taxed at a rate of 16.5%.

Taxation arising from other jurisdictions is calculated at the rates prevailing in their relevant jurisdictions.

During the Track Record Period and as of the Latest Practicable Date, our Directors confirm that we did not have any material dispute or unresolved issues with tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2025 Compared to Four Months Ended April 30, 2026

Revenue

Our revenue increased by 8.0% from RMB989.7 million for the four months ended April 30, 2025 to RMB1.07 billion for the same period in 2026, primarily due to an increase in revenue from industry digitalization solutions and finance digitalization solutions.

Our revenue from industry digitalization solutions increased by 20.9% from RMB316.2 million for the four months ended April 30, 2025 to RMB382.2 million for the same period in 2026, primarily due to an increase of 233 industry digitalization solutions projects.

Our revenue from finance digitalization solutions increased by 6.2% from RMB235.5 million for the four months ended April 30, 2025 to RMB250.2 million for the same period in 2026, primarily due to an increase of 251 finance digitalization solutions projects.

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Our revenue from ERP consulting and implementation services remained stable at RMB321.3 million for the four months ended April 30, 2025 and RMB319.0 million for the same period in 2026.

Our revenue from ITO services remained stable at RMB114.1 million for the four months ended April 30, 2025 and RMB115.3 million for the same period in 2026.

Cost of sales

Our cost of sales increased by 7.7% from RMB659.0 million for the four months ended April 30, 2025 to RMB709.9 million for the same period in 2026, primarily due to the growth of our revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 8.6% from RMB330.8 million for the four months ended April 30, 2025 to RMB359.4 million for the same period in 2026. Our gross profit margin remained stable at 33.4% for the four months ended April 30, 2025 and 33.6% for the same period in 2026.

Other income

Our other income increased significantly from RMB6.4 million for the four months ended April 30, 2025 to RMB14.0 million for the same period in 2026, primarily due to an increase in government grants relating to value-added tax credits and refunds of handling fees for tax withholding, collection, and remittance.

Other gains and losses, net

We recorded other losses (on a net basis) of RMB14.2 million for the four months ended April 30, 2026, as compared with other gains (on a net basis) of RMB26.4 million for the same period in 2025, primarily due to foreign exchange losses arising from the depreciation of the U.S. dollar, Singapore dollar, and Japanese yen.

Impairment losses

Our impairment losses remained stable at RMB27.4 million for the four months ended April 30, 2025 and RMB27.2 million for the same period in 2026.

Selling expenses

Our selling expenses increased by 7.4% from RMB74.0 million for the four months ended April 30, 2025 to RMB79.5 million for the same period in 2026, primarily due to increased spending in travel and hospitality expenses and market promotion expenses, as a result of increased marketing activities to promote our AI capabilities.

Administrative expenses

Our administrative expenses decreased by 10.3% from RMB137.4 million for the four months ended April 30, 2025 to RMB123.2 million for the same period in 2026, primarily due to a decrease in share-based payment expenses as expenses relating to certain share incentive grants had been fully recognized, partially offset by higher amortization of intangible assets as we obtained additional software copyrights through our research and development activities.

Research and development expenses

Our research and development expenses decreased by 14.8% from RMB95.1 million for the four months ended April 30, 2025 to RMB81.0 million for the same period in 2026, primarily due to increased research and development efficiency and differences in project schedules, as certain research and development activities were planned for later periods in 2026.

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Finance income

Our finance income decreased by 45.7% from RMB11.6 million for the four months ended April 30, 2025 to RMB6.3 million for the same period in 2026, primarily due to a decrease in interest income resulting from lower market interest rates, lower returns on Singapore dollar-denominated wealth management products due to the depreciation of the Singapore dollar, and the reclassification of returns on certain wealth management products as investment income in accordance with our accounting policies.

Finance cost

Our finance cost increased by 21.9% from RMB3.2 million for the four months ended April 30, 2025 to RMB3.9 million for the same period in 2026, primarily due to higher interest expenses resulting from an increase in our borrowings.

Share of results of associates

Our losses from share of results of associates remained relatively stable at RMB3.8 million for the four months ended April 30, 2025 and at RMB4.1 million for the same period in 2026.

Income tax credit or expense

We had income tax credit of RMB9.1 million for the four months ended April 30, 2025 and income tax expense of RMB0.5 million for the same period in 2026, primarily due to the deferred tax benefit arising from share-based payment expenses recognized in 2025.

Profit for the period

As a result of the foregoing, our profit for the period increased by 6.7% from RMB43.4 million for the four months ended April 30, 2025 to RMB46.3 million for the same period in 2026.

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

Revenue

Our revenue increased by 5.6% from RMB3.24 billion in 2024 to RMB3.42 billion in 2025, primarily due to an increase in revenue from industry digitalization solutions from RMB1.02 billion in 2024 to RMB1.21 billion in 2025.

Our revenue from industry digitalization solutions increased by 18.6% from RMB1.02 billion in 2024 to RMB1.21 billion in 2025, and our revenue from finance digitalization solutions increased by 6.6% from RMB749.9 million in 2024 to RMB799.6 million in 2025, primarily due to an increase of over 560 industry digitalization solutions projects and an increase of over 430 finance digitalization solution projects in light of market demand.

Our revenue from ERP consulting and implementation services remained relatively stable at RMB1.07 billion in 2024 and RMB1.02 billion in 2025, and our revenue from ITO services remained relatively stable at RMB380.0 million in 2024 and RMB382.9 million in 2025.

Cost of sales

Our cost of sales increased from RMB2.18 billion in 2024 to RMB2.23 billion in 2025, primarily due to the increase in outsourcing fees resulting from an increase in outsourced non-core work in light of our business growth.

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Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 12.3% from RMB1.06 billion in 2024 to RMB1.19 billion in 2025. Our gross profit margin increased from 32.7% in 2024 to 34.8% in 2025, primarily because industry digitalization solutions and finance digitalization solutions accounted for a higher proportion of our revenue mix and carried a high gross profit margin of 42.9% and 35.5%, respectively.

Other income

Our other income increased by 15.5% from RMB30.4 million in 2024 to RMB35.1 million in 2025, primarily due to an increase in government grants in light of our financial performance.

Other gains and losses, net

Other gains and losses changed from net gains of RMB15.3 million in 2024 to net losses of RMB7.1 million in 2025, primarily due to the remeasurement gain from an associate to a subsidiary of RMB19.5 million in 2024 and loss on disposal of entire interest in an associate of RMB6.2 million in 2025.

Impairment losses

Our impairment losses increased by 42.7% from RMB52.5 million in 2024 to RMB74.9 million in 2025, primarily due to an increase in impairment provisions on trade receivables of RMB27.5 million resulting from expected default by certain clients in their payment obligations.

Selling expenses

Our selling expenses increased by 9.1% from RMB234.3 million in 2024 to RMB255.7 million in 2025, primarily due to (i) an increase in employee salaries and benefits of RMB16.1 million resulting from our compensatory incentives to drive industry digitalization solutions and finance digitalization solutions and (ii) an increase in market promotion expenses of RMB9.6 million primarily relating to the user conference held in 2025.

Administrative expenses

Our administrative expenses increased by 11.3% from RMB388.2 million in 2024 to RMB431.1 million in 2025, primarily due to (i) an increase in depreciation and amortization of RMB17.3 million primarily relating to software copyrights and (ii) an increase in share-based payment expenses of RMB14.2 million resulting from an increase in value of vested incentive shares.

Research and development expenses

Our research and development expenses remained relatively stable at RMB248.0 million in 2024 and RMB244.0 million in 2025.

Finance income

Our finance income decreased by 6.9% from RMB40.5 million in 2024 to RMB37.7 million in 2025, primarily due to a decrease in interest income resulting from lower bank deposit rates in 2025.

Finance cost

Our finance cost decreased by 11.2% from RMB14.3 million in 2024 to RMB12.7 million in 2025, primarily due to a decrease in interest expenses on borrowings resulting from lower borrowing interest rates.

Share of results of associates

Our losses from share of results of associates decreased by 61.3% from RMB19.9 million in 2024 to RMB7.7 million in 2025, primarily due to the improvement of operations of our associates.

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Income tax credit

Our income tax credit decreased by 13.6% from RMB8.8 million in 2024 to RMB7.6 million in 2025, primarily due to our improved profitability.

Profit for the period

As a result of the foregoing, our profit for the period increased by 19.2% from RMB196.4 million in 2024 to RMB234.1 million in 2025.

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

Revenue

Our revenue increased by 8.7% from RMB2.98 billion in 2023 to RMB3.24 billion in 2024, primarily due to an increase in revenue from industry digitalization solutions from RMB844.3 million in 2023 to RMB1.02 billion in 2024.

Our revenue from industry digitalization solutions increased by 21.3% from RMB844.3 million in 2023 to RMB1.02 billion in 2024, and our revenue from finance digitalization solutions increased by 9.9% from RMB682.5 million in 2023 to RMB749.9 million in 2024, primarily due to an increase of over 320 industry digitalization solutions projects and an increase of over 50 finance digitalization solution projects in light of market demand.

Our revenue from ERP consulting and implementation services remained stable at RMB1.07 billion in 2023 and 2024.

Our revenue from ITO services remained relatively stable at RMB372.1 million and RMB380.0 million in 2023 and 2024, respectively.

Cost of sales

Our cost of sales remained relatively stable at RMB2.21 billion and RMB2.18 billion in 2023 and 2024, respectively.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 37.0% from RMB772.5 million in 2023 to RMB1.06 billion in 2024. Our gross profit margin increased from 25.9% in 2023 to 32.7% in 2024, primarily because industry digitalization solutions accounted for a higher proportion of our revenue mix and carried a high gross profit margin of 40.6%.

Other income

Our other income decreased by 37.8% from RMB48.9 million in 2023 to RMB30.4 million in 2024, primarily due to a reduced number of projects that receive government grants.

Other gains and losses, net

Our other gains (on a net basis) decreased by 71.3% from RMB53.4 million in 2023 to RMB15.3 million in 2024 primarily due lower exchange gains resulting from the depreciation of the Japanese yen and other currencies and net gains from changes in fair value of financial assets at fair value through profit or loss of RMB26.7 million in 2023.

Impairment losses

Our impairment decreased by 28.4% from RMB73.3 million in 2023 to RMB52.5 million in 2024, primarily due to our strengthened efforts on the collection of trade receivables.

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Selling expenses

Our selling expenses decreased by 19.3% from RMB290.3 million in 2023 to RMB234.3 million in 2024, primarily due to (i) higher spending made in 2023 resulting from a 42.2% increase in sales headcount in anticipation of business growth and normalized spending in 2024, and (ii) a reduction in employee salaries and benefits resulting from a 15.5% decrease in sales headcount to optimize team structure.

Administrative expenses

Our administrative expenses increased by 24.3% from RMB312.3 million in 2023 to RMB388.2 million in 2024, primarily due to (i) an increase in share-based payment expenses and (ii) an increase in amortization of intangible assets arising from amortization charged on a straight-line basis over their estimated useful lives in accordance with applicable accounting standards.

Research and development expenses

Our research and development expenses increased by 7.0% from RMB231.7 million in 2023 to RMB248.0 million in 2024, primarily due to the increased investment in AI application capabilities.

Finance income

Our finance income increased by 5.5% from RMB38.4 million in 2023 to RMB40.5 million in 2024, primarily due to an increase in interest income attributable to our cash management through investments in short-term and highly liquid wealth management products.

Finance cost

Our finance cost decreased by 51.0% from RMB29.2 million in 2023 to RMB14.3 million in 2024, primarily due to a decrease in interest expenses on convertible bonds of RMB10.7 million as a result of the full redemption of our convertible bonds in April 2023.

Share of results of associates

Our losses from share of results of associates decreased by 34.8% from RMB30.5 million in 2023 to RMB19.9 million in 2024, primarily due to the improvement of operations of our associates.

Income tax credit

Our income tax credit decreased by 77.6% from RMB39.2 million in 2023 to RMB8.8 million in 2024, primarily because we turned from loss before tax in 2023 to profit before tax in 2024.

Loss or profit for the year

We recorded loss for the year of RMB14.9 million in 2023, primarily due to expansion of sales and business teams while revenue was below expectation. In 2023, based on our then optimistic expectation of market recovery after the COVID-19 pandemic, we expanded our sales and business teams, with the number of sales personnel increasing by 42.2%. As revenue remained broadly stable as compared with 2022, the expanded team size led to (i) an increase in selling expenses of RMB96.2 million, and (ii) lower staff utilization rate, which in turn resulted in a decrease in gross profit of RMB112.4 million. We resumed profitability with a profit of RMB196.4 million in 2024, primarily due to our efforts to normalize team size and control business expenses. In 2024, we optimized our sales and business staffing structure, with the headcount of our sales and business teams adjusted by 10.8% and 15.5%, respectively, which improved our staff utilization rate from 68.0% in 2023 to 75.0% in 2024 and contributed to a decrease in selling expenses of RMB56.0 million as compared with 2023.

In view of our loss-making result in 2023, we identified impairment indicators for our non-financial assets as of December 31, 2023, mainly including property, plant, and equipment, and intangible assets, and performed impairment assessment accordingly.

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The recoverable amount of the cash-generating unit was determined based on value-in-use calculation. We engaged an independent professional valuer to assist with the calculation based on cash flow projections. The key assumptions included a pre-tax discount rate of 13.77%, annual revenue growth rates ranging from 5.57% to 8.57% during the initial five-year forecast period, and a long-term revenue growth rate of 0% for cash flows beyond the five-year forecast period.

Based on the assessment, no impairment provision was required for our non-financial assets as of December 31, 2023.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
Total current assets	3,465,194	3,607,071	4,093,412	4,184,606
Total non-current assets	2,498,008	2,647,276	2,745,163	2,756,017
Total assets	5,963,202	6,254,347	6,838,575	6,940,623
Total current liabilities	997,571	1,007,947	1,030,224	1,065,967
Total non-current liabilities	112,245	120,504	125,606	122,697
Total liabilities	1,109,816	1,128,451	1,155,830	1,188,664
Net current assets	2,467,623	2,599,124	3,063,188	3,118,639
Capital and reserves:				
Share capital	984,342	984,846	1,022,503	1,023,472
Reserves	3,863,487	4,126,330	4,628,785	4,696,846
Non-controlling interests	5,557	14,720	31,457	31,641
Total equity	4,853,386	5,125,896	5,682,745	5,751,959

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

	As of December 31,			As of	As of
	2023	2024	2025	April 30,	June 30,
	(RMB in thousands)			2026	2026
					(Unaudited)
Current assets:					
Trade and bills receivables	1,202,854	1,396,496	1,501,925	1,631,005	1,743,474
Prepayments, deposits and other receivables	134,643	103,948	87,445	105,115	103,272
Contract assets	272,077	268,245	271,845	312,137	309,092
Inventories	297,209	220,624	223,252	248,444	250,144
Derivative financial instruments	1,511	—	—	—	—
Financial assets at FVTPL	17,005	—	—	743,822	459,899
Time deposits and certificates of deposits	335,791	518,968	282,386	302,719	278,690
Restricted bank deposits	1,512	3,008	5,139	5,853	3,980
Cash and bank balances	1,202,592	1,095,782	1,721,420	835,511	1,117,169
Total current assets	3,465,194	3,607,071	4,093,412	4,184,606	4,265,720

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	As of December 31,			As of	As of
	2023	2024	2025	April 30,	June 30,
	(RMB in thousands)			2026	2026
					(Unaudited)
Current liabilities:					
Trade payables	53,676	60,018	83,792	65,305	56,515
Other payables and accruals	383,529	366,729	349,518	251,621	261,354
Contract liabilities	156,391	176,186	160,768	160,587	152,454
Borrowings	396,000	398,798	426,204	577,412	573,195
Tax payables	1,971	2,592	2,628	3,753	2,107
Lease liabilities	6,004	3,624	7,314	7,289	6,917
Total current liabilities	997,571	1,007,947	1,030,224	1,065,967	1,052,542
Net current assets	2,467,623	2,599,124	3,063,188	3,118,639	3,213,178

We had net current assets positions of RMB2.47 billion, RMB2.60 billion, RMB3.06 billion, RMB3.12 billion, and RMB3.21 billion as of December 31, 2023, 2024, and 2025, April 30, 2026, and June 30, 2026, respectively. Our net current assets positions as of each of these dates were primarily attributable to cash and bank balances, trade and bill receivables, contract assets, and financial assets at FVTPL, partially offset by our borrowings and other payables and accruals.

Our net current assets increased from RMB3.12 billion as of April 30, 2026 to RMB3.21 billion as of June 30, 2026. The increase was mainly due to (i) an increase in cash and bank balances of RMB281.7 million, (ii) an increase in trade and bills receivables of RMB112.5 million, (iii) a decrease in trade payables of RMB8.8 million, (iv) a decrease in contract liabilities of RMB8.1 million, (v) a decrease in borrowings of RMB4.2 million, and (vi) an increase in inventories of RMB1.7 million, partially offset by (y) a decrease in financial assets at FVTPL of RMB283.9 million, and (z) a decrease in time deposits and certificates of deposits of RMB24.0 million.

Our net current assets increased from RMB3.06 billion as of December 31, 2025 to RMB3.12 billion as of April 30, 2026. The increase was mainly due to (i) an increase in financial assets at FVTPL of RMB743.8 million, (ii) an increase in trade and bills receivables of RMB129.1 million, (iii) a decrease in other payables and accruals of RMB97.9 million, (iv) an increase in contract assets of RMB40.3 million, (v) an increase in inventories of RMB25.2 million, and (vi) an increase in time deposits and certificates of deposits of RMB20.3 million, partially offset by (y) a decrease in cash and bank balances of RMB885.9 million, and (z) an increase in borrowings of RMB151.2 million.

Our net current assets increased from RMB2.60 billion as of December 31, 2024 to RMB3.06 billion as of December 31, 2025. The increase was mainly due to (i) an increase in cash and bank balances of RMB625.6 million and (ii) an increase in trade and bills receivables of RMB105.4 million, partially offset by a decrease in time deposits and certificates of deposits of RMB236.6 million.

Our net current assets increased from RMB2.47 billion as of December 31, 2023 to RMB2.60 billion as of December 31, 2024. The increase was mainly due to (i) an increase in trade and bills receivables of RMB193.6 million, and (ii) an increase in time deposits and certificates of deposits of RMB183.2 million, partially offset by (y) a decrease in cash and bank balances of RMB106.8 million, and (z) a decrease in inventories of RMB76.6 million.

Our net assets increased from RMB5.68 billion as of December 31, 2025 to RMB5.75 billion as of April 30, 2026, primarily due to (i) a total comprehensive income for the period of RMB49.4 million, (ii) capital surplus increase of RMB12.4 million relating to share-based payments, and (iii) an increase in share capital and reserves of RMB7.4 million as a result of the exercise of shares and options under share incentive plans.

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Our net assets increased from RMB5.13 billion as of December 31, 2024 to RMB5.68 billion as of December 31, 2025, primarily due to (i) a total comprehensive income for the year of RMB255.2 million, (ii) an increase in share capital and reserves of RMB255.9 million as a result of the exercise of shares and options under share incentive plans, and (iii) capital surplus increase of RMB91.4 million relating to share-based payments, partially offset by dividends paid to our shareholders and non-controlling interests of a subsidiary of RMB51.0 million.

Our net assets increased from RMB4.85 billion as of December 31, 2023 to RMB5.13 billion as of December 31, 2024, primarily due to (i) a total comprehensive income for the year of RMB191.1 million and (ii) capital surplus increase of RMB77.2 million relating to share-based payments, partially offset by (y) dividends paid to our shareholders and non-controlling interests of a subsidiary of RMB23.6 million, and (z) acquisition of interest in a subsidiary of RMB5.0 million.

Cash and Bank Balances

Our cash and bank balances primarily consisted of cash at bank. We had cash and bank balances of RMB1.20 billion, RMB1.10 billion, RMB1.72 billion, and RMB835.5 million as of December 31, 2023, 2024, and 2025 and April 30, 2026, respectively. Our cash and bank balances increased from RMB1.10 billion as of December 31, 2024 to RMB1.72 billion as of December 31, 2025, primarily due to year-end transfers from time deposits. Our cash and bank balances decreased from RMB1.72 billion as of December 31, 2025 to RMB835.5 million as of April 30, 2026, primarily due to purchases of wealth management products that had not matured as of April 30, 2026, which were classified as financial assets at fair value through profit or loss.

Trade and Bills Receivables and Contract Assets

Our trade and bills receivables increased from RMB1.20 billion as of December 31, 2023 to RMB1.40 billion as of December 31, 2024, from RMB1.40 billion as of December 31, 2024 to RMB1.50 billion as of December 31, 2025, and from RMB1.50 billion as of December 31, 2025 to RMB1.63 billion as of April 30, 2026, in line with our business and revenue growth.

Our contract assets are generally the services provided for some on-going contracts where the payment from customers is subject to the final completion of the full contract term and the final payments of revenue contracts, which are due at the end of the quality assurance period. Our contract assets remained relatively stable at RMB272.1 million as of December 31, 2023, RMB268.2 million as of December 31, 2024, and RMB271.8 million as of December 31, 2025. Our contract assets increased from RMB271.8 million as of December 31, 2025 to RMB312.1 million as of April 30, 2026, in line with the expansion of our business operations.

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The following table sets forth the details of our trade and bills receivables and contract assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
Gross Amount				
— Trade Receivables	1,847,587	2,061,035	2,208,534	2,357,591
— Bill Receivables	48,676	52,916	51,476	50,305
— Contract Assets	310,240	315,721	320,769	367,286
	2,206,503	2,429,672	2,580,779	2,775,182
Impairment loss for				
— Trade receivables	(693,371)	(715,455)	(758,085)	(776,891)
— Bill receivables	(38)	—	—	—
— Contract Assets	(38,163)	(47,476)	(48,924)	(55,149)
	(731,572)	(762,931)	(807,009)	(832,040)
Total	1,474,931	1,666,741	1,773,770	1,943,142

The following table sets forth our trade and bills receivable and contract assets turnover days for the periods indicated.

	For the Year Ended December 31,			For the
	2023	2024	2025	Four Months
				Ended
				April 30,
				2026
Trade and bills receivable and contract assets turnover days ⁽¹⁾	187	175	181	209

Note:

- (1) Turnover days of trade receivables, bills receivables, and contract assets are calculated by dividing the average balance of trade receivables, bills receivables, and contract assets, net of impairment, for the applicable year or period by the revenue for the same year or period, and multiplying by 360 days (for a year) or 120 days (for the four-month period).

Our trade and bills receivables and contract assets turnover days generally remained stable at 187, 175, and 181 days in 2023, 2024, and 2025, respectively. For the four months ended April 30, 2026, our trade and bills receivables and contract assets turnover days increased to 209 days, mainly because customer collections are generally higher in the second half of the year, resulting in a higher average balance of trade and bills receivables and contract assets relative to revenue during the period.

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The following table sets forth our trade and bills receivable turnover days for the periods indicated.

	For the Year Ended December 31,			For the Four Months Ended April 30,
	2023	2024	2025	2026
Trade and bills receivable turnover days ⁽¹⁾	153	145	153	176

Note:

- (1) Turnover days of trade and bills receivables are calculated by dividing the average balance of trade and bills receivables, net of impairment, for the applicable year or period by the revenue of the same year or period, and multiplying by 360 days (for a year) or 120 days (for the four-month period).

Our trade and bills receivables turnover days generally remained stable at 153, 145, and 153 days in 2023, 2024, and 2025, respectively. For the four months ended April 30, 2026, our trade and bills receivables turnover days increased to 176 days, mainly because customer collections are generally higher in the second half of the year, resulting in a higher average balance of trade and bills receivables and contract assets relative to revenue during the period.

In practice, we generally allow a credit period between 30 days to 60 days to our customers upon issuance of invoice.

The following table sets forth an aging analysis of our trade receivables (net of allowance for impairment losses).

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			
Within one year	1,039,433	1,195,052	1,276,777	1,393,689
1 to 2 years	193,822	236,745	295,552	280,562
2 to 3 years	96,168	94,214	93,534	139,396
Over 3 years	518,164	535,024	542,671	543,944
Less: loss allowance for trade receivables ⁽¹⁾	(693,371)	(717,455)	(758,085)	(776,891)
Total	1,154,216	1,343,580	1,450,449	1,580,700

Note:

- (1) During the Track Record Period, loss allowance for trade receivables primarily arose from delays in customer payments. Such delays were mainly attributable to (i) customers’ financial or cash flow constraints, and (ii) internal administrative factors of customers, including lengthy approval procedures, organizational or personnel changes, and acceptance review process.

As of June 30, 2026, RMB446.6 million, or 28.3% of our trade and bills receivables (on net basis) as of April 30, 2026, had been subsequently settled. As of June 30, 2026, RMB99.4 million, or 31.8% of our contract assets (on net basis) as of April 30, 2026 had been reclassified to trade receivables, and RMB18.5 million of this amount had been subsequently settled.

We believe that, after taking into account the sufficient impairment allowances made for trade receivables with recoverability risks during the Track Record Period, there was no material recoverability issue for our trade receivables. The relatively low subsequent settlement was mainly

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due to the seasonality arising from our project cycle and the payment practices of certain major customers, as cash collections are generally higher in the second half of the year, particularly in the fourth quarter.

Inventories

Our inventories mainly consist of goods-in-transit and work in progress. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			
Goods-in-transit ⁽¹⁾	32,763	—	—	—
Work in progress ⁽²⁾	310,776	252,165	247,473	268,214
Less: Impairment ⁽³⁾	(46,330)	(31,541)	(24,221)	(19,770)
Total	297,209	220,624	223,252	248,444

Note:

- (1) Represent hardware purchased for customer projects that had not yet been delivered to customers.
- (2) Primarily represents manpower cost of personnel directly involved in project delivery.
- (3) During the Track Record Period, our inventory impairment primarily arose where actual project costs exceeded initial estimates, mainly due to higher-than-expected manpower input resulting from project complexity or lower-than-planned execution efficiency.

Our inventories decreased from RMB297.2 million as of December 31, 2023 to RMB220.6 million as of December 31, 2024, primarily due to a decrease of RMB58.6 million in work in progress as of December 31, 2024 as a result of our optimization of project management and goods-in-transit relating to equipment to be delivered in an amount of RMB32.8 million as of December 31, 2023. Our inventories remained relatively stable at RMB223.3 million as of December 31, 2025. Our inventories increased from RMB223.3 million as of December 31, 2025 to RMB248.4 million as of April 30, 2026, primarily due to an increase in the number of projects undertaken as our business expanded.

We manage our inventories by monitoring projects on a monthly basis and analyze variances for projects falling behind schedule, with timely adjustments to team structure and resource allocation where necessary.

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

	For the Year Ended December 31,			For the Four Months Ended April 30,
	2023	2024	2025	2026
Inventory turnover days ⁽¹⁾	45	43	36	40

Note:

- (1) Inventories turnover days for a year or period equals the average of the opening and closing balance of inventories (net of impairment) divided by cost of sales for the same year or period and multiplied by 360 days for the years ended December 31, 2023, 2024, and 2025 or 120 days for the four-months period ended April 30, 2026.

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The following table sets forth an aging analysis of our inventories.

	As of December 31,			As of
	2023	2024	2025	April 30, 2026
	<i>(RMB in thousands)</i>			
Within one year	298,955	200,599	191,805	214,033
Over one year	44,584	51,566	55,668	54,181
Less: Impairment ⁽¹⁾	(46,330)	(31,541)	(24,221)	(19,770)
Total	297,209	220,624	223,252	248,444

Note:

- (1) We assessed inventory impairment for work in progress at the end of each period during the Track Record Period. For projects not yet delivered as of the applicable period end, we determined the net realizable value based on the contract sales amount, less the estimated costs to be incurred up to completion and delivery, estimated selling expenses, relevant taxes, and surcharges. If the net realizable value was lower than the carrying amount of the relevant work in progress, we made an impairment provision for the shortfall.

As of June 30, 2026, RMB70.2 million, or 28.3% of our inventories (on net basis) as of April 30, 2026, had been subsequently sold. We believe that, after taking into account the sufficient provisions made for inventories with impairment risks, there was no material impairment issue for our inventories. Our inventories as of April 30, 2026 represented accumulated project costs for projects pending revenue recognition, and the relatively low subsequent utilization was mainly because most of the relevant projects remained in progress as of June 30, 2026, consistent with our typical project cycles.

Trade Payables

Our trade payables increased from RMB53.7 million as of December 31, 2023 to RMB60.0 million as of December 31, 2024, and further increased to RMB83.8 million as of December 31, 2025. Our trade payables decreased from RMB83.8 million as of December 31, 2025 to RMB65.3 million as of April 30, 2026.

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

	For the Year Ended December 31,			For the
	2023	2024	2025	Four Months Ended April 30, 2026
Trade payables turnover days ⁽¹⁾	21	31	33	39

Note:

- (1) Trade payables turnover days are calculated as the average of the beginning and ending balances of trade payables divided by cost of sales (excluding staff costs) for the year or period and multiplied by 360 days for the year or 120 days for the four-month period.

As of June 30, 2026, RMB31.7 million, or 48.5% of our trade payables as of April 30, 2026 had been settled.

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Other Payables and Accruals

Our other payables and accruals consisted of (i) salary and bonus payables, (ii) other taxes payable, (iii) dividends payable, (iv) accrued expense, and (v) payable related to 2023 ESOP. We had other payables and accruals of RMB383.5 million, RMB366.7 million, RMB349.5 million, and RMB251.6 million as of December 31, 2023, 2024, and 2025 and April 30, 2026, respectively.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
Salary and bonus payables	248,713	220,582	234,526	163,760
Other taxes payable	47,475	36,154	67,244	37,302
Accrued expense	40,212	38,741	25,673	29,211
Payable related to 2023 ESOP ⁽¹⁾	31,360	53,710	—	—
Other	15,769	17,542	22,075	21,348
Total	383,529	366,729	349,518	251,621

Note:

- (1) Represents our repurchase obligation under the 2023 ESOP. A liability is recognized upon receipt of subscription proceeds for the restricted shares and will be reversed upon vesting of the relevant shares.

Our other payables and accruals decreased from December 31, 2023 to December 31, 2024 primarily because of a decrease in salary and bonus payables. Our other payables and accruals decreased from December 31, 2024 to December 31, 2025 primarily due to the settlement of obligations under the employee shareholding plan, partially offset by the increase in other taxes payable of RMB31.1 million with collection of withholding taxes relating to share incentive plans. Our other payables and accruals decreased from December 31, 2025 to April 30, 2026, primarily due to payment of year-end bonuses and the remittance of individual income tax withheld in connection with the share incentive plans.

As of June 30, 2026, RMB208.9 million, or 83.0% of our other payables and accruals as of April 30, 2026 had been settled.

Contract Liabilities

Our contract liabilities represent the advance consideration received from customers. We had contract liabilities of RMB156.4 million, RMB176.2 million, RMB160.8 million, and RMB160.6 million as of December 31, 2023, 2024, and 2025 and April 30, 2026, respectively. Our contract liabilities were relatively higher as of December 31, 2024, primarily due to advance consideration received under certain contracts with a customer as of the end of that year.

As of June 30, 2026, RMB53.3 million, or 33.2% of our contract liabilities as of April 30, 2026, had been subsequently recognized as revenue.

Intangible Assets

Our intangible assets primarily consist of computer software, software copyright, and development costs. Our intangible assets increased from RMB985.7 million as of December 31, 2023 to RMB1.11 billion as of December 31, 2024, primarily due to an increase in software copyright

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as a result of the capitalization of proprietary products upon obtaining software copyrights, partially offset by a decrease in development costs. Our intangible assets remained stable at RMB1.18 billion as of December 31, 2025 and RMB1.19 billion as of April 30, 2026.

The following table sets forth the details of our intangible assets as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
Software copyright	765,500	909,820	954,315	1,122,735
Development costs	217,791	194,064	224,449	67,461
Computer software	2,432	5,133	3,723	3,300
Trademark use rights	—	4	3	3
Total	985,723	1,109,021	1,182,490	1,193,499

In view of our loss-making results in 2023, we have performed an impairment assessment of intangible assets together with property, plant, and equipment based on a value-in-use calculation. Taking into consideration of the assessment result, no impairment was considered necessary.

Financial Assets at Fair Value Through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income represented our long-term investments, which are not held for trading. As of April 30, 2026, these investments included unlisted equity interests in 7 investees. Our financial assets at fair value through other comprehensive income were RMB634.6 million, RMB651.7 million, RMB684.0 million, and RMB688.3 million as of December 31, 2023, 2024, and 2025 and April 30, 2026, respectively.

Our financial assets at fair value through other comprehensive income increased from RMB634.6 million as of December 31, 2023 to RMB651.7 million as of December 31, 2024 and further increased to RMB684.0 million as of December 31, 2025, primarily due to the fair value appreciation of our investments in several investees and additional capital contribution to an investee. Our financial assets at fair value through other comprehensive income remained stable at RMB688.3 million as of April 30, 2026.

Property, Plant, and Equipment

Our property, plant, and equipment primarily consist of property and buildings, machinery, furniture, fixtures and equipment, transportation vehicle, leasehold improvement, and construction in progress. We had property, plant, and equipment of RMB419.4 million as of December 31, 2024, RMB404.9 million as of December 31, 2025, and RMB398.1 million as of April 30, 2026.

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The following table sets forth the details of our property, plant, and equipment as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
Property and buildings	394,063	390,333	380,725	376,278
Machinery	3,912	3,159	2,262	2,096
Furniture, fixtures and equipment	6,421	7,194	7,136	6,752
Transportation vehicle	359	284	609	586
Leasehold improvement	22,075	18,380	14,157	12,397
Total	426,830	419,350	404,889	398,109

Goodwill

Our goodwill mainly represented goodwill arising from business acquisitions. As of December 31, 2023, 2024, and 2025 and April 30, 2026, our goodwill amounted to RMB97.1 million, RMB114.2 million, and RMB114.2 million, and RMB114.2 million, respectively.

We perform impairment assessment on goodwill at least annually. For the purpose of impairment assessment, the recoverable amount of each relevant cash-generating unit is assessed based on five-year cash flow forecasts. The key assumptions used in the impairment assessment include long-term revenue growth rate of 0% for cash flows beyond the five-year forecast period and discount rates that reflect the specific risks relating to the relevant industry of the cash-generating unit and the macroeconomic environment of the relevant region. Based on the results of these impairment assessments, no impairment of goodwill was considered necessary during the Track Record Period.

INDEBTEDNESS

Our indebtedness during the Track Record Period and as of June 30, 2026, being the latest practicable date for the purpose of this statement of indebtedness, consisted of borrowings, lease liabilities, and convertible bonds.

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

	As of December 31,			As of	As of
	2023	2024	2025	April 30,	June 30,
	(RMB in thousands)			2026	2026
	(Unaudited)				
Current:					
Borrowings	396,000	398,798	426,204	577,412	573,195
Lease liabilities	6,004	3,624	7,314	7,289	6,917
Non-current:					
Lease liabilities	2,120	2,712	7,914	5,242	4,558
Total	404,124	405,134	441,432	589,943	584,670

Bank Borrowings

Our bank borrowings amounted to RMB396.0 million, RMB398.8 million, RMB426.2 million, and RMB577.4 million as of December 31, 2023, 2024, and 2025 and April 30, 2026, respectively, with effective interest rates ranging from 2.10% to 3.20%, 1.25% to 3.65%, 1.40% to 2.70%, and 1.40% to 2.70% per annum, respectively. As of June 30, 2026, we had bank borrowing of RMB573.2 million and unutilized credit facilities of RMB1.60 billion.

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Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in obtaining bank borrowings, default in payment of bank borrowings, or breach of covenants. We are not subject to any material covenants or undertakings relating to our outstanding debts during the Track Record Period and up to the Latest Practicable Date. As of the Latest Practicable Date, except for our existing bank borrowings, we did not have plans for any other material external debt financing.

Lease Liabilities

We had lease liabilities of RMB8.1 million, RMB6.3 million, RMB15.2 million, RMB12.5 million, and RMB11.5 million as of December 31, 2023, 2024, and 2025, April 30, 2026, and June 30, 2026, respectively.

The following table sets forth the repayable schedule of our lease liabilities as of the dates indicated.

	As of December 31,			As of	As of
	2023	2024	2025	April 30, 2026	June 30, 2026
	<i>(RMB in thousands)</i>				<i>(Unaudited)</i>
Within one year	6,210	3,807	7,584	7,525	7,115
More than one year but within two years	1,844	1,867	7,144	4,601	4,146
More than two years but within five years	554	957	886	716	478
Total lease payments	8,608	6,631	15,614	12,842	11,739
Interest	(484)	(295)	(386)	(311)	(264)
Total lease liabilities	8,124	6,336	15,228	12,531	11,475

Statement of Indebtedness

Save as disclosed above, as of June 30, 2026, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since June 30, 2026 and up to the date of this document.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary uses of cash are to fund our working capital requirements and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through cash and cash equivalents on hand and bank loans.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash and cash equivalents on hand, bank loans, the estimated net [REDACTED] from the [REDACTED] and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, including our available cash and cash equivalents, anticipated cash flow from operations, bank loans, and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present and anticipated cash requirements for the next 12

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months from the date of this document. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period and up to the Latest Practicable Date.

Cash Flows

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

	For the Year Ended December 31,			For the Four Months Ended April 30,	
	2023	2024	2025	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>	
Net cash generated from/(used in) operating activities	218,663	331,955	479,475	(69,257)	(178,293)
Net cash (used in)/generated from investing activities	(630,717)	(412,625)	14,696	(337,748)	(826,632)
Net cash generated from/(used in) financing activities	14,253	(10,106)	154,998	61,857	137,995
Net (decrease)/increase in cash and cash equivalents	(397,801)	(90,776)	649,169	(345,148)	(866,930)
Cash and cash equivalents at the beginning of the year/period	1,582,533	1,202,592	1,095,782	1,095,782	1,721,420
Effect of foreign exchange rate changes	17,860	(16,034)	(23,531)	25,126	(18,979)
Cash and cash equivalents at the end of the year/period	1,202,592	1,095,782	1,721,420	775,760	835,511

Net cash generated from or used in operating activities

For the four months ended April 30, 2026, we had net cash used in operating activities of RMB178.3 million, primarily due to changes in working capital that negatively affected our cash flows, primarily including (i) an increase in receivables of RMB208.4 million, mainly due to the expansion of our business and the seasonal pattern of our collections, as a larger proportion of our receivables is generally collected in the second half of the year, (ii) a decrease in payables of RMB116.7 million, primarily due to the payment of year-end bonuses and the remittance of individual income tax withheld in relation to share incentive plans, and (iii) an increase in inventories of RMB19.7 million, partially offset by profit before tax of RMB46.8 million, as adjusted by certain non-cash and non-operating items, mainly including amortization of intangible assets of RMB56.5 million, impairment losses on trade and bills receivables of RMB19.1 million, and exchange losses of RMB19.1 million.

In 2025, we had net cash generated from operating activities of RMB479.5 million, primarily due to profit before tax of RMB226.6 million, as adjusted by certain non-cash and non-operating items, mainly including amortization of intangible assets of RMB151.1 million mainly relating to software copyright, share-based payment expenses of RMB91.4 million, and impairment losses on trade and bills receivables of RMB74.5 million, and changes in working capital that negatively affected our cash flows, mainly including an increase in receivables of RMB159.7 million, partially offset by an increase in payables of RMB52.5 million.

In 2024, we had net cash generated from operating activities of RMB332.0 million, primarily due to profit before tax of RMB187.7 million, as adjusted by certain non-cash and non-operating items, mainly including amortization of intangible assets of RMB133.3 million, share-based payment expenses of RMB77.2 million, and impairment losses on trade and bills receivables of RMB46.9 million, and changes in working capital that negatively affected our cash flows, mainly including an increase in receivables of RMB196.8 million and a decrease in payables of RMB56.9 million, partially offset by a decrease in inventories of RMB108.3 million.

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In 2023, we had net cash generated from operating activities of RMB218.7 million, primarily due to loss before tax of RMB54.1 million, as adjusted by certain non-cash and non-operating items, mainly including amortization of intangible assets of RMB114.7 million, impairment losses on trade and bills receivables of RMB98.8 million, and interest expenses of RMB28.3 million, and changes in working capital that positively affected our cash flows, mainly including an increase in payables of RMB74.7 million and a decrease in receivables of RMB23.1 million, partially offset by an increase in inventories of RMB54.6 million.

Net cash used in or generated from investing activities

For the four months ended April 30, 2026, our net cash used in investing activities was RMB826.6 million, primarily due to purchase of financial assets at fair value through profit or loss and fair value through other comprehensive income of RMB1.75 billion, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB1.02 billion.

In 2025, our net cash generated from investing activities was RMB14.7 million, primarily due to proceeds from recovery of term deposits and certificates of deposits of RMB249.2 million, partially offset by payments for purchase of property, plant, equipment and intangible assets of RMB226.5 million.

In 2024, our net cash used in investing activities was RMB412.6 million, primarily due to net cash outflow for placement of term deposits and certificates of deposits of RMB177.9 million, and purchase of property, plant, and equipment and intangible assets of RMB230.3 million.

In 2023, our net cash used in investing activities was RMB630.7 million, primarily due to net cash outflow for placement of term deposits and certificates of deposits of RMB336.4 million, and purchase of property, plant, and equipment and intangible assets of RMB274.1 million.

Net cash generated from or used in financing activities

For the four months ended April 30, 2026, our net cash generated from financing activities was RMB138.0 million, primarily due to proceeds from borrowings of RMB255.5 million, proceeds from share schemes of RMB7.4 million, partially offset by repayments of borrowings of RMB105.0 million.

In 2025, our net cash generated from financing activities was RMB155.0 million, primarily due to proceeds from share schemes of RMB202.2 million, net cash inflow from borrowings of RMB27.5 million, partially offset by dividends paid to our shareholders of RMB47.2 million.

In 2024, our net cash used in financing activities was RMB10.1 million, primarily due to dividends paid to our shareholders of RMB19.6 million, interest paid of RMB11.8 million, partially offset by proceeds from share schemes of RMB26.2 million.

In 2023, our net cash generated from financing activities was RMB14.3 million, primarily due to proceeds from share schemes of RMB195.7 million, partially offset by payments for repurchase of shares of RMB48.1 million, net cash outflow for repayment of borrowings of RMB41.7 million, dividends paid to our shareholders of RMB57.8 million, interest paid of RMB17.5 million, and repayment of lease liabilities of RMB13.9 million.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of payments for purchase of property, plant, and equipment and investment in research and development.

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Our capital expenditures were RMB274.1 million, RMB230.3 million, RMB226.5 million, RMB68.3 million, and RMB67.7 million in 2023, 2024, and 2025 and for the four months ended April 30, 2025 and 2026, respectively.

We expect that our capital expenditures in 2026 will primarily consist of payments for purchase of property, plant, and equipment and investment in research and development. We intend to fund our future capital expenditures with cash and cash equivalents on hand and bank loans. See the section headed “Future Plans and Use of [REDACTED]” for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

[REDACTED] EXPENSES

Based on the mid-point [REDACTED] of HK\$[REDACTED] per [REDACTED], the total estimated [REDACTED] expenses in relation to the [REDACTED] is approximately RMB[REDACTED] million assuming no new Shares are issued under the [REDACTED]. Such estimated total [REDACTED] expenses include (i) [REDACTED] related expenses of approximately RMB[REDACTED] million; (ii) fees and expenses of our legal advisors and reporting accountant of approximately RMB[REDACTED] million; and (iii) other fees and expenses of approximately RMB[REDACTED] million.

During the Track Record Period, we incurred [REDACTED] expenses of RMB[REDACTED] million in 2025 and RMB[REDACTED] million for the four months ended April 30, 2026, all recorded under administrative expenses in our consolidated statement of profit or loss. We expect to further incur [REDACTED] expenses of approximately RMB[REDACTED] million, of which approximately RMB[REDACTED] million is expected to be charged to our consolidated statement of profit or loss and approximately RMB[REDACTED] million will be deducted from equity upon [REDACTED]. The [REDACTED] expenses represent [REDACTED]% of the net [REDACTED] from the [REDACTED].

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into various related party transactions. For more details about our related party transactions, see Note 46 to the Accountant’s Report in Appendix I to this Document. As of April 30, 2026, all outstanding balances with related parties were trade in nature.

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

KEY FINANCIAL RATIOS

	For the Year Ended December 31,			For the Four Months Ended	
	2023	2024	2025	2025	2026
				(Unaudited)	
Gross profit margin	25.9%	32.7%	34.8%	33.4%	33.6%
Net profit margin	(0.5)%	6.1%	6.9%	4.4%	4.3%

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	As of December 31,			As of
	2023	2024	2025	April 30,
				2026
Current ratio ⁽¹⁾ (times)	3.5	3.6	4.0	3.9
Quick ratio ⁽²⁾ (times)	3.2	3.4	3.8	3.7
Gearing Ratio ⁽³⁾ (%)	22.9	22.0	20.3	20.7

Notes:

- (1) Current ratio is calculated as current assets divided by current liabilities as of the end of the period.
- (2) Quick ratio is calculated as current assets less inventories and divided by current liabilities as of the end of the period.
- (3) Gearing ratio is calculated as total liabilities divided by total equity.

FINANCIAL RISK DISCLOSURE

Market Risk

Our activities expose us primarily to currency risk, interest rate risk, and liquidity risk. There has been no change in our exposure to these risks or the manner in which it managed and measured the risks during each of the reporting period.

Foreign Currency Risk

Several of our subsidiaries have foreign currency sales and purchases, daily expenditures, and cash and bank balances, which expose us to foreign currency risk. We use derivative financial instruments, such as forward currency contracts, to hedge our foreign currency risk.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to our restricted bank deposits, term deposits and certificates of deposits, cash and bank balances, convertible bonds, and lease liabilities. We are exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and economic outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of bank balances and cash deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings, if necessary.

For details, see Note 43 to the Accountants’ Report included in Appendix I to this Document.

DIVIDEND POLICY

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Adviser, no dividend will be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has

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reached more than 50% of our registered capital. In addition, subject to applicable PRC laws and regulations, including the PRC Company Law and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 — 上市公司現金分紅(2025年修訂)》), and our Articles of Association, and provided that the conditions for cash dividend distribution are met, we will, in principle, distribute our profits in cash at least once a year. Moreover, over any consecutive three-year period, the total amount of cash dividends distributed should be no less than 30% of the average annual distributable profits attributable to our Company realized during those three years.

We have adopted a formal dividend policy, under which our Board may recommend dividends on a tiered basis after considering factors such as our stage of development, profitability, financial condition, capital expenditure plans, debt repayment needs, and shareholders’ returns. We do not have a pre-determined dividend payout ratio.

In 2023, 2024, and 2025 and for the four months ended April 30, 2025 and 2026, our Company declared dividends in respect of the previous years of RMB57.5 million, RMB19.6 million, RMB47.2 million, nil, and nil, respectively. The declared dividends had been paid in full. See Note 17 to the Accountants’ Report included in Appendix I to this Document for details.

DISTRIBUTABLE RESERVES

As of April 30, 2026, our retained earnings amounted to RMB2.30 billion, which represented our distributable reserves as of the same date.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, except as otherwise disclosed in this Document, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this Document, except as otherwise disclosed in this section, there have been no material adverse changes in our financial, operational, or trading position, or prospects since April 30, 2026, being the date of the latest reporting period ended of our consolidated financial statements as set out in the Accountant’s Report in Appendix I to this Document, and there is no event since April 30, 2026 that would materially affect the information as set out in the Accountant’s Report included in Appendix I to this Document.

[REDACTED] STATEMENT OF ADJUSTED [REDACTED] ASSETS

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